

People's Republic of China

Inner Mongolia Autonomous Region Rural Advancement Programme (IMARRAP)

Supervision report

Main report and appendices

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Contents

Currency Equivalents.....	iii
Weights and Measures.....	iii
Fiscal year.....	iii
Abbreviations and acronyms.....	iii
Introduction	1
Overall assessment of program implementation.....	
Outputs and outcomes.....	
Program implementation progress.....	
Fiduciary aspects.....	
a) The WF of Liangcheng county paid CNY 30,000 to procure training materials in 2013, but the expenditure receipt provider was not the materials' supplier. This act is not in compliance with the 21th article of Invoice Management Measures of the People's Republic of China, which states that all entities and persons engaged in business activities should obtain invoices from the suppliers for purchasing goods and acquiring services or other transactions when they made the payment. Reportedly this issue has been well addressed by the WF of Liangcheng county after the audit.....	12
b) Siziwang county BOF received CNY 196,996.05 reimbursed from IFAD in October 2012, but this fund was not delivered to the IAs through PMO until 10th July 2013. Although the fund has been delivered for program implementation, such delayed fund delivery should be avoided.....	12
c) The record of credit lending interest account receivable in Liangcheng County WF was not consistent with actual income. The auditors found that difference was exempted or postponed due to earlier repayment or suffering from natural disasters. However, the practice of exemption or postpone did not perform routine procedures of examining and approving and were not recorded as required. It is recommended that the prefecture and county PMOs need to strengthen the management of WFs credit lending through trainings to enhance their capacity. This will be particularly important for the sustainability of post-program credit lending by WFs since the program implementation will be completed soon.....	12
Sustainability	13
Other	14
Conclusion	15

Appendices

Appendix 1: Summary of project status and ratings.....	17
Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs.....	19
Appendix 3: Summary of key actions to be taken within agreed timeframes.....	23
Appendix 4: Physical progress measured against AWP&B, including RIMS indicators.....	25
Appendix 5: Financial: Actual financial performance.....	29

Appendix 6: Compliance with legal covenants: Status of implementation.....	31
Appendix 7: Knowledge management: Learning and Innovation.....	33
Appendix 8: Progress against previous mission recommendations.....	35

Currency Equivalents

Currency Unit	=	Yuan (CNY)
USD 1.00	=	CNY 7.65 (Appraisal)
USD 1.00	=	CNY 6.38 (MTR)
USD 1.00	=	CNY 6.20 (Current)

Weights and Measures

1 hectare	=	15 mu
1 mu	=	0.067 ha

Fiscal year

1 January – 31 December

Abbreviations and acronyms

AWPB	Annual Work Plan and Budget
BOAL	Bureau of Agriculture and Livestock
BOF	Bureau of Finance
BOST	Bureau of Science and Technology
CFS	Controller and Financial Services Division, IFAD
CNY	Chinese Yuan
CPMO	County Program Management Office
DOAL	Department of Agriculture and Livestock
DOF	Department of Finance
HH	Household
IA	Implementing Agency
IFAD	International Fund for Agricultural Development
IGA	Income Generating Activity
IMARRAP	Inner Mongolia Autonomous Region Rural Advancement Program
MA	Marketing Association
M&E	Monitoring and Evaluation
MFI	Micro-Finance Institution
MOF	Ministry of Finance
MTR	Mid-Term Review
NCB	National Competitive Bidding
PAO	Poverty Alleviation Office
PLG	Programme Leading Group
PPMO	Prefecture Programme Management Office
RCC	Rural Credit Cooperative
RCCU	Rural Credit Cooperative Union
RIMS	Result and Impact Management System
SDR	Special Drawing Rights
SIS	Supervision and Implementation Support
TE	Technical Envoy
USD	United States Dollar
VIG	Village Implementing Group
VDF	Village Development Fund
VLSS	Village Livestock Service Station
WA	Withdrawal Application
WF	Women Federation
WGMC	Women Group Micro-Credit

Introduction¹

1. The Inner Mongolia Autonomous Region Rural Advancement Program (IMARRAP) was approved by IFAD's Executive Board on 13 December 2007, became effective on 12 November 2008, and anticipated to be completed on 31 December 2014. Mid-term review (MTR) to the program was conducted in October 2011. The total program cost estimated at MTR was USD 73.64 million to be financed by an IFAD loan of USD 30.62 million (SDR 19.1 million) and counterpart contributions including government financing of USD 38.04 million and beneficiaries contribution of USD 4.99 million. The program objective is to achieve poverty reduction in the program area in a sustainable and gender equitable way by establishing enhanced productivity and improved access to information, technology, rural financial services and markets. The program includes three technical components and one management component: (i) agricultural production and market access, (ii) strategic support to women; (iii) rural financial service; and (iv) program management and participation. The program is implemented in 722 villages, 55 townships of 9 counties in Wulanchabu Prefecture of Inner Mongolia Autonomous Region (IMAR).
2. An IFAD supervision mission was fielded to review the program during 30 June to 11 July 2014. The mission focused on (i) reviewing the overall achievements of the program in all components against the annual and overall targets, particularly the effectiveness and outcome of the program interventions; (ii) distilling innovations and management in learning leading to their maximum upscaling and replication; (iii) supporting the deployment of exit arrangements for sustainable impact of program values and introduced mechanisms and systems; (iv) identifying further efforts required during the last six months for full attainment of project objectives and anticipations; and (v) reviewing and assisting the program management office (PMO) on the readiness for the completion review process. The mission had discussions and consultations with the stakeholders of prefecture and county levels, including the PMOs, Bureaus of Finance (BOFs) and the implementing agencies (IAs). Field visits were conducted in 9 villages and 8 townships in Chayouhou and Zuozi counties to capture the details of program implementation and performance. Wrap-up meeting for the mission was held in Wulanchabu on 11 July 2014 and attended by the representatives of the regional PMO, prefecture BOF and PMO, and the PMOs of all program counties.
3. The mission would like to express its sincere gratitude to the hospitality and good cooperation provided by the Government and the relevant institutions at all levels. Thanks also go to those farmer cooperatives, villages and farmer households to which the mission visited for their invaluable contributions.

Overall assessment of program implementation

4. *Overall implementation progress of the program is rated satisfactory (5).* By end of June 2014, the programme reported a cumulative financial delivery rate of 95% against the MTR target. This indicates an incremental growth of 9% compared to the figure of 86% reported in June 2013. Financial achievements presented by financiers are: 97.5% for IFAD loan, 95.7% for Government's counterpart financing and 91.6% for beneficiaries' contribution. By program module, the financial achievement ranged from 92.6% for the women association support module to 100% for the semi-permanent greenhouse, strengthening of village livestock service station (VLSS) and village development fund modules. Greatly expedited progresses of implementation have been reported for the marketing association support, agro-products safety and certification, women group micro-credit, and women association support modules since July 2013, recording an incremental financial delivery rate of 23%, 32%, 27% and 37% respectively compared to the progresses reported in June 2013. Physically, the majority of activities under all program modules have been 100% or close to 100% completed by end of June 2014.

¹ Mission composition: Mr. He Qibin, Agricultural Specialist and Team Leader; Mr. Sun Tongquan, Rural Finance Expert; and Mr. Liu Ke, M&E and KM specialist and officer of IFAD Beijing Office.

5. The Annual Work Plan and Budget (AWPB) for 2013 were mostly completed. The semi-annual financial achievement from January to June 2014 was 64% against the AWPB-2014. The semi-annual financial achievement for the construction of greenhouses and women association support modules has reached 100% against the 2014 AWPB target; whereas the financial achievement for RCC operating efficiency up-scaling module achieved only 25% of the AWPB target, other modules recorded 50-90% of respective targets. Reportedly the activities for those modules with low semi-annual financial achievements would be implemented mainly in the second half of the year due to seasonal reason.
6. While continuing expedite the implementation progress and reimbursement of expenditures incurred, the program has paid much more attention to enhancing the effectiveness of program interventions in assisting the beneficiaries and exploiting the synergistic effects of program modules during implementation. PMOs and IAs are more proactive in searching for premium prices through certification of agro-products to enhance the module's effect by cooperating with marketing associations and farmer cooperatives and enhancing the benefit of greenhouses by improving management and market access. Documentation of program successful cases and summarization of lessons learnt have also received increasingly attention since 2013.
7. The program continues maintaining the greatly expedited reimbursement of program expenditures incurred. As a result, the IFAD loan disbursement rate increased from 63% in June 2013 to 87% in June 2014, excluding the authorized amount. About 8% of the above-mentioned financial achievement (95%) for IFAD loan was pre-financed by local governments since the internal financial management strategy requires that local governments need to advance the project implementation and then reimburse their eligible expenditures from the Special Account by submitting approved claim documents attaching with copies of certified expenditure receipts. The 8% lag between the reimbursement of expenditures (87%) and the financial achievement for IFAD loan (95%) is regarded reasonable. The prefecture PMO believes that overall financial target for the program will be achievable by the program completion date and the IFAD loan funds would be 100% disbursed before the designated Loan Closing Date.
8. The prefecture PMO again consulted with the mission that it would be difficult to completely use the resources allocated to the disbursement Category II: "training, workshops and studies" in the remaining period of program implementation. The mission recommends the prefecture PMO consult with BOF and make decision on this issue. While maintaining necessary trainings and workshops to enhance the capacity of PMOs and IAs staff for program completion process and post-program management and extend improved services in the program area, remaining resources, if any, may be reallocated to other program activities as required.
9. The prefecture PMO has taken actions in the arrangement of program completion, including the development of program exit plan and sustainability arrangement and the assessment of program outcomes and impact through household survey. Since the program implementation will be ended in about five and half months, the mission recommends that the prefecture PMO will prepare the program completion report (PCR) in line with the up to date PCR Guideline of IFAD and submit it to IFAD at the soonest after the program's completion.

Agreed action	Responsibility	Agreed date
Prefecture PMO will consult with BOF and make decision on the use of possible remaining resources for the disbursement category II "training, workshops and studies". While necessary trainings and workshops will be continued to enhance the capacity of PMOs and IAs staff for program completion process and post-program management and extend improved services in the program area, remaining resources, if any, should be reallocated to other program activities as required.	Prefecture PMO and BOF	Before end of July 2014
Prefecture PMO will prepare the program completion report (PCR) in line with the up to date PCR Guideline of IFAD and submit it to IFAD at the soonest after the program's completion.	Prefecture PMO	By program completion

Outputs and outcomes

10. The program takes the modular approach and includes 11 modules under the four components as follows:
 - A. Production and Market Access;
 - A1: Agricultural Development and Extension (modules 1~4)
 - A2: Livestock Development (module 5)
 - A3: Market Access Support Services (modules 6~7)
 - B. Strategic Support to Women (modules 8~9);
 - C. Rural Financial Services (modules 10);
 - D. Programme Management and Participation (module 11)
11. **Module 1: Technical envoy (TE) system.** *The performance of TE system module is rated satisfactory (5).* Implementation of this module is to supplement the conventional government technical service system in extending the outreach of technical services to farmers, particularly in terms of promoting market-oriented production of agriculture. Its implementation is closely linked to those production modules of the program for synergistic effects. By June 2014, the cumulative financial achievement for this module was reported at 96% against its total target and semi-annual achievement 46% against the 2014 AWPB. Key outputs of the module implementation include 471 technical envoys (TEs) trained and assigned to providing services in 471 administrative villages, 100.6% of total target; of which 32 TEs were assigned in 2014, accounting for 100% of the planned annual target in number. A total of 94,312 farmers have received services from the TEs and 51% of them were women. The module's demonstration activities directly benefited 9,352 farmer households. Discussions and field visits indicated that the TEs' services were in most cases well delivered to the target groups in crop and livestock production. Farmers expressed their appreciations for the services they received.
12. The outcomes from implementation of this module may include: (i) increased productivity and income of farmer households engaging in agricultural production; (ii) changes from top-down to demand-driven and participatory approach of service delivery. Many technical agents are now using the approach learnt from program implementation to assess the needs of farmers as the first step in implementing government extension projects; (iii) enhanced capacity of technical agents in delivering extension services; (iv) demonstrations have accelerated the adoption of improved farming practices and new crop varieties by farmers in the program areas, contributing to the improved food security and increased income at household level; and (v) technical training for beneficiaries has empowered farmers, particularly women to adopt novelties and improve farming practices.
13. **Modules 2&3: Permanent and semi-permanent greenhouses.** *The performance of both permanent and semi-permanent greenhouses modules is rated satisfactory (5).* By June 2014, the implementation targets for both modules have been well achieved. Totally 2,493 permanent greenhouses and 2,893 semi-permanent greenhouses have been built, accounting for 127% and 124% of the program targets, 1,960 and 2,340 respectively. The cumulative financial achievement for both greenhouses has been 100% completed. Training on greenhouse management and production has been conducted for 392 technical staff (43% women) and 5,278 farmers (53% women). Field visits indicated that the completed greenhouses have been handed over to target farmers for operation and maintenance. About 79% of the beneficiary households belonged to the poor and very poor household categories. The beneficiary farmers visited highly appreciated the facilities since they have demonstrated good results in increasing their income through production of cash crops with high market value. The facilities also enhanced the resilience of farmers to adverse climate due to short frost-free period and low annual rainfall (200~400 mm) in the program area. Reportedly, one permanent greenhouse (0.5 mu) brought the household a net income of about CNY 15,000 and one semi-permanent greenhouse (0.5 mu) created an annual net income of about CNY 5,000-8000 annually. Many poor households have shaken off poverty by running greenhouses.

14. Field visits and discussions indicated that the PMOs and IAs are making greater efforts to enhance the benefit of the facilities by facilitating the beneficiaries to group together and link to relevant marketing associations and farmer cooperatives for market access, while providing further technical services as required to enhance their capacity of management.
15. **Module 4: Potato net-shed.** *The performance of potato net-shed module is rated satisfactory (5).* Cumulatively, a total of 2,269 potato net-sheds have been constructed against the target of 2,145, accounting for 106% of the target, and the financial achievement was 95% of target. Technical training was conducted for 191 technicians (42% women) and 1,830 farmers (57% women) for seed potato production in net-sheds. Beneficiaries visited were satisfactory with the potato net-sheds provided by the program. Field visits and discussions indicate that implementation of this module has contributed to the increased coverage of new and improved potato varieties and farmers' income, although quantitative figures are not available.
16. Some county PMOs re-adjusted the implementation target of greenhouses and potato net-shed construction during implementation following the demand of program target groups. Such flexibility in implementation is considered acceptable since the greenhouses and potato net-shed modules have the same attribute in design.
17. **Module 5: Strengthening of village livestock service stations (VLSSs).** *The performance of VLSS module is rated satisfactory (5).* This module aims at establish and improve village livestock service stations with additional equipment, training, breed improvement activities and technology demonstration. By June 2014, both financial and physical targets for this module have been 100% completed. The key outputs include 402 VLSSs established and provided with equipment, 453 technicians trained (20% women), 45,184 farmers trained (44% women), and 1,210 demonstrations conducted.
18. Field visits indicate that the established VLSSs were operating well and they have contributed to improving the veterinary services in the program area. They are playing a key role in genetic improvement of sheep through introduction of breeding animals and artificial insemination (AI) and in extension of improved animal breeds and feeding technologies. Demonstrations enabled the beneficiaries and other farmers themselves to see and cash in the potential benefits of adopting recommended technologies including improved animal genetics, fodder production and feeding techniques. Improved livestock production at household level is a key element for the development of integrated agricultural approach which increases farmers' income and has environmental gains. Technical training targeted at village technicians proved to be an effective approach in upgrading their knowledge and skills of services, which together with the training of beneficiaries in practical techniques would contribute to the technical sustainability of livestock development in the program area. Farmers visited expressed satisfactory with the improved services provided by VLSSs. It is reported that more than 90% of beneficiary farmers adopted technologies recommended by the program.
19. **Module 6: Marketing association support.** *The performance of marketing association support module is rated satisfactory (5).* This module recorded a cumulative financial achievement of 94% against its target by June 2014 and the semi-annual achievement was 122% of the 2014 AWPB. The key outputs include 198 marketing associations established/supported, 32,465 farmers trained and 142 marketing facilities constructed.
20. The marketing associations are providing services to the farmers mainly on organisation of production materials, technical guidance, post-harvest storing and marketing of agro-products. They generally perform well though varying between associations, largely depending on the capability of managers in market development. The PMOs reported several successful cases about the marketing associations on helping smallholder farmers to enter into the value chains through contract production. In some cases however, the associations have not been able to develop effective linkage with smallholder farmers in terms of benefit-sharing. For vitality of the associations' operation, the CPMOs and IAs should facilitate the program-supported marketing associations to establish effective operational mechanisms in line with the government regulations to enhance their capacity of governance and operation. The IAs may also organise necessary cross-associations visits for knowledge sharing in this regard. Market development

- has been a hard nut for most of the associations. Exposures to relevant trade activities might be helpful to market development.
21. **Module 7: Agro-product safety and certification.** *The performance of agro-product safety and certification module is rated satisfactory (5).* By June 2014, this module recorded a cumulative financial achievement of 95% against the total target. The semi-annual achievement was 48% against the 2014 AWPB. The module implementation has had about 253,000 mu of land and 164 agro-products certified, including 104 safety foods, 25 green foods and 37 organic foods; 410 technicians/inspectors and 10,231 farmers were trained.
 22. The module aims at improving the safety of agro-products from the source of production through adopting environmentally-sound production practices and certification and eventually a tracing mechanism. In the early stage of module implementation, the module implementation mainly focused on the number of products certified, without paying adequate attention to linking product certification with markets. Limited price premium for certified products compared to non-certified ones has been the most important factor hindering the module implementation. After MTR of the program, both PMOs and IAs paid much more attention to enhancing the effectiveness of module implementation through building partnership with relevant marketing associations and farmer cooperatives to obtain price premium for certified products. Field visits and discussions indicate that implementation of this module has shown good results in many cases. A large number of farmers are benefiting from the certification of agro-products, obtaining higher market prices and stable marketing channel particularly for the certification of organic products. The mission recommends the CPMOs and IAs further develop partnership with relevant associations, cooperatives and agro-enterprises in the module implementation to pursue price premium for certified products. Only if the certified products have foreseeable potential of obtaining price premium, would the farmers be interested in participating in the production.
 23. **Module 8: Women's group micro-credit (WGMC).** *The performance of this module is rated satisfactory (5).* For 2014, the planned number of new WMCGs is 20, 5 has been formed in the first half of this year. Up to the end of June 2014, accumulatively 441 WMCGs had been formed in 229 administrative villages, covering 4,342 households. The achievement in terms of number of forming WMCGs is 119%, exceeding the overall target of 370 WMCGs. The number of the loans disbursed in the first half of 2014 is 642, valued at CNY 3,324,890. All the borrowers are women, of whom 129 are from B1-HHs, 387 from B2-HHs and 126 from C-HHs. The total amount of loans disbursed to the three categories of HHs is CNY 702,000, CNY 2,095,000 and CNY 527,890 respectively.
 24. The accumulative number of loans disbursed under this module is 4,466, valued at CNY 14,718,869. The number for B1-HHs is 830, B2-HHs 2,201, and C-HHs 1,435. The accumulative amount of loans for the three categories of households is CNY 2,711,000, CNY 7,661,579 and CNY 4,346,290 respectively. About 82 % of loans went to categories B2 and C households.
 25. Field visits and discussions indicate that implementation of WGMCs has solved the problem of input shortage for women to engage in income generating activities and increased income, while enhancing the cohesion of the communities. Improved livelihoods enable the households supporting the children for schooling and health care, etc.
 26. PMOs' data indicate that the progress of accumulative loan disbursement is uneven across counties. In terms of the value of loans, the first three counties are Zhouzi, Siziwang and Xinghe whereas the last three counties are Chayouhou, Shangdu and Huade. In terms of the loan coverage, Zhouzi has reached the biggest number of borrowers, 885, much more than other counties.
 27. As the IAs, the performance of WFs varies between counties. Some are performing well in term of targeting and group lending and get high repayment rate in the implementation of WGMCs. These WFs are capable and obtain strong support from the local government. A few WFs are weak of capacity in operating the WGMCs. They would have difficulties to change the situation

and performance in a short time. In terms of exit strategy, the well-performing WFs may establish independent entities, following the principle of self-sufficient operation. The others would follow the practice of the government subsidized guaranteed loan, merging the WGMCS revolving fund into the guarantee fund that set up by the government.

28. **Module 9: Women association support.** *The performance of this module is rated moderately satisfactory (4).* Since establishment of new women associations was recommended by the SIS mission in 2012 and reconfirmed by the 2013 SIS mission to be suspended, there is no plan to organize new women associations in 2014. Comparing with the target of 65 women associations, 42 women association were formed and registered, accounting for 65% of the target. The overall target number of women association members is 13,000. By the end of June 2014, the number of beneficiaries was 9174, about 71% of the overall target, with 189 categorized as A-HHs, 2,235 B1-HHs, 3,659 B2-HHs, and 3,091 C-HHs.
29. **Module 10: RCC operating efficiency up-scaling.** *The performance of this module is rated satisfactory (5).* By June 2014, this module recorded an accumulative financial achievement of 97.6%, with a total disbursed amount of CNY 71,043,000 against the target of CNY 72,760,700, although the semi-annual delivery rate in 2014 was only 25%, disbursed amount of CNY 242,600.
30. In the first half of 2014, the number of loans disbursed by RCCS was 2,168 distributing in 176 administrative villages, valued at CNY 36,722,600. Accumulatively there have been 18,644 loans delivered to 18,705 households in 481 administrative villages, valued at CNY 207,709,000. 31.6% of the borrowers were from B1-HHs, 40.6% B2-HHs and 27.8% C-HHs. Woman borrowers accounted for 44.4% of the total.
31. The RCCUs of project counties have developed more diversified lending products compared to start-up of the program. RCCUs at county level have the authority and capacity to develop loan products in the local context, based on the guidelines of the Regional RCC Union.
32. The loan portfolio quality of RCCUs has been improved in recent years, but there are still rooms for improvement. For example, up to 20th June 2014, there were 409 outstanding loans in Chayouhou county, but 62 were overdue. This comes out with a delinquency rate of 15%, although it is within the acceptable scope for RCCUs according to the risk management standard of the Chinese banking industry.
33. RCCUs have adequate capital for lending due to the much smaller loan portfolio than savings, even with deduction of the required deposit reserves and risk provisions. There is no obstacle for RCCUs to expand their business to the farmers in terms of capital. According to the RCCUs in Zhuozi and Chayouhou counties, they will continue to provide unsecured loan to farmers in the program area.
34. **Module 11: Village development fund (VDF).** *The performance of VDF module is rated satisfactory (5).* This module was designed to improve community infrastructure and strengthen community capacity to plan and manage community development projects through complementing with the Government's Integrated Village Development Program (IVDP). By June 2014, the financial target for this module has been 100% completed, and the semi-annual financial achievement also reached 100% of 2014 AWPB target. The module implementation has covered 147 administrative villages. Activities were mainly the construction of village roads, irrigation and drinking water supply facilities; and land improvement, etc. Discussions with the PMOs and IAs indicate that the program-built infrastructure are operating well, but in many cases effective operation and maintenance mechanisms are yet to be established. The mission recommends the CPMOs and IAs facilitate the beneficiary villages to establish O&M mechanism for each of the program-built infrastructure for the purpose of sustainability.

Agreed action	Responsibility	Agreed date
CPMOs and IAs will facilitate the program-supported marketing associations to establish effective operational mechanisms in line with the government regulations to enhance their capacity of governance and operation.	CPMOs & IAs	From July 2014
CPMOs and IAs further develop partnership with relevant associations, cooperatives and agro-enterprises in the module implementation to pursue price premium for certified products.	CPMOs & IAs	From July 2014
As an exit strategy, PPMO and CPMOs will review the performance of WFs in the operation of WGMCs. The well-performing WFs may establish independent entities, following the principle of self-sufficient operation. The others would follow the practice of the government subsidized guaranteed loan, merging the WGMCs revolving fund into the guarantee fund that set up by the government.	PMOs, WFs, and BOFs	As of Dec 2014
Further capacity building for WFs on credit lending will be provided to enhance their capacity of lending operation and management, including in-country study tour, training courses and revising the operational manual.	PPMO, CPMOs, WFs	From July 2014
CPMOs and IAs facilitate the beneficiary villages to establish O&M mechanism for each of the program-built infrastructure for the purpose of sustainability.	CPMOs & IAs	From July 2014

Program implementation progress

35. **Program management.** *The performance of program management is rated satisfactory (5).* The program management continues performing well at all levels. Implementation arrangement and modalities are in line with the program's strategy. PMOs are functioning well particularly at prefecture and county levels. Implementation of program activities has been remaining with relevant implementing agencies as designed. The PMOs focus on planning, coordinating, monitoring and reporting of the program. The coordination between PMOs and implementing agencies performs well. Most of the IAs are well knowledgeable of their roles and responsibilities and perform well. As a result, the program activities are well incorporated into local government's development activities in the program area, mitigating the constraints of counterpart financing during the program implementation. The good coordination between PMOs and DOF/BOFs continues accelerating the reimbursement of program expenditures incurred. The program implementation continues yielding good synergistic effects resulting from its diversified array of integrated investments all aiming at improving households' livelihoods. In this regard, linking the program-supported production activities with the technical envoy, marketing association and products certification modules during implementation represents a good example.
36. The village implementing groups (VIGs) continue to be included in the program implementation and M&E, particularly in terms of the identification of demand-driven activities and the program's targeting, although varying with VIGs. The participation of village committee members in the program implementation would facilitate the program exit strategy and sustainability while strengthening their capacity in continuing the village development through participatory planning. The inclusion of farmers' representatives, particularly the poor and women in VIGs increases the transparency of program activities, which consequently improves the effectiveness of program targeting approach.
37. Implementation of the program is coherent with the AWPBs. The semi-annual financial achievement against the 2014 AWPB was recorded at 64%. Implementation of the 2013 AWPB progressed well. The mission appreciated the great efforts made by the PMOs and IAs in accelerating the program implementation after the last supervision mission's visit to the program. The efforts led to a significant progress of implementation for those slowly-progressed modules during the period. The program management is continuing its effort and believes that the program implementation would achieve 100% of total financial target by the program completion and the IFAD loan funds would be 100% disbursed before the designated Closing Date of IFAD loan.

38. As a result of following-up to the recommendations made by the last supervision mission, the PMOs and IAs have paid much more attention to the quality enhancement of module implementation through strengthened on-site supervision while continuing push forward the progress and expedite the reimbursement of expenditures incurred. They are focusing much more on enhancing the effectiveness of program interventions in helping the beneficiaries and further exploit the synergistic effects of program modules during implementation; and more proactive in searching for premium prices through certification of agro-products to enhance the module's effect by cooperating with marketing associations and farmer cooperatives and enhancing the benefit of greenhouses by improving management and market access. The documentation of program successful cases and summarization of lessons learnt has also received good attention during the period.
39. The last supervision mission recommended the prefecture PMO consult with each of the CPMOs to find out if there would be activities which might not able to be completed by the program completion date due to less demand or other reasons. Reportedly actions have been taken and some minor reallocations of resources among program modules have been made and included into the 2014 AWPB for implementation in order to avoid incomplete use of the loan proceeds for the program.
40. **Monitoring and evaluation (M&E).** *The performance of M&E is rated satisfactory (5).* The project M&E system performs well, with logframe, RIMS and M&E forms appropriately measure inputs, outputs and progress. M&E data are disaggregated in household category and gender, providing a good base for assessing targeting effectiveness and women participation. PMO staff commitment is well commented. Project logframe has been adjusted by tuning targets and indicators aligned with MTR and previous supervision missions' recommendations. For county and township PMOs, trainings were widely organized to improve applied skills on M&E data collection and analysis.
41. Assessment and capture of outcome-level results are performing but require further strengthening. The endline survey was updated in this mission, by adding indicators in questionnaires to better capture outcomes. Given IFAD would organize ex-post evaluations in line with PCR, it is suggested that the prefecture PMO should contact with the ex-post evaluation team on survey methods, process and questionnaires, looking for synergies between PCR RIMS/Baseline survey and ex-post evaluations, and soon to reach a baseline/RIMS survey work plan.
42. Data validation and quality control scheme needs to be strengthened to enhance the accountability of M&E data. Inconsistent results were found between CPMO and IAs at county level, manifested for the WGMC module. M&E staff turnover is found attributable to this issue. It is suggested that PMOs and IAs should re-visit and validate the reported data and enhance their consistency at prefecture PMO, between CPMOs and IAs and across implementation years, so as to consolidate results for the program completion. Nonetheless, inconsistency does not prevail in project M&E structure, and overall M&E data quality in acceptable in measuring physical/financial progress along with outputs. A PCR outline was reviewed with the prefecture PMO to identify data/information availability, and methods to collect those absent. A plan for data/information collection was shared with PMO.
43. **Gender focus.** *Gender focus of the program is rated highly satisfactory (6).* The program continues paying good attention to gender focus in implementation and management at all levels, as reflected in (i) maintaining good proportion of women in the program management team, about 35%; (ii) support to enhancing the capacity of WFs through trainings and improving working conditions for the WFs by provision of vehicles and equipment; and (iii) giving priority to women in program implementation. Reportedly, the total number of direct beneficiaries for the program reached 171,470 persons by June 2014, of which 54% were woman beneficiaries. The women group micro-credit and women association support modules were specifically designed for women and all beneficiaries from these modules are women. RCCs delivered a total of 18,644 program loans and the overall proportion of woman borrowers reached 45%, which is about 4-5 times higher than RCCs' regular credit lending. The proportion of women using the

- program loans is even higher since some of the program loans taken by men were actually effectively used by women due to cultural factor in the ethnic minority areas or as a result of seasonal migration of men for employment. WFs have delivered a total of 4,342 program loans and all went to women.
44. Field visits and discussions indicate that the program's gender-sensitive approach is effective in terms of improving the capacity of rural women and gender mainstreaming. The program has been encouraging and supporting the development of women-led micro-enterprises through credit lending together with the provision of related technical and skill training.
45. **Poverty focus.** *Poverty focus of the program is rated satisfactory (5).* Reportedly, the program implementation has covered 685 administrative villages of 55 townships in the nine counties. All the villages and townships were selected based on poverty incidence, only those villages and townships with high poverty incidence were selected to compose the program area. During program implementation, the farmer households in the program area were classified into four categories: better-off (A), ordinary (B1), poor (B2) and very poor (C). Field visits and discussions indicated that implementation of the program focused on the poor and very poor household categories. PMOs' M&E results indicate that a total of 137,863 households have directly benefited from participating in the program activities by June 2014; of which about 28% of them were the very poor category and 36% the poor category. The "better-off" and "ordinary" households benefited from the program mainly from their inclusion in the community activities, such as participation in the implementation of the TE system, marketing associations support, strengthening of VLSS, and agro-products safety and certification modules. Of the 18,644 program loans delivered by RCCs, 69% of the loans went to the economically-active poor and very poor households and 31% went to the "ordinary" households; and 82% of the loans delivered by WFs also went to the poor and very poor women.
46. Although the greenhouses and potato net-sheds were constructed in block and concentrated in a limited number of villages within a county for effective management and larger scale production of cash crops for accessing to remunerative markets, out of the totally 7,568 beneficiary households provided with greenhouses and potato net-sheds, 79% of them were categorized as very poor and poor and 20% "ordinary". About 1% of "better-off" households participated in the program-supported construction of greenhouses and net-sheds for demonstration effect.
47. **Effectiveness of targeting approach.** *The effectiveness of targeting approach is rated satisfactory (5).* Targeting was started from project design stage. Project counties and villages were first selected based on IFAD led poverty status analysis, and in view of government identified poverty counties and villages in Wulanchabu prefecture. Within villages, targeted households were categorized based on participatory family wealth ranking organized by VIG. VIGs thus take an important role in the selection of eligible households for program activities. During interviews with two VIGs, it was informed that household categorization was made twice at project design (2009) and MTR (2011), while household categorization records were found in township PMO.

Target group "category"	Appraisal target (No. of beneficiaries to be reached at completion)	Total number reached so far (cumulative)	
		Total number	Of which, women
Category-A household	n/a	10,058 (7.3% of total)	n/a
Category-B1 household	n/a	39,536 (28.7% of total)	n/a
Category-B2 household	n/a	49,563 (36% of total)	n/a
Category-C household	n/a	38,706 (28.1% of total)	n/a
No. of direct beneficiaries	172,552; of which women not less than 54%	137, 863 (99% of target)	93,239 (54% of total)

48. **Innovation and learning.** *Performance of knowledge management (KM) is rated satisfactory (5).* It is encouraging to note the program has extensively documented successful cases/stories and incorporated them into the program implementation reports, providing qualitative information cross-referred with quantitative results. Video documentation on implementation results was presented to the mission at prefecture and county levels. Project documents and minutes are kept well in prefecture, county and township PMOs.
49. Apart from documentation, the program is encouraged to further strengthen conclusive and analytical capacity in extracting invocations and replicable lessons learnt. To better capture program outcomes and impact, the questionnaire for household survey has been revised to collect additional information for indicators reflecting the program outcomes and impact for the preparation of PCR. It is agreed to further document successful cases/stories in the program completion process, as qualitative information cross-referred with quantitative results. This would require the cases/stories collected to turn more analytical aspects with clearer picture of impact on poverty reduction, and innovation scheme highlighted.
50. Based on field visits and discussions with the PMOs and IAs, following innovations can be concluded for the program:
- The program adopted the approach of household centred concerted module implementations, which has come out with good synergistic effects of modules' implementation and brought expanded impact on poverty reduction. In this regard, the close linkage among productions, technical envoy, marketing association and products certification modules during implementation represents a good example.
 - In implementation of the agro-products certification module, PMOs and IAs developed partnership with marketing associations and farmer cooperatives. Market development prior to products certification has enhanced the effectiveness of the module implementation due to the price premium obtained for the certified products. This approach has also facilitated the development of contract farming with secured sales of certified agro-products in the program area.
51. Up-scaling of positive program results is performing well in general. This includes the replication of greenhouses and net-shed construction for income increase of smallholder farmers and the approach of agro-products certification for price premium within and outside the program areas. Multi-stakeholder engagement has made the scaled up cases possible. PMO takes a leading role in providing vision, contributed to financial space, and coordinated IAs/beneficiaries to streamline scaling up process. Acting from government side, IAs were important as well in creating financial, capacity and institutional spaces for the scaled up. For future scaling up activities, PMO shall continue to take an important part in creating learning and sharing opportunities during and beyond PCR process. It's worth noting that a KM staff is appointed in PMO, who is documenting lessons/experiences in forms of cases and short stories. Video/audio documentation were also found at prefecture and county levels. Documentation works help strengthen the base for future scaling up activities.

Agreed action	Responsibility	Agreed date
PMOs and IAs will re-visit and validate the reported data and enhance their consistency at prefecture PMO, between CPMOs and IAs, and across implementation years, so as to consolidate results for the program completion.	PPMO, CPMOs, IAs	August 2014
PPMO will contact with the ex-post evaluation team on survey methods, process and questionnaires, looking for synergies between PCR RIMS/Baseline survey and ex-post evaluations, and soon to reach a baseline/RIMS survey work plan.	PPMO	End of July 2014
PPMO and CPMOs will further document successful cases and innovations and their up-scaling and conclude lessons learnt for the program completion.	PPMO, CPMOs	Before Dec 2014

Fiduciary aspects

52. **Financial management.** *Financial management of the program is rated satisfactory (5).* Financial management of the program continues complying with the Loan Agreement and generates reliable financial information by component and category with annual aggregation at prefecture and county levels. The Special Account and program Accounts at all levels are appropriately managed and maintained. The IFAD loan funds flows from the Special Account held by DOF through BOFs at prefecture and county levels to the county PMOs which further the funds to relevant implementing agencies for the program implementation based on eligible expenditures incurred. In most cases the process doesn't take long. The quality of program accounting and claim documents prepared by county PMOs and implementing agencies continues being improved as a result of the as-required capacity building for county PMOs' financial officers and strengthened supervision by the prefecture BOF and PMO. More frequent preparation and submission of claim documents by the county PMOs and shortened procedure on reviewing expenditure receipts and claim documents at prefecture level are reported. An enhanced efficiency of financial management is the consequence, coming out with a greatly expedited reimbursement of program expenditures incurred from 63% in June 2013 to 87% in June 2014.
53. **Disbursement.** *The disbursement rate of IFAD loan is rated satisfactory (5).* Up to 20 June 2014, the program submitted 56 WAs to IFAD and all of them have been disbursed by IFAD, valued at about USD 28 million. The disbursement rate of the IFAD loan has reached 96% including the authorized amount of USD 2.7 million. The actual disbursement rate, excluding the authorized amount was 86.9%.
54. It should be noted that IFAD has started its recovery of the initial deposit from the previous WAs. The program will have to prepare and submit to IFAD WAs valued at close to USD 4 million or 13.1% of the total loan proceeds, if 100% of the loans are to be disbursed. The prefecture PMO's data indicate that the program implementation has been nearly 100% completed against the total financial target, implying that about USD 3 million have been pre-financed by the government and IAs but claim documents are yet to be prepared by the PMOs. The mission recommends the county PMOs continue maintaining the expedited preparation of claim documents to reimburse the expenditures incurred taking into account the limited time remaining for the program.
55. **Counterpart funds.** *Performance of counterpart financing is rated satisfactory (5).* The prefecture PMO reported a cumulative government financing of USD 36.95 million and beneficiaries contribution of USD 4.58 million by June 2014, accounting for 95.7% and 91.6% of respective financing targets. Counterpart financing was made mostly by incorporating the program activities with government projects and some from government fiscal allocation. Those program modules which experienced difficulties in obtaining counterpart financing in some counties in previous years have received good attention since the last supervision mission's visit to the program. Consequently, these modules recorded significant progress of implementation by June 2014, such as the women group micro-credit, women association support, marketing association support, and the agro-product safety and certification modules.
56. As a response to the recommendation of last supervision mission, the PLGs at regional and prefecture levels coordinated with the Audit Department for an agreeable accounting method on the program's financing in accordance with the program Loan Agreement. It is accepted by the auditors that (i) government matched projects and PMOs staff's salaries are recognised as part of the government counterpart financing and (ii) delivery of counterpart funds is counted based on actual progress of program implementation instead of planning. As a result, no issue on counterpart financing was raised in the 2014 Audit Report. Reportedly, provision of counterpart funds to WFs for implementation of the women group micro-credit and the women association support modules and for office operation has also been improved greatly in the past year.

57. **Compliance with loan covenants.** Implementation and management of the program are in compliance with the covenants of Loan Agreement (for details see Appendix 6) and *thus rated as satisfactory (5)*.
58. **Procurement.** *Performance of procurement is rated satisfactory (5).* Procurements for the program are in compliance with the National Public Procurement Law and satisfy IFAD's requirement. They were done by the IAs, PMOs, and the government procurement offices, depending on the nature of objects to be procured. Constructions of greenhouses, net-sheds and technical services were mainly procured by the PMOs and IAs; vehicles and equipment were in some cases procured by the government procurement offices and some by the PMOs. Procurement methods adopted include direct contracting, local shopping, community participatory procurement and national competitive bidding (NCB). Community participatory procurement is only for the construction of greenhouses and net-sheds. Procurement-related documents are well filed and kept by the PMOs.
59. The main procurements conducted during the last reporting period, from July 2013 to June 2014, include the procurement of potato net-sheds by Chyouzhong county through NCB and prior review by IFAD and the procurement of greenhouses and net-sheds by Chyouhou and Zuozi counties through community participatory method.
60. **Audit.** *The performance of program audit is rated satisfactory (5).* The Audit Office of IMAR conducted the audit by using the International Standards Audit and Government Auditing Standards of PRC. Audit Report for the fiscal year of 2013 was timely submitted to IFAD in 2014. The Auditors expressed an unqualified opinion on the financial statements, the Special Account and SOEs. As a follow-up to the issues raised by the auditors in previous year, the auditors confirmed that all issues raised by the auditors in 2013 have been well addressed by the program management.
61. The observations by auditors in 2014 are as follows:
- a) The WF of Liangcheng county paid CNY 30,000 to procure training materials in 2013, but the expenditure receipt provider was not the materials' supplier. This act is not in compliance with the 21th article of Invoice Management Measures of the People's Republic of China, which states that all entities and persons engaged in business activities should obtain invoices from the suppliers for purchasing goods and acquiring services or other transactions when they made the payment. Reportedly this issue has been well addressed by the WF of Liangcheng county after the audit.
 - b) Siziwang county BOF received CNY 196,996.05 reimbursed from IFAD in October 2012, but this fund was not delivered to the IAs through PMO until 10th July 2013. Although the fund has been delivered for program implementation, such delayed fund delivery should be avoided.
 - c) The record of credit lending interest account receivable in Liangcheng County WF was not consistent with actual income. The auditors found that difference was exempted or postponed due to earlier repayment or suffering from natural disasters. However, the practice of exemption or postpone did not perform routine procedures of examining and approving and were not recorded as required. It is recommended that the prefecture and county PMOs need to strengthen the management of WFs credit lending through trainings to enhance their capacity. This will be particularly important for the sustainability of post-program credit lending by WFs since the program implementation will be completed soon.

Agreed action	Responsibility	Agreed date
County PMOs continue maintaining the expedited preparation of claim documents to reimburse the expenditures incurred taking into account the limited time remaining for the program.	PMOs	From July 2014
The prefecture and county PMOs need to strengthen the management of WFs credit lending through trainings to enhance their capacity.	PMOs	From July 2014

Sustainability

62. **Institutional sustainability.** *Institutional sustainability for the program is rated satisfactory (5).* Technical implementation of all program modules is entrusted with the government's existing technical institutions at county level. They perform well during the program implementation, although varying between institutions and between counties. The capacity of these institutions is enhanced by participating in the program, particularly in terms of carrying out demand-driven and poverty-focused projects in rural area. At township level, the governmental technical service stations are growing and perform well. They are knowledgeable of the program strategy and concept through assisting the IAs in the program implementation. Although the VIGs at village level would disappear by the program's completion, the strong inclusion of village committee members in the program VIGs' composition provides a basis for continuous village development through participatory planning. The program supported beneficiary-governed/dominated organizations, such as marketing associations, farmer cooperatives and women groups, will sustain as their business of interest will continue. Institutional sustainability for the program is foreseeable.
63. **Social sustainability (Empowerment).** *Social sustainability is rated satisfactory (5).* Social sustainability for the program is reflected in two aspects: (i) the program-supported/established farmer interest groups, such as the marketing associations, women associations, women micro-credit groups, greenhouses and net-shed management groups, and infrastructure O&M groups, are growing and will continue operating in the program area. Their functioning will enhance the community cohesion and build up the social capital. The enhanced capacity of village committees by participating in the program will also contribute to improving their capability in planning and managing community development projects; (ii) Technical training and credit lending activities have empowered the beneficiaries, particularly women, through improved capacity and increased income. Cumulatively, 152,006 farmers (55% women) have been trained with new and improved technologies and 22,950 farmers (55% women) received credit support from the program. The foreseeable continuous technical services and credit lending in the program area will sustain the empowerment of beneficiaries, outreaching to more farmers with time.
64. **Economic and financial sustainability.** *Economic and financial sustainability is rated satisfactory (5).* Economic and financial sustainability of the program beneficiaries are foreseeable based on: (i) enhanced capacity would be the basis for the beneficiaries to sustain their production and income generating activities; (ii) increased household assets, including the greenhouses, net-sheds, improved animal breeds, and certified land for production of safety and organic products, will continue creating potentials for the beneficiaries to increase their income sustainably; (iii) since the start-up of the program, average farmers' per capital net income in the program area has increased from CNY 2,624 in 2008 to CNY 4,122 in 2013, which indicated an enhanced self-financing capacity of the beneficiaries; (iv) RCCs and WFs will continue providing credit lending services to the program target groups after the program completion, although agreements on the number of years require further confirmation between RCCs/WFs and the county governments; and (v) the rapidly-developed marketing associations and farmer cooperatives in the program area are playing crucial roles in organising farmers to engage in market-oriented production of agriculture and linking farm producers to markets, although the performance of some associations and cooperatives requires further enhancement.
65. **Technical sustainability.** Sustainable technical services to the program target groups are foreseeable and thus *technical sustainability is rated satisfactory (5)*. Capacity building for the staff of implementing agencies and farmer technicians and improvement of grassroots technical service agencies are important elements of the program, aiming at improving the access of rural men and women to technical services. The government is also emphasizing on the strengthening of technology transfer to rural area through improving the existing technical service agencies and assigning technical envoys, etc. The technical staff and farmer technicians are also receiving regular training on updated technologies with the support of other

governmental projects. The close collaboration between PMOs and technical agencies in the program implementation would likely further strengthen the sustainable technical services to the program beneficiaries. The rapid development of farmer cooperatives in the program area would also be a great potential for sustainable technical services.

66. **Environmental sustainability.** *Environmental sustainability of the program is rated satisfactory (5).* Sustainable development through improved environment is one of the program's objectives. Most of the program activities were designed with environment improving attributes. The construction of greenhouses and net-sheds aims at increasing the land productivity through production of high-value cash crops, which will contribute to reducing the cultivation of marginal land in the program area and thus have positive impact on the environment. The agro-products safety and certification and the technical services incorporating with training on environment-friendly practices will have a long-term contribution to the improvement of environment. Support to livestock development includes the in-pen rearing of animals to reduce grazing and thus improve the environment. In addition, these program activities, particularly the construction of greenhouses and net-sheds have contributed to enhancing the resilience of smallholder farmers to climate changes, such as the frequently-occurred drought calamity.
67. **Exit strategy.** The program objectives are in line with the government's poverty reduction strategies. It is foreseeable that the government will continue supporting the overall development of the program area after the program will be completed. The physical works built by the program have been handed over to local communities and/or households for operation and maintenance (O&M) which are ensured by establishing O&M groups and mechanisms; capacity building of the beneficiaries will continue by technical agencies and farmer cooperatives to which they adhere. Rural financial institutions including RCCs will continue providing adapted financial services in the program area. The inclusion of village committees in the program implementation is a potential of continuity in village development through participatory planning.
68. As a result of following-up to the recommendations made by the last supervision mission, the prefecture PMO has developed "Post-Program Management Measures" for all the program modules, which are under final review at prefecture level and will be issued jointly by the BOF and PMO as guidance to the program counties in detailing respective post-program management measure for the sustainability of program results. *The mission rates the exit arrangement of the program as satisfactory (5), whilst recommending that all county PMOs should complete the development of their respective detailed Post-Program Management Measure and put them into operation before the end of December 2014 when the program is completed.*

Agreed action	Responsibility	Agreed date
All county PMOs will complete the development of their respective detailed Post-Program Management Measures and put them into operation before the end of December 2014 when the program is completed.	All county PMOs	Before end of Dec 2014

Other

69. **Physical assets.** The program has contributed to improving the livelihoods of rural farmers in the program area through increased productive assets, enhanced capacity of farmers and improved financial and technical services. This is reflected in the qualitative and quantitative improvement of household assets, including the increase and/or improvement of houses, animal pens, TV, mobile phone, motorcycle, washing machine and farm tools, etc. as a result of the growth of production and cash income. Although the share of program's contribution to such improvement is difficult to be estimated quantitatively, beneficiaries visited confirmed the positive impact of the program activities on their livelihoods. These findings are in conformity with the results of the mid-term RIMS survey carried out in 2011. Updated results will be

provided by the completion RIMS survey to be carried out in August 2014. *The improvement of household physical/financial assets in the program area is rated as satisfactory (5).*

70. **Food security.** The governmental statistics indicate that the average per capita grain production for the program area increased from 374 kg in 2008 to 471 kg in 2013, which shows a higher growth rate than the counties' average, 26% vs. 10% though the increase was not only attributable to the program but a joint effect of multi-factors. The 2011 mid-term RIMS survey revealed that the number of households with hungry season also decreased from 7% in 2008 to 1.5% in 2011. Updated findings also need to wait the results of the completion RIMS survey. The program contributes to the improved food security mainly through the extension of new technologies, increased productive assets, improved technical services and enhanced productivity, in addition to income increase from diversified production activities. Field visits confirm the positive impact of project activities on the increase of food production in the program area though the results cannot be attributed to the program alone. *The program's impact on improving food security in the program area is rated as satisfactory (5).*
71. **Increase in incomes.** Positive impact of the program on beneficiaries' livelihoods is also reflected in the increase of farmers' average annual per capita net income, from CNY 2,624 in 2008 to CNY 4,122 in 2013. Similarly, the increased income is also a result of multiple factors, including the program's contribution. Field visits confirm the value of the program-built greenhouses and potato net-sheds, livestock development support, credit lending, technical services, support to marketing associations and products certification in developing income generating activities. *The program's contribution to the increased farmers' income is rated highly satisfactory (6).*
72. **Policy impact.** Although the program has not been able to make significant impact on the government's policies, its participatory and demand-driven approaches have contributed to the development of government's poverty reduction strategies. Many governmental projects are being implemented on priority need basis through participatory planning at grassroots level. In addition, its innovations have the potential of up-scaling by the government in non-program areas, particularly in the fields of building partnership with farmer cooperatives in improving the effectiveness of technical extension and enhancing market access for smallholder farmers.

Conclusion

73. Based on the mission's findings, following conclusions are made on the program:
- The program is well incorporated into local government's development activities in the program area. Program implementation progresses satisfactorily. The majority of activities have been completed and are contributing to improving the livelihoods of program beneficiaries. Financial management performs well and reached a satisfactory disbursement rate for the IFAD loan.
 - The program is gender sensitive in implementation and management at all levels. Poverty focus is also satisfactory. The program's M&E system is functioning well.
 - Knowledge management of the program performs satisfactorily in terms of documentation of successful cases and sharing of lessons learnt.
 - The program might have difficulties to completely use the resources allocated to the disbursement Category II: "training, workshops and studies" in the remaining period of implementation. The prefecture PMO should consult with BOF and make decision on this issue. While necessary trainings and workshops are continued to enhance the capacity of PMOs and IAs staff for program completion process and post-program management and extend improved services in the program area. Remaining resources, if any, should be reallocated to other program activities as required.
 - It is appreciated that the prefecture PMO has taken actions in the arrangement of program completion process, including the development of program exit plan and sustainability arrangement and the assessment of program outcomes and impact. Nevertheless, CPMOs

and IAs would need to further facilitate the beneficiary villages to establish O&M mechanism for each of the program-built infrastructure for the purpose of sustainability. The prefecture PMO would prepare the program completion report (PCR) in line with the up to date PCR Guideline of IFAD and submit it to IFAD at the soonest after the program's completion.

Appendix 1: Summary of project status and ratings

Basic Facts

Country	China	Project ID	1400	Loan/DSF Grant No.	740
Project	Inner Mongolia Autonomous Region Rural Advancement Programme			Supp. Loan/DSF Grant	
Date of Update	July 2014	22 September 2012		Financing terms	HC
Supervising Inst.	IFAD/IFAD				
No. of Supervisions	6	No. of Implementation Support/Follow-up missions	4		
Last Supervision	Jul 2013	Last Implementation Support/Follow-up mission	Dec 2012		

USD million Disb. rate %

Approval	13-Dec-2007			Total costs	73.64	
Agreement	12-Feb-2008	Effectiveness lag	11.2	IFAD Total	30.62	
Effectiveness	12-Nov-2008	PAR value	Not at risk	IFAD loan	30.62	91.5
MTR	22-Sep-2011			DSF grant		
Current completion	31-Dec-2014	Last Amendment		IFAD grant		
Current closing	30-Jun-2015	Last Audit	June 2014	Domestic Total	43.02	96.5
No. of extensions	0			Beneficiaries	4.99	91.6
				Government (National)	38.03	97.2
				Other Domestic		
				Cofinancing Total		

Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	5	5	1. Quality of project management	5	5
2. Acceptable disbursement rate	5	5	2. Performance of M&E	5	5
3. Counterpart funds	4	5	3. Coherence between AWPB & implementation	4	5
4. Compliance with loan covenants	5	5	4. Gender focus	5	6
5. Compliance with procurement	5	5	5. Poverty focus	5	5
6. Quality and timeliness of audits	5	4	6. Effectiveness of targeting approach	5	5
			7. Innovation and learning	4	5

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Production and market access	4	5			
2. Strategic support to women	5	5	1. Institution building (organizations, etc.)	5	5
3. Rural financial services	5	5	2. Empowerment	5	5
4. Programme management	5	5	3. Quality of beneficiary participation	5	5
5.			4. Responsiveness of service providers	5	5
6.			5. Exit strategy (readiness and quality)	4	5
			6. Potential for scaling up and replication	4	5
			7. Environmental sustainability	-	5
			8. Resilience to Climate changes	-	5

Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	5	5

C.2	Food security	5	5
C.3	Overall implementation progress (Sections B1 and B2)	5	5
Financial management are performing well; IFAD loan disbursement rate was 96% including the authorised amount of USD 1.76 million; and program implementation well targeted the poor and women.			
C.4	Likelihood of achieving the development objectives (section B3 and B4)	5	5
Overall implementation progress reached 95% against total target and some modules 100% completed; beneficiaries' income increased and food security improved.			

C.5 **Risks** *Short description of major risks for each section and their impact on achievement of development objectives and sustainability*

Program management	No major risk for this section
Fiduciary aspects	No major risk for this section
Project implementation progress	No major risk for this section
Outputs and outcomes	No major risk for this section
Sustainability	No major risk for this section, exit plan and sustainability arrangement are under development.

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Low disbursement rate for category II	Prefecture PMO will consult with BOF and make decision on the use of possible remaining resources for the disbursement category II "training, workshops and studies". While necessary trainings and workshops will be continued to enhance the capacity of PMOs and IAs staff for program completion process and post-program management and extend improved services in the program area, remaining resources, if any, should be reallocated to other program activities as required.	Before end of July 2014	
O&M mechanism to be established	CPMOs and IAs facilitate the beneficiary villages to establish O&M mechanism for each of the program-built infrastructure for the purpose of sustainability.	From Jul 2014	
Capacity of WFs on lending management to be enhanced	The prefecture and county PMOs need to strengthen the management of WFs credit lending through trainings to enhance their capacity.	From Jul 2014	
Exit strategy	All county PMOs will complete the development of their respective detailed Post-Program Management Measures and put them into operation before the end of December 2014 when the program is completed.	Dec 2014	

Additional observations:

Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

Narrative summary		Key indicators	Data source	Achievements
		Overall goal and project purpose		
Overall goal: Successful innovative pilot approaches to poverty reduction are applied on a larger scale in IMAR by Government and other donors.		▪ Innovative poverty reduction approaches successfully trialed (no. and nature)	Govt policy statements and regulations	Not reported
		▪ Successful approaches implemented by Government and other donors (no, scale and budget allocations)	Govt and donors plans and budget allocations.	Not reported
		▪ Legal and policy framework adjustments facilitating poverty reduction (no. and nature)	Govt plans and budget allocations	Not reported
Project purpose: Poverty is reduced in a sustainable and gender equitable way by establishing improved access to information, technology, rural financial services and markets for some 127,000 households		▪ 75% of beneficiary households with improved food security (and no. this represents)	Household survey	79% (MTR)
		▪ 50% reduction in child malnutrition	RIMS survey; BoH stat.	-90% (B), 56% (G) (MTR)
		▪ 55% increase in households' assets ownership index	RIMS survey	36% (MTR)
		Outcomes and Outputs, by Component		
Component 1. Production and market access				
Outcome 1.1 (Module 1): Adoption by some 80,000 beneficiary farmers of improved production technologies and improved farmers' knowledge, achieved through development of improved extension services.		▪ 80% of beneficiary hhs adopting recommended technologies	Household surveys	87% (MTR)
		▪ 70% beneficiary hhs reporting production increase	Household surveys	48% of beneficiary HHs (MTR)
Outputs:	1.1.1	▪ TE's trained and assigned	Implementers records	471 trained
	1.1.2	▪ Demonstrations carried out (by type)	Implementers records	475 carried out
	1.1.3	▪ Farmers trained (by gender)	Implementers records	94,312 trained (51% women)
Outcome 1.2 (Modules 2&3): Increased production of quality vegetables for about 38,700 households achieved through establishment of permanent and semi-permanent greenhouses.		▪ 90% of beneficiary hhs reporting production increase	Household surveys	100% (MTR)
		▪ 4,300 beneficiary hhs, by poverty status	Implementers records	Not reported
		▪ 95% of greenhouses still operational after 3 years	Household surveys	100% (MTR)
Outputs:	1.2.1	▪ Greenhouses built covering up to 2,150 mu (143 ha)	Implementers records	5,103 beneficiary hhs
		▪ 2,150 mu of land covered by greenhouses	Implementers records	2,551.5 mu covered
	1.2.2	▪ Farmers trained for greenhouse production	Implementers records	5,278 trained (53% women)
		▪ 2,196 households' income increase from seed potato production, by gender and poverty status	Household surveys	Not reported
		▪ 95% of net-sheds still operational after 3 yrs	Household surveys	100% (MTR)
		▪ 95% supported farmers adopting recommended techniques	Household surveys	100% (MTR)
Outputs:	1.3.1	▪ Potato netsheds constructed, covering 2,440 mu (162 ha)	Implementers records	2,219 net-sheds built
		▪ 2,440 mu of land used for potato production	Implementers records	2,219 mu covered
	1.3.2	▪ Farmers trained in seed potato production	Implementers records	1,830 trained (57% women)
Outcome 1.4 (Module 5):		▪ 34,500 hhs accessing services through VLSS	Household surveys	Not reported

Narrative summary			Key indicators	Data source	Achievements
Increased livestock production for some 34,500 farmers achieved through strengthening of Village Livestock Service Stations, with particular emphasis on improved feeding management.			▪ 85% of hhs adopting recommended technology, by poverty status	Household surveys	93% (MTR)
			▪ 80% of hhs reporting livestock production increase (by poverty status)	Household surveys	83% (MTR)
Outputs:	1.4.1	▪ AVs trained (by toppic and gender)	▪ 345 AVs trained, by topic	Implementers records	349 trained
	1.4.2	▪ VLSSs established and equiped	▪ 345 VLSSs established and equiped	Implementers records	366 established
	1.4.3	▪ Fodder crops demonstrations established	▪ 1,380 demonstrations established	VLSS records	1,060 demonstrations done
	1.4.4	▪ Farmers trained in livestock rearing	▪ 34,500 farmers trained, by gender and poverty status)	VLSS records	45,184 trained (44% women)
	1.4.5	▪ VLSSs received improved breed animals	▪ 345 VLSS receiving animals	VLSS records	324 VLSSs received
Outcome 1.5 (Module 6): Improved linkage of some 36,000 farmers with buyers and markets, achieved through establishment of 105 Marketing Associations, cooperatives and joint companies and resulting in improved market returns.			▪ 36,000 farmers regularly accessing marketing services	MA's records	Not reported
			▪ 80% of beneficiary households reporting income increase, by gender and poverty status	Household survey	Not reported
Outputs:	1.5.1	▪ Marketing Associations established and supported	▪ 180 associations established	Implementer records	191 established
	1.5.2	▪ Members trained in marketing	▪ 36,000 persons trained, by gender and topic		32,465 trained (50% women)
Outcome 1.6 (Module 7): Increased production and improved marketing of certified and safe agricultural products, achieved through the implementation of industry-based organic certification schemes, the establishment of 36 Marketing Associations, and training of 516 Food Safety Agents and Inspectors.			▪ Annual volume of certified production sold, by crop	Township and county agricultural stats.; Associations' records; Market surveys	Not reported
			▪ 80% of participated hhs reporting income increase from certified product production		Not reported
			▪ 90% of certified products obtaining >20% price premium compared to non-certified products		42% (MTR)
Outputs:	1.6.1	▪ Food safety agents trained	▪ 360 food safety agents trained, by gender	Associations' records	406 trained (42% women)
	1.6.2	▪ Farmers trained on certified products production	▪ 7,500 farmers trained on production of certified production, by gender		10,231 trained (49% women)
	1.6.3	▪ Agro-products certified	▪ No. of products certified		164 products certified
	1.6.4	▪ Area of land under certified production control	▪ Area of land under certified production control		253,000 mu
Component 2 : Strategic support for women					
Outcome 2.1 (Module 9): Increased involvement of some 11,100 women in income generating activities, achieved through establishment of 370 Women Credit Groups and skills development.			▪ 90% of Women Credit Groups still operating after 3 years	Group and household survey.	100%
			▪ 60% of members obtaining loans from RCC or other mainstream credit institutions		Not reported
			▪ At least 95% repayment rate		Not reported
Outputs:	2.1.1	▪ Women Credit Groups established	▪ 370 credit groups established	Implementers' and Groups' records	438 groups formed
	2.1.2	▪ Group members trained in IGAs	▪ 11,100 woman members trained in IGAs	Groups' records	23,328 trained (100% women)
Outcome 2.2 (Module 10): Women's Associations formed at township level to support the development and activities of the village-level Women's Credit Groups.			▪ Average annual hh net income derived from Groups' activities	Surveys	Not reported
			▪ 70% of members obtaining loans from RCC	Surveys	Not reported
			▪ 90% of Women Associations still operating after 3 years	Surveys	100%

Narrative summary			Key indicators	Data source	Achievements
Outputs:	2.2.1	▪ Women Associations established	▪ 54 Women Associations established	WFs and WAs' records	43 established
			▪ 60% of members from Women Credit Groups		Not reported
	2.2.3	▪ WAs' members trained in income-generating activities	▪ 10,800 members trained, by gender		8,774 trained (100% women)
Component 3 : Rural financial services					
Outcome 3.1 (Module 11): Improved operational capacity and financial viability of 36 RCCs and 9 RCCUs to provide financial services to the rural sector, achieved through improved management and operational systems, skills development, a more diversified range of products and services, and increased capital resources for lending			▪ Value of savings (by gender)	RCC lending records.	Not reported
			▪ Value of gross loan portfolio (by gender)	RCC records	Not reported
			▪ % of portfolio at risk	RCC records	Not reported
			▪ % of operational self-sufficiency	RCC Annual Reports	Not reported
			▪ % of operating cost as a ratio of loan portfolio	RCC Annual Reports	Not reported
			▪ % of outstanding loans per RCC loan officer	RCC Annual Reports	Not reported
			▪ Profit margin, Net income/Total operating income (%)	RCC Annual Reports	Not reported
			▪ Asset utilisation, Total operating income/ Total assets	RCC Annual Reports	Not reported
Outputs:	3.1.1	▪ RCC branches and 9 RCCUs supported	▪ 36 RCCU branches supported	RCC lending records.	36 supported
	3.1.2	▪ New microcredit products developed	▪ No. of new microcredit product developed	RCC Annual Reports	Not reported
	3.1.3	▪ RCCU staff trained	▪ 90 RCCU staff trained, by gender	RCC Annual Reports	90 trained
	3.1.4	▪ 8,500 active borrowers	▪ No. of active borrowers, by gender and poverty status	RCC Annual Reports	18,075 borrowers (45% women)
Component 4 : Programme management and VDF					
Outcome 4.1 (Module 13): Improved community infrastructure and strengthened community capacity to plan and manage community development projects, achieved through establishment of Village Development Funds.			▪ 90% of infrastructure in good condition three years after construction	VIG/township recorts	100%
Outputs:	4.1.1	▪ Village plans prepared by the VIGs using community-based participatory processes	▪ 145 VDPs prepared	PAO records	147 VDPs prepared
	4.1.2	▪ Village Infrastructure Groups established	▪ 145 O&M groups established	Implementers' records	Not reported
	4.1.3	▪ Village infrastructure constructed	▪ No. of infrastructure constructed (by type)	Implementers' records	Not reported
			▪ No. of beneficiaries	Implementers' records	Not reported

Appendix 3: Summary of key actions to be taken within agreed timeframes

Agreed action	Responsibility	Agreed date
1. Prefecture PMO will consult with BOF and make decision on the use of possible remaining resources for the disbursement category II "training, workshops and studies". While necessary trainings and workshops will be continued to enhance the capacity of PMOs and IAs staff for program completion process and post-program management and extend improved services in the program area, remaining resources, if any, should be reallocated to other program activities as required.	Prefecture PMO and BOF	Before end of July 2014
2. Prefecture PMO will prepare the program completion report (PCR) in line with the up to date PCR Guideline of IFAD and submit it to IFAD at the soonest after the program's completion.	Prefecture PMO	By program completion
3. CPMOs and IAs will facilitate the program-supported marketing associations to establish effective operational mechanisms in line with the government regulations to enhance their capacity of governance and operation.	CPMOs & IAs	From July 2014
4. CPMOs and IAs further develop partnership with relevant associations, cooperatives and agro-enterprises in the module implementation to pursue price premium for certified products.	CPMOs & IAs	From July 2014
5. As an exit strategy, PPMO and CPMOs will review the performance of WFs in the operation of WGMCs. The well-performing WFs may establish independent entities, following the principle of self-sufficient operation. The others would follow the practice of the government subsidized guaranteed loan, merging the WGMCs revolving fund into the guarantee fund that set up by the government.	PMOs, WFs, and BOFs	As of Dec 2014
6. Further capacity building for WFs on credit lending will be provided to enhance their capacity of lending operation and management, including in-country study tour, training courses and revising the operational manual.	PPMO, CPMOs, WFs	From July 2014
7. CPMOs and IAs facilitate the beneficiary villages to establish O&M mechanism for each of the program-built infrastructure for the purpose of sustainability.	CPMOs & IAs	From July 2014
8. PMOs and IAs will re-visit and validate the reported data and enhance their consistency at prefecture PMO, between CPMOs and IAs, and across implementation years, so as to consolidate results for the program completion.	PPMO, CPMOs, IAs	August 2014
9. PPMO will contact with the ex-post evaluation team on survey methods, process and questionnaires, looking for synergies between PCR RIMS/Baseline survey and ex-post evaluations, and soon to reach a baseline/RIMS survey work plan.	PPMO	End of July 2014
10. PPMO and CPMOs will further document successful cases and innovations and their up-scaling and conclude lessons learnt for the program completion.	PPMO, CPMOs	Before Dec 2014
11. County PMOs continue maintaining the expedited preparation of claim documents to reimburse the expenditures incurred taking into account the limited time remaining for the program.	PMOs	From July 2014
12. The prefecture and county PMOs need to strengthen the management of WFs credit lending through trainings to enhance their capacity.	PMOs	From July 2014
13. All county PMOs will complete the development of their respective detailed Post-Program Management Measures and put them into operation before the end of December 2014 when the program is completed.	All county PMOs	Before end of Dec 2014

Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

Outputs by Module	Indicator	Unit	Physical progress (as per 30/06/2014)					
			Approval (Global)	Cumulative	%	2014 AWPB	Jan-Jun 2014 Actual	%
			MTR					
Module 1: Technical envoy								
Technical envoys received training on new technologies	Number of technical envoys trained	Number	468	471	100.6	32	32	100
Initiating funds used for demonstration	No. of demonstrations carried out	Number	468	475	101.5	32	12	37.5
Module 2: Permanent greenhouse								
Sustainable agro-production facilities developed	Number of permanent greenhouses built	Number	1,960	2493	127.2	43	66	153.5
Irrigation facilities established	Number of irrigation systems built	Number	66	77	116.7			
Electricity supply done	Number of permanent greenhouses supplied with electricity	Number	941	1071	113.8			
Technical staff trained	Amount used for technical training of relevant staff	CNY'000	620.8	647.2	104.3	38.4	34	88.4
Beneficiaries trained successfully with practical techniques	Number of farmers trained, by sex	Number	1,960	2576	131.4	343	386	112.5
Module 3: Semi-permanent greenhouse								
Sustainable agro-production facilities developed	Number of semi-permanent greenhouses built	Number	2340	2893	123.6	210	217	103.3
Irrigation facilities established	Number of irrigation systems built	Number	78	90	115.4	7	7	100
Technical staff trained	Amount used for technical training of relevant staff	CNY'000	764.4	546.3	71.5	92.6	60.8	65.7
Beneficiaries trained successfully with practical techniques	Number of farmers trained, by sex	Number	2340	2702	115.5	380	327	86.1
Module 4: Potato net-shed								
Sustainable agro-production facilities developed	Number of net-shed built	Number	2145	2269	105.8	30	50	166.7
Irrigation materials supplied	Number of irrigation systems supplied	Number	214	223	104.2	0	0	0

Technical staff trained	Amount used for technical training of relevant staff	CNY'000	1407.1	871.5	61.9	74.2	53.6	72.27
Beneficiaries trained successfully with practical techniques	Number of farmers trained, by sex	Number	2145	1830	85.3	130	150	115.4
Module 5: Strengthening of VLSS								
Training of village livestock technicians conducted	No. of technicians trained	Number	345	453	131.3	33	14	42.4
Demonstration of new technology carried out	No. of demonstrations	Number	1245	1210	97.2	110	24	21.8
Farmers training and field tour concluded	No. of farmers trained	Number	34500	45184	131.0	3800	2211	58.2
Veterinary & processing equipment supplied	Sets of equipment provided	Set	345	341	98.8	39	12	30.8
Breeding stock introduced	No. of breeding stock introduced	Number	345	361	104.6	53	34	64.2
Module 6: Marketing association support								
Association MGT training conducted	No. of managers trained	Number	180	198	110.0	22	25	113.6
Member training on operations conducted	No. of members trained, by sex	Number	3'6000	32456`	90.2	4500	2278	50.6
Market development support activities conducted	Amount of fund used for marketing	CNY'000	10691.4	4236.3	39.6	1503.1	1332	88.6
Association office equipment acquired	Amount of fund used to acquire office equipment	CNY'000	2659.6	1997.6	75.1	405.6	228.6	50.7
Marketing infrastructure established	No. of storages built	Number	180	153	85.0	85	88	103.5
Module 7: Agro-Product Safety								
Production technician training conducted	No. of technicians trained	Number	412	410	99.5	44	44	100
Production guideline development carried out and training material produced	Amount of fund used to develop production guideline/training materials	CNY'000	164.6	131.8	80.0	38.5	41.5	107.8
Technical supports for farmers carried out	No. of member farmers trained	Number	7500	10231	136.4	940	870	92.6
Provision of bio-safety facilities undertaken	Amount of fund used to procure biological control facilities	CNY'000	1074	1468.5	136.7	925.7	293.3	31.7
Documentation and traceability system developed	Fund used for establishing doc. & traceability system	CNY'000	555	394.7	71.1	116.4	8	6.9
Certification carried out	Funds used for certification	CNY'000	1076.9	975	90.5	244.9	197	80.4
Physical environmental analysis & monitoring carried out	Funds used for physical environmental analysis & monitoring	CNY'000	943.4	707	74.9	159.3	98.8	62.0
Module 9: Women group micro-credit								

Initial training and group formation concluded	No. of women micro-credit groups formed and initial training conducted	Number	370	441	119.2	20	5	25
Skill and technical training conducted	No. of group members trained with skills, by sex	Number	24580	26801	109.0	1560	2140	137.2
WGMC revolving fund established	Amount of fund provided to WMCG as seed capital	CNY'000	14767.7	13401	90.7	2718.1	1529	56.3
Operating expenses provided	Amount of fund provided to WMCG as operating expenses	CNY'000	1091.9	835.7	75.6	82.9	63	76
Module 10: Women association support								
WA office equipment provided	Number of women associations provided with computers and other basic office equipment	Number	65	42	64.6	0	0	0
Initial and organizational training done	Number of WA members trained, by sex	Number	13000	9274	71.3	0	0	0
Exposure visits carried out	Amount used for exposure visits	CNY'000	658.7	581.5	88.3	118	118	100
Women associations registered	Number of women associations registered	Number	65	36	55.4	0	0	0
Operating expenses	Amount provided to WA as operating expenses	CNY'000	565.6	508	89.8	0	0	0
Module 11: Branch operating efficiency up-scaling								
Motorcycle procured	Number of motorcycles provided to township RCCs	Number	180	180	100	0	0	0
Desktop computer & accessories procured	Amount for computer equipment for RCCU and participating RCCs	CNY'000	560.7	646.8	115.4	0	0	0
4WD jeeps procured	Number of 4WD jeeps procured for RCCUs	Number	18	18	100	0	0	0
Office renovation carried out	Amount for RCC office renovation	CNY'000	754.3	900.6	119.4	0	0	0
Studies and surveys undertaken	Amount used to support studies and surveys	CNY'000	5299.9	3841.4	72.5	270	120	44.4
Product dev. & adjustments carried out	Amount for support product dev & adjustment	CNY'000	1371.4	948.4	69.2	152.1	42.1	27.7
Training & exposure undertaken	Number of RCCU and RCC managers and credit officers participating in training and	Number	90	167	185.6	7	0	0

	exposure, by sex							
Pilot activities carried out	Amount used to carry out pilot activities	CNY'000	3085.7	865.5	28	180	0	0
M&E RIMS undertaken	Amount used to undertake M&E and RIMS activities	CNY'000	2262.8	1241.9	54.9	145.5	50.5	34.7
On-lending funds disbursed	Amount provided to 36 township RCCs	CNY'000	51427.7	54677.7	10`6.3	0	0	0
Domestic consultants recruited	Amount used to recruit domestic consultants	CNY'000	1800	654.5	36.4	0	0	0
Procedure tools, materials, policies undertaken	Amount provided to support procedures	CNY'000	857.1	383.7	44.8	80	30	37.5
Module 13: Village development fund								
Poor village infrastructure improved through VDF investments	Number of poor villages with established VDF	Number	145	147	101.4	10	10	100

Appendix 5: Financial: Actual financial performance

Table 5A: Financial performance by financier (as per 30/06/2014)

Financiers	Approval (USD'000)	Disbursement s (USD'000)	Percent disbursed
IFAD loan	30,616	28,012	91.5%
Government	38,034	36,953	97.2%
Beneficiary	4,992	4,576	91.6%
Total	73,642	69,541	94.4%

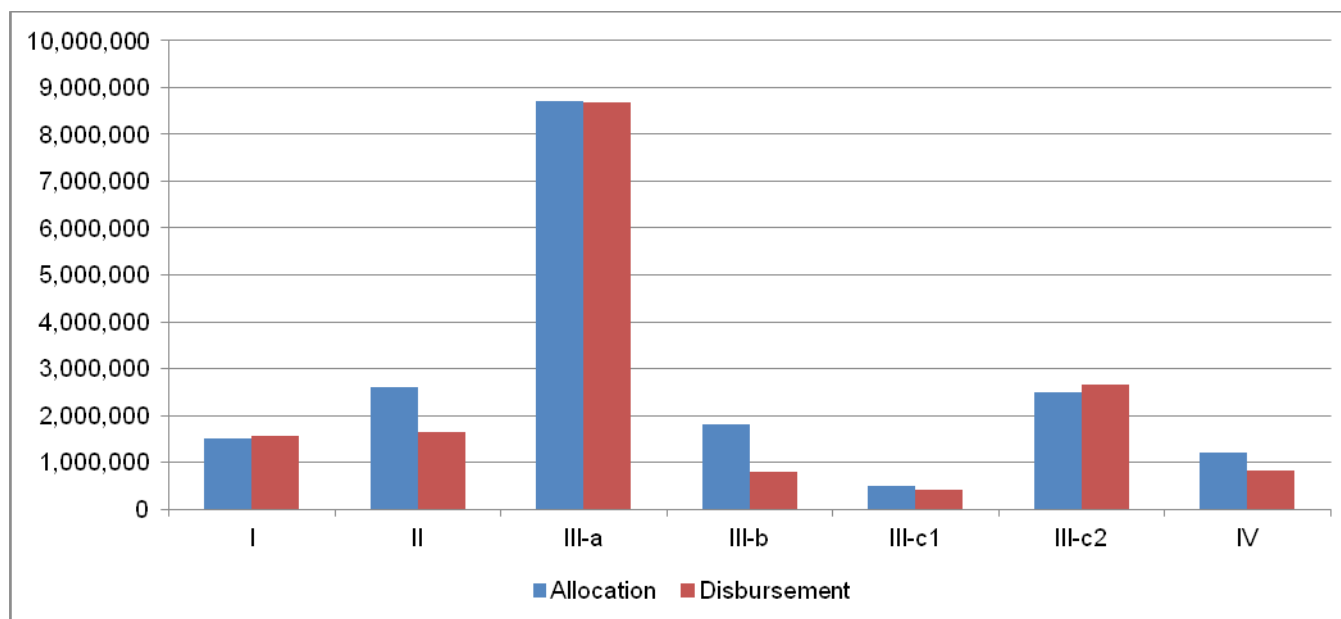
Table 5B: Financial performance by financier by component (USD '000), as per 30 June 2014

	IFAD Loan			Government			Beneficiaries			Total		
	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%
1. Technical envoy	827.6	793.6	95.9%	1191.0	1142.1	95.9%				2018.6	1935.7	95.9%
2. Permanent greenhouse	6224.8	6141.2	98.7%	6335.4	6336.0	100.0%	2622.3	2565.0	97.8%	15182.5	15042.2	99.1%
3. Semi-permanent greenhouse	2393.0	2399.5	100.3%	2535.5	2537.5	100.1%	908.1	915.5	100.8%	5836.6	5852.5	100.3%
4. Potato net-shed	2653.1	2525.9	95.2%	2698.1	2830.0	104.9%	1119.7	804.8	71.9%	6470.9	6160.7	95.2%
5. Strengthening of VLSS	1395.2	1404.2	100.6%	2007.7	2020.8	100.7%				3403.0	3425.0	100.6%
6. Marketing association support	1103.8	1800.5	163.1%	2763.3	2587.1	93.6%				4683.5	4387.6	93.7%
7. Agro product safety & certific.	351.0	332.9	94.8%	505.1	479.0	94.8%				856.1	811.8	94.8%
9. Women's group micro-credit	1736.9	1653.9	95.2%	2499.5	2380.1	95.2%				4236.4	4034.0	95.2%
10. Women Association support	173.2	160.3	92.6%	249.3	230.7	92.6%				422.5	391.0	92.6%
11. RCC operating efficiency	5075.6	5055.7	99.6%	6473.7	6256.9	96.7%				11549.3	11312.6	98.0%
13. Village development fund	1425.2	1422.5	99.8%	1703.3	1756.5	103.1%	347.6	290.5	83.6%	3476.2	3469.6	99.8%
Programme management	6783.7	5688.6	83.9%	9657.4	8396.7	86.9%				16441.1	14085.3	85.7%
Grand Total	30143.2	29378.8	97.5%	38619.4	36953.4	95.7%	4997.7	4575.9	91.6%	74576.7	70908.1	95.1%

Table 5C: IFAD loan disbursements (SDR, as per 20/07/2014)

Category	Category description	Original allocation	Revised allocation	Disbursement	Percent disbursed	Balance
I	Vehicles, Equipment	1,500,000	1,500,000	1,563,266.34	104.00	-63,266.34
II	Training, Workshops , Studies,	2,600,000	2,600,000	1,640,553.70	63.00	959,446.30
III-a	Production and market access	8,700,000	8,700,000	8,685,987.97	100.00	14,012.03
III-b	Strategic support to women	1,800,000	1,800,000	789,765.82	44.00	1,010,234.18
III-c1	Rural financial services- RCC equipment	500,000	500,000	424,599.12	85.00	75,400.88
III-c2	Rural financial services- RCC other expenses	2,500,000	2,500,000	2,651,420.52	106.00	-151,420.52
IV	Village Development Fund	1,200,000	1,200,000	834,869.41	70.00	365,130.59
V	Unallocated	300,000	300,000	0.00	0.00	300,000.00
	Initial deposit			1,756,553.38		-1,756,553.38
	Total	19,100,000	19,100,000	18,347,016.26	96.06	752,983.74

Figure 1: IFAD loan disbursement, comparisons between allocation and disbursement



Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenants	Compliance Status
2.03	(a) The borrower, through the IMAR DOF, shall open and thereafter maintain in a commercial bank accepted by the Fund, an account denominated in US dollars for the purpose of financing the Programme ("Special Account"). The special account shall be protected against set-off, seizure or attachment on terms and conditions proposed by the Borrower and accepted by the Fund.	Complied
2.04	The Borrower and each Programme Party shall use the proceeds of the Loan exclusively to finance Eligible Expenditures in accordance with this Agreement and the General Conditions.	Complied
3.02	(a) The RPMO shall prepare a consolidated draft AWPB for each Program Year based on the draft AWPB prepared by the Prefecture and each County PMO. Each CPMO shall be responsible for consolidating the Village Implementation Plans into county AWPB which, shall be submitted to each county PLG for approval.	Complied
	(b) Before each Program Year, each RPMO shall submit a draft AWPB to the Regional PLG for its review and approval. When so approved the Regional PLG through the RPMO shall submit the draft AWPB to the Fund, for comments, no later than 60 days before the beginning of the relevant Programme Year.	Complied
	(c) The RPMO shall adopt the AWPB, and shall provide copies thereof to the Fund prior to the commencement of the relevant Programme Year.	Complied
3.03	DOF and each BOF shall open and thereafter maintain in a commercial bank acceptable to the Fund, an account denominated in CNY for programme operation (the "programme Accounts"). The programme Account shall be funded and replenished from time to time upon request of the PMOs from resources of the Special Account in accordance with the AWPB.	Complied
3.04	(a) The Borrower through the Region and Prefecture shall make the proceeds of the Loan available to the County Government in accordance with the customary national procedures for development assistance on on-lending, the Lead Subsidiary Agreement and AWPB to carry out the Programme.	Complied
	(b) In addition to the proceeds of the Loan, the Borrower shall make available to all Programme Parties, promptly as needed, such funds, facilities, services and other resources as may be required from time to time to carry out the Programme.	Complied
4.01	As soon as practicable but in no event later than three months after the effective date, the Borrower shall cause the Regional, Prefecture and County PMOs to establish and thereafter maintain an appropriate information management system in accordance with the Fund's "Guidelines for Project Monitoring and Evaluation", etc.	Complied
4.02	The Borrower shall cause the Regional PMO to submit to the Fund, semi-annually and annually, progress reports on Programme Implementation as required by Section 8.03 no later than 10 weeks after the end of each such reporting period during the Programme Implementation Period.	Complied
4.03	The Borrower and the Fund shall jointly carry out a review of Program Implementation (the "Mid-Term Review") based on terms of reference jointly prepared by the Borrower and the Fund.	Complied

5.01	The Borrower shall cause the DOF and each BOF to maintain separate accounts required by Section 9.01 (Financial Records) of the General Conditions. The Regional PMO shall deliver the consolidated financial statements to the Fund within three months of the end of each Fiscal Year.	Complied
5.02	(a) Within 60 days of the Effective Date, the Borrower shall appoint, with the prior approval of the Fund, independent auditors selected in accordance with the procedures and criteria set forth in the Fund's "Guidelines on Project Audits (Borrower's use)" as may be amended from time to time, to audit the financial statements relating to the Programme for the first Fiscal Year. Thereafter, as soon as practicable but in no event later than ninety (90) days after the beginning of each succeeding Fiscal Year, the borrower, with the prior approval of the Fund, shall confirm such auditors appointment or so appoint new independent auditors for such fiscal year.	Complied
	(b) The Borrower shall cause the Regional PMO to have the consolidated financial statements relating to the Programme audited each Fiscal Year by such auditors in accordance with the International Standards on Auditing, and the Fund's "Guidelines on Project Audits (Borrowers' use)" 2003, as may be amended from time to time, until the Loan Closing Date in accordance with Section 9.03 of the General Conditions, in addition to the audit report on the financial statements, the auditors shall provide: (i) a separate opinion on the certified statements of expenditure and the operation of the Special Account including the reconciliation of the Special Account; and (ii) a separate management letter, addressing the adequacy of the accounting and internal control systems. The Borrower shall cause the Regional PMO to deliver the above-mentioned items to the Fund within six (6) months after the end of such Fiscal Year. The Borrower shall cause the Region PMO to submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof.	Complied
Schedule 3 Part A	A Village Implementation Group (VIG) shall be established by the villages in each of the selected administrative village of the programme area.	Complied
Schedule 3 Part B	DOAL on behalf of the LPA, shall prepare a draft Programme Implementation Manual.	Complied
Schedule 3 Part C	The County BOF and County PMO, shall enter into an agreement with the County WF to carry out the Strategic Support to Women Component.	Complied
	Each BOF and PMO in each of the participating counties shall enter into a RCCU Subsidiary Loan Agreement with each county RCCU to carry out the Rural Financial Services Component C.	Complied
Schedule 4 Part E	The award of any contract for goods estimated to cost USD 50 000 equivalent or more shall subject to prior review by the Fund. The aforementioned threshold may be modified from time to time as notified by the Fund to the Borrower.	Complied
	The award of any contract for works estimated to cost USD 50 000 equivalent or more shall subject to prior review by the Fund. The aforementioned threshold may be modified from time to time as notified by the Fund to the Borrower.	Complied
	The award of any contract for consulting services referred to paragraph 5 above estimated to cost USD 20 000 equivalent or more shall subject to prior review by IFAD. The aforementioned threshold may be modified from time to time as notified by the Fund to the Borrower.	Complied

Appendix 7: Knowledge management: Learning and Innovation

Learning

In the early stage, implementation of the agro-products certification module mainly focused on the number of products certified, without paying adequate attention to linking product certification with markets. Limited price premium for certified products compared to non-certified ones has been the most important factor hindering the module implementation. After MTR of the program, both PMOs and IAs focused more on enhancing the effectiveness of module implementation through building partnership with relevant marketing associations and farmer cooperatives to obtain price premium for certified products. Results are positive, a large number of farmers are benefiting from the certification of agro-products, obtaining higher market prices and stable marketing channel particularly for the certification of organic products.

Construction of greenhouses is effective to increase the income and thus livelihoods of the program beneficiaries, while contributing to improving the environment through reduced cultivation of marginal land.

Innovation: Describe any interesting innovation noted during supervision

The program adopted the approach of household centred concerted module implementations, which has come out with good synergistic effects of modules' implementation and brought expanded impact on poverty reduction. In this regard, the close linkage among productions, technical envoy, marketing association and products certification modules during implementation represents a good example.

In implementation of the agro-products certification module, PMOs and IAs developed partnership with marketing associations and farmer cooperatives. Market development prior to products certification has enhanced the effectiveness of the module implementation due to the price premium obtained for the certified products. This approach has also facilitated the development of contract farming with secured sales of certified agro-products in the program area.

Appendix 8: Progress against previous mission recommendations

Action area	Agreed action	Responsibility	Agreed date	Progress
Overall assessment	CPMOs will consult with relevant IAs to continue expediting implementation of those modules with low financial achievement, including the agro-product safety and certification, women group credit and women association support modules, in order to achieve the program objectives.	PPMO & CPMOs	31 Aug 2013	Prefecture PMO strengthened supervision to expedite the implementation.
	PPMO will consult with each of the CPMOs to find out if there would be activities which might not able to be completed by the program completion date due to less demand or other reasons. Necessary minor reallocation of resources among program modules as required should be included into the coming AWPB for implementation to avoid incomplete use of the loan proceeds for the program.	PPMO	30 Oct 2013	Meeting was held for PMOs and BOFs to address this recommendation, minor reallocations of resources between modules have been made.
Output and outcome	PMOs will facilitate the IAs continue enhancing the quality of the TE system module implementation in line with the module strategy to ensure the achievement of program objectives.	PPMO, CPMOs and IAs	From Sep 2013	Implementation of this module has been improved.
	CPMOs and IAs facilitate grouping the greenhouse owners together or link them to relevant marketing associations to improve their access to remunerative markets, while providing further technical services as required.	CPMOs and IAs	By Dec 2013	Beneficiaries groups for greenhouses are formed and linked to marketing associations.
	CPMOs and IAs will facilitate the program-supported marketing associations to improve operation mechanisms in line with the government regulations for farmer cooperatives to enhance their internal management and operation.	CPMOs and IAs	By Dec 2013	Three trainings were held for the managers of marketing associations and equipment provided.
	CPMOs and IAs will further develop partnership with well-operational associations and cooperatives in the module implementation to pursue price premium for certified products. Technical and market information services remained further strengthening.	CPMOs and IAs	From Sep 2013	Improvement is evidenced after entrusting products certification to relevant farmer cooperatives.
	PPMO will consult with Siziwang county to put the WGMC activities into functioning.	PPMO	By Sep 2013	WGMC activities in Siziwang county has been put into operation.
	PMOs and BOFs will organize further trainings for WFs on basic micro credit theory and practices. Study tours to other well-functioning micro-credit lending institutions in the region/country are also encouraged.	PMOs and BOFs	By Oct 2013	Study tour was organised for WFs of all 9 counties.

	CPMOs and IAs will facilitate the beneficiary villages to establish O&M mechanism for each of the program-built infrastructure for sustainability.	CPMOs and IAs	By Dec 2013	O&M groups have been formed and are functioning.
Implementation progress	PMOs and IAs will focus more on enhancing the effectiveness of program interventions in helping the beneficiaries and further exploit the synergistic effects of program modules in implementation.	PMOs and IAs	From Sep 2013	Implementation linkages between modules are closed.
	PPMO will speed-up the finalization of program logframe and submit it to IFAD for confirmation.	PPMO	By Oct 2013	Program logframe has been updated.
	PMOs will strengthen the assessment of program outcomes and impact and use the M&E results to guide decision-making.	PMOs	From Sep 2013	Monitoring of program outcomes and impact are performing.
	PMOs will organise a RIMS survey in 2014 before the program completion for an overall assessment of the program's outcomes and impact.	PMOs	Before completion in 2014	Completion RIMS survey is planned to be carried out in August 2014.
	PPMO and Xinghe county PMO will consult with the RCCs to focus more on women in the program lending.	PPMO & Xinghe PMO	By Sep 2013	Proportion of women borrowers increased.
	PPMO and CPMOs will pay more attention to capturing, documenting and disseminating of lessons and successful stories to further improve the program implementation.	PMOs	From Sep 2013	Documentation of successful cases is performing.
Fiduciary Aspects	PMOs and BOFs will maintain the intensified reimbursement of program expenditures incurred to expedite the implementation of program modules with low achievements.	PMOs and BOFs	From Aug 2013	Reimbursement of program expenditures is progressing well.
	PPMO will consult with county governments to provide committed counterpart funds to WFs for undertaking the program implementation.	PPMO	By Oct 2013	Counterpart funds for WFs have been provided.
Sustainability	PMOs will consult with the IAs to take due consideration of developing an exit and sustainability plan for each of the program modules, particularly the WGMC and TE system modules.	PMOs and IAs	Before next SIS	Post-program management measures have been formulated.