

## Project Completion Report Validation

**Name of project/programme: Xinjiang Uygur Autonomous Region Modular Rural Development Programme (MRDP)**

**Country: People's Republic of China**

**Date of validation by IOE: January 2016**

### I. Basic project data

			Approval (US\$ m) in 2006 prices		Actual (US\$ m) in 2014 prices	
Region	APR	Total project costs	55.02		56.80	
Country	People's Republic of China	IFAD loan and percentage of total	25.15	45.7%	25.19	44.4%
Loan and Grant numbers	Loan: 709-CN	Borrower	29.87	54.3%	31.61	55.6%
Type of project (subsector)	Agricultural Development					
Financing type	IFAD loan					
Lending terms*	HC					
Date of approval	14 December 2006					
Date of loan signature	13 February 2007					
Date of effectiveness	29 April 2008					
Loan amendments	0	Number of beneficiaries	Total: 793,000		Total: 1,156,697 (Direct: 926,352, Indirect: 230,345)	
Loan closure extensions	None	Cooperating Institution	Directly supervised by IFAD		Directly supervised by IFAD	
Country programme manager(s)	Matteo Marchisio	Financing closing date	31 December 2014		31 December 2014	
Regional director(s)	Honnae Kim	Mid-term review			20 September 2010	
Project completion report reviewer	Sarath Mananwatte	IFAD loan disbursement at project completion (%)			98.4	
Project completion report quality control panel	Ashwani Muthoo Renate Roels	Date of the project completion report			29 December 2014	

Sources: President's report 2006 & Project Completion Report 2014.

\* When the MRDP was approved, there were four types of lending terms applied to IFAD loans: (i) special loans on highly concessional terms (HC), free of interest but bearing a service charge of three fourths of one per cent (0.75%) per annum and having a maturity period of 40 years, including a grace period of 10 years; (ii) loans on hardened terms, bearing a service charge of three fourths of one per cent (0.75%) per annum and having a maturity period of 20 years, including a grace period of 10 years; (iii) loans on intermediate terms, with a rate of interest per annum equivalent to 50 per cent of the variable reference interest rate and a maturity period of 20 years, including a grace period of five years; (iv) loans on ordinary terms, with a rate of interest per annum equivalent to one hundred per cent (100%) of the variable reference interest rate, and a maturity period of 15-18 years, including a grace period of three years. The Policy and Criteria for IFAD Financing, approved by the Governing Council at its Thirty-Sixth Session in February 2013, stipulates three types of loans on highly concessional, blend and ordinary lending terms which applied to IFAD financed projects and programmes approved onwards.

## II. Project outline

- 1. Programme rationale and objectives.** The people's republic of China has an impressive record of strong, sustained, economic growth and is experiencing an unprecedented decline in poverty. However, inequalities have been rising, with rural poverty persisting mainly in disadvantaged areas in the Western Provinces. At the time of MRDP implementation, area-based government and donor programmes had failed to eradicate the remaining rural poverty. The programme goal was to contribute to the reduction of absolute poverty. The main objective was to reduce the poverty incidence in the programme villages in a sustainable and gender equitable way. This meant that by the end of the programme implementation, the following sub-objectives had to be achieved: (i) Programme support has enabled women and men in poor households to improve their social and economic situation in a sustainable manner and their incomes exceed permanently the poverty line; (ii) Pilot innovations have been tested and the outcome of several pilots have demonstrated their poverty reduction potential; (iii) Positive pilot results have been successfully applied on a larger scale, adjustments to locally different conditions have been applied; and (iv) Both in the pilot activities and in their subsequent up-scaling, women have been benefiting and the proportion of women among the beneficiaries has not been less than 50 per cent.
- 2. Programme area.** The programme had coverage of the rural population in 10 target counties in the Xinjiang Uygur Autonomous Region in China, where the households lived below the official poverty line and tended to have low skill levels and difficult access to financial resources.
- 3. Programme target group.** The poor villages were selected on the basis of the average net income per person. The identification of individual, poor households were carried out through the assistance of a public database of the Poverty Alleviation Office. Gender mainstreaming was to be achieved through ensuring that (i) the Women's Federation is represented in the programme management offices (PMOs); (ii) all programme activities respond to the interests of women, without excluding men; and (iii) in all activities, women would constitute at least 50 per cent of participants. A total of 270,405 HHs directly benefited from participation in programme activities, which accounted for about 49 per cent of the total number of HHs in the programme area. The number of total beneficiaries reached was 1,156,697 people, including 926,352 direct beneficiaries and 230,345 indirect beneficiaries. This accounts for an overall increase of 14.6 per cent of the target beneficiaries and 4.8 per cent of the total HHs planned.
- 4. Programme components.** The programme comprised of five investment components, namely: Component 1: Natural Resources Management (17 per cent); Component 2: Agricultural Development (22 per cent); Component 3: Strategic Support to Women (26 per cent); Component 4: Microfinance (14 per cent); and Component 5: Programme Management and Participatory Planning (21 per cent).
- 5. Programme Costs and Financing.** The total baseline programme costs were estimated at USD 55.0 million (in 2006 prices). IFAD funding came in the form of a SDR 16.70 million (approx. USD 25.1 million) loan. The Government of the Xinjiang Uygur Autonomous Region mobilized USD 29.9 million from its domestic resources to complement the IFAD loan. With regards to the utilisation of funds, Component 2 – Agricultural Development received the highest portion of the funding at 24.5 per cent while Component 4 – Microfinance received the lowest at 12.8 per cent. Although the total costs are available by categories, it is

useful to illustrate the total programme costs at closing by components for comparison purposes (refer to programme components).

Table 1: **Financial performance by financier by component (USD '000s) (in 2014 prices)**

Component	IFAD	Govt.	Total	%
Natural resources management	2,622.50	7,867.50	10,495.00	18%
Agricultural development	3,819.09	10,085.72	13,904.81	24%
Strategic support to women	7,262.50	6,467.00	13,729.50	24%
Microfinance	4,856.30	2,435.51	7,291.81	13%
Program management & Participatory Planning	6,626.57	4,755.98	11,382.55	20%
Total	25,186.96	31,611.71	56,803.67	100%

Source: Project Completion Report, December 2014.

6. **Programme implementation.** The programme applied a modular approach to design, programming and implementation. Modules are small standard projects with a small-scale set of innovative sector activities which will be adjusted to local conditions during programming. The implementation of programme modules/activities were the responsibility of designated implementing agencies (IAs) at country level, which included the Women Federations (WFs), Rural Credit Cooperatives (RCCs), Bureaus of Agriculture (BOAs), Bureaus of Livestock (BOLs), Bureaus of Forestry and Bureaus of Science and Technology. The IAs were responsible for, among others, (i) identification of eligible villages with given criteria; (ii) identifying the target HHs to carry out the modules; (iii) follow-up services and technical support to beneficiaries on module activities; and (iv) facilitating the formation of beneficiary groups or facilitating the establishment of farmer cooperatives/associations.

7. MRDP was implemented in two phases; a pilot phase and an upscaling phase. The first phase dealt with demonstrating and testing the 17 programme modules under the four technical components from June 2010 and May 2008 while the second phase implemented the up-scaling of the successful six modules and positive results from July 2010 to June 2014. An IFAD MTR mission assisted the PMOs to evaluate the results from the first Module and re-shape the designed modules to be scaled up in the second module. Village Implementation Groups (VIGs), with notable representation of women, were developed at village level to aid the implementation, particularly in terms of the identification of the programme's targets and its demand driven activities. Planning activities were carried out chiefly through the development of AWPBs based on VDPs which were generated by VIGs via a participatory approach.

8. **Significant changes/developments during programme implementation.** Following two years of the implementation of the first phase, the following key changes were made to the originally designed modules. The changes were made following the recommendation of the MTR mission based on the evolved needs of the target groups, changes in economic conditions and the rural poverty profile, and served to re-shape phase two of the programme. The changes are as follows: (i) The solar power system module was dropped as it was considered inappropriate; (ii) The WGMC operations were phased out through the withdrawal of all the credit seed capital; (iii) VCFs were transformed as extensions of RCC lending; (iv) All the earlier NRM modules were combined into a single module; and (v) An agricultural development module was made through the merging of the participatory extension module and the technical envoy advisory service module. This remains the key feature of the modular approach and is usually implemented in two phases.

9. **Programme M&E system.** The M&E activities were carried out by the PMOs in concert with the programme design. As per the supervision mission reports, during the earlier parts of the programme, the M&E activities had focused mainly on monitoring the financial and physical progress of the implementation of the programme and the data which were reported were less accountable and inconsistent. However, towards programme completion, this situation had been arrested to a great extent, as confirmed by the PCR. The PCR mission had received adequate information of output, outcome and impact levels, stemming from a higher level of attention paid by the PMOs. Three RIMS and HH surveys have been conducted at programme commencement, mid-term and completion while the results for the impact indicators set in the programme logframe, were made available to the PCR mission.

10. However, due to the inconsistencies of the activities in the two phases/modules, the M&E indicators and logframe results had to be separately presented per module, as it was difficult to apply the same indicators to both phases, thus creating issues in relation to overall programme reporting.

### **III. Review of findings by criteria**

#### **A. Programme performance**

##### **Relevance**

11. **Relevance of Objectives.** The objectives of the programme were very relevant to the Chinese Government's strategies on poverty reduction and policies on rural development, driven by the Government's development-oriented Poverty Reduction Programme for Rural China for 2001 – 2010. This aims to reduce poverty by promoting ecologically sound agricultural development, strengthening financial services and marketing for poor, development of off-farm activities and encouraging private entrepreneurs. Further, MRDP's objectives were also aligned with the country's 11<sup>th</sup> five-year plan to enhance rural productivity, promote decision making at grass-roots level and raise the living standards of farmers.

12. **Relevance of Programme Design.** The programme applied a modular approach to design, programming and implementation, with the intention to pilot and demonstrate innovative measures for poverty reduction. The programme design had identified the major causes of poverty within the programme area. These included: (i) degraded productive and natural resources stemming from improper use; (ii) low productivity of agriculture and livestock sectors; (iii) lack of capital initially for production inputs; (iv) limitations on access to technologies; (v) lack of technical skills for income generating activities; and (vi) low literacy rate, especially for women.

13. The above causative factors were incorporated into the existing four technical components of the original design of the programme. Natural resources management, including land reclamation, renewable energy and community forestry, Agricultural development, which included organic production, marketing and technology transfer, Microcredit groups, skills and literacy training targeted at women and microfinance including support to RCCs and the establishment of village credit funds, were the key activities under these components, which were relevant to the needs of the rural poor and served to address the causes of poverty. The programme's log-frame is structured with a properly designed and set up practical indicators to measure output, outcome and impact levels.

14. **Targeting.** In terms of poverty targeting, the programme adopted innovative approaches to reach the target groups which were eligible, during implementation. Key among these were: (i) selection of eligible villages based on

poverty incidence; (ii) categorisation of HHs to identify target population; (iii) inclusion of village communities to strengthen programme targeting of the poor; and (iv) the designing of women specific activities. During implementation, the categorisation of rural HHs was readjusted by using the existing database within the Poverty Alleviation and Development Offices and also by using the national poverty criteria. This was in keeping in line with the requirement of the National Programme. With regards to gender targeting, the key activities for gender mainstreaming included: (i) Assigning priorities to women in the implementation of all activities; (ii) the set-up of indicators to monitor the programme's benefits to women; (iii) the promotion of inclusion of women within the programme management team; (iv) Providing priority support to the WFs; (v) the provision of gender sensitive training to all relevant agencies; and (vi) encouraging and supporting women-led micro-enterprises.

15. In summary, MRDP's objectives and design contributed to the achievement of the Chinese government's sustainable and gender equitable poverty reduction strategies and was, in most cases, relevant to the needs of the targeted communities. Additionally, a strong poverty and gender focus governed the selection of programme beneficiaries.

16. However, the following shortcomings were evident on the design and implementation of the two phased approach: (i) the deliberate time break of the two phases and the rigidity of allocation of resources between phases which limited the ability of investment necessary for specific categories under the two phases; and (ii) the inconsistency of activities between the two phases has resulted in the separation of the logframe and M&E indicators into different phases, thus creating difficulties on overall programme reporting.

17. Furthermore, even though it is noteworthy that the programme design included an innovative approach to programming and implementation, it did not sufficiently take into consideration the challenges that come along with innovations. This was amply demonstrated in the less than optimum success of the modules in phase one due to the lack of experience of PMOs and IAs in modular project implementation as well as the non-implementation of the solar power system module, due to its design being inappropriate for implementation.

18. On balance, the relevance of the programme is assessed by the PCRV as ***satisfactory, 5.***

### **Effectiveness**

19. As identified in the President's Report, the overall development goal of the programme was "to reduce the incidence of poverty in target villages in a sustainable and gender-equitable way". At the time of programme completion on the 31<sup>st</sup> of December 2014, MRDP has benefitted 1,156,697 beneficiaries, 926,352 direct and 230,345 indirect. The following paragraphs discuss the programme's achievements in terms of the five underlying components which defined the programme.

20. **Component 1. Natural Resources Management (NRM).** The key aim under this component was to arrest land degradation and to strengthen natural resources management capacity. The delivery of the outputs under this component was delayed at the pilot phase, due to: (i) more than anticipated time needed for the PMOs and IAs to understand the innovative modular approach to programme design; (ii) while the solar power system module was regarded as inappropriate for implementation, it was a trigger condition for other activities under the component; and (iii) the five modules were over specific in design, losing the flexibilities of the modular approach.

21. The key achievements of the up-scaling phase under this component included the rehabilitation of 2,200 hectares of natural pastureland in mountainous areas of the program counties, the plantation of 20,000 hectares of Tamarix Ramosissima plantation and improvement of 3,200 hectares of farmland, through the irrigation and drainage of alkaline soil and 1,502 hectares of high quality fodder production. Additionally, over 6,000 hectares of new orchards for prune, date, walnut and hazelnuts have been established in the programme counties for cut-and-carry livestock production as well as over 100 hectares of old orchards have been improved. In terms of training, a total of 22,000 leaders and farmers have received technical training while 2,100 farmers HHs received demonstrations of new technologies.

22. **Component 2. Agricultural Development.** The key aim under this component was to facilitate the poor to adopt appropriate technologies through responsive and gender sensitive farmer extension services, and organic products certified and price premium obtained. Similar to the NRM component, the physical output delivery during the pilot phase was not as successful as intended and the adjustments made following the MTR has resulted in only 2 out of 15 output indicators being slightly missed (training of farmer technicians achieving 97 per cent of MTR target and the exchange and study tours achieving 72 per cent of the MTR target). Under this component, 40,000 beneficiaries, 2,700 extension agents and 1,729 farmer technicians had received technical training on livestock and crop production, demonstrations on new crop varieties, farming technologies and livestock have been established with about 5,000 herder and farmer HHs. Additionally, 65 township extension stations were improved with 640 technical envoys receiving updated technical training, 40 demonstrations for organic farming were made and 40 organic farming associations were established. Further, this component has also seen 14 organic products being certified and greenhouses for vegetable production being constructed in Hami and Hetian prefectures.

23. **Component 3. Strategic Support to Women.** Under this component, the key aim was to ensure that poor women benefit from innovative access to social and economic assets. During the pilot phase, 884 women credit groups were created, which was 82 per cent of the target, 10,461 members received training on loan management, enhancing awareness, and suitable technologies including carpet weaving, embroidery and food processing. Further, seed money for income generating activities to the value of CNY 21.26 million was delivered to women groups together with technical training, while MRDP provided financial and technical assistance to 83 township level women federations, in order to improve the capabilities of women federations.

24. As per the other components, the implementation of this module was carried out more smoothly during the extension period, with 279 women associations being formed, 601 association leaders trained for better leadership and 43,227 association members receiving training that is 40 per cent above the target. Less successful were the provision of CNY 51.49 million loans which were made to target women for IGAs and micro enterprise development, realising 78 per cent of the target amount. The main reason for this was the shifting of seed capital managed by WFs as guarantee fund to leverage commercial lending by RCCs. This was due to the fact that in most counties, RCCs were more interested in providing loans to women entrepreneurs who were rather affluent and out of the target group rather than poor women, and also did not follow the rule of 3 to 10 times leverage ratio. Further, the appreciation of CNY during the programme implementation was a major external factor which negatively affected programme delivery.

25. On a positive note, almost 100 per cent of the women groups established were active as at programme completion, with around two thirds of participants being from poor families. The repayment rate of the revolving fund was 100 per cent and about 30 per cent and 100 per cent of the group of group members received loans from WFs received loans from WFs during the piloting and extension periods respectively. All indicators have exceeded logframe targets except the coverage of the loan during the piloting period.

26. **Component 4. Microfinance.** The main aim of this component is the provision of poverty and gender sensitive rural financial services via RCC and VCF. The VCF component fared quite well with regards to delivery. 5,736 HHs participated in credit groups and 7,149 beneficiaries were trained during the piloting phase. A total of around CNY 5 million of seed money was delivered to VCF, which was 128 per cent of target. The VCFs managed CNY 12.17 million of seed money during the up-scaling phase, with 1,980 HHs receiving VCF loans. 11,282 beneficiaries have received training in various areas including non-farming activities, livestock and agricultural production, far exceeding the logframe target (1.8 times).

27. Complimentarily, the financial support from MRDP enabled the training of 434 RCC staff and RCCs of ten counties have made loans to 5,091 poor HHs and a total amount of CNY 4.4 million of matching funds were provided for poor HH lending by RCC (75 per cent of the logframe target). Additionally, the outcomes for this module were quite healthy, with 91 per cent of VCF borrowers being from poor HHs in the up-scaling phase and women borrowers being over 52 per cent of total borrowers in both phases. Further, over 50 per cent of RCCs programme lending was directed at poor HHs and the VCF repayment rate had reached 100 per cent.

28. **Component 5. Programme management and participatory planning.** The main aim of this component was to develop participatory village planning and improved community infrastructure. Under this component, 100 per cent of the poor HHs living in villages benefitted from the community infrastructure. The many supervision missions, follow-up missions and MTR have been used to evaluate the information provided by the M&E system on the issues faced at the pilot phase and subsequently, corrective action to be taken and the re-phasing of the up-scaling phase to better achieve logframe targets. Through participating in the program, the village committees have improved their capacity in terms of internal management and planning the villages' development through participatory planning. Further, the participatory planning approach has also improved the ability of grassroots institutions and self-development of beneficiaries.

29. Having taken the above positive and negative effects and outputs into consideration, the PCRV assigns the rating for overall programme effectiveness - **satisfactory, 5.**

### **Efficiency**

30. The determination of efficiency is a rather more complex exercise than the assessment of the other performance factors. However, the highlights below describe and evaluate the operational efficiency of the programme. **Programme cost:** The overall programme expenditure at completion reached a total of USD 56.8 million (in 2014 prices) based on a baseline budget of USD 55.02 million (in 2006 prices). The key reason for this difference is the devaluation of the USD during the programme implementation period. **Time lapse:** MRDP had a time lapse of 16.5 months between approval and effectiveness of the loan, (markedly

higher than the IFAD average of 12.3 months), indicative of rather poor loan efficiency for similar type of projects. **Time overruns:** The implementation of the programme experienced some delay during the early years, with Phase I funds not being fully utilised nor disbursed in a timely manner. However, the up-scaling phase saw an accelerated implementation of programme activities with most of the planned activities being delivered ahead of time. This enabled the programme to close on-schedule and the loan did not have any extensions.

31. **Disbursement of funds:** The 98.4 per cent disbursement of the IFAD loan have all been spent as programme resources, resulting in the timely completion of project activities. This is indicative of consistently high efficiencies in performance with regards to programme implementation, follow-up and co-ordination.

32. **Cost per beneficiary:** The average programme cost per direct beneficiary was in the region of USD 61, and the average total cost per beneficiary HH was around USD 210 during the six year programme implementation period. This is a positive achievement of the programme with its target beneficiaries at completion increased by 14.6 per cent and the total number of HHs increased by 4.8 per cent as against the appraisal target.

33. **Programme management costs:** Considering the fact that the programme management, comprises civil works (0.2 per cent of base costs); vehicles, equipment and materials (2.9 per cent); and training, studies and implementation support (9.6 per cent). Scrutiny of Table 6.1 (expenditure of pilot phase) and Table 6.2 (expenditure of up-scaling phase) of the PCR shows that programme management costs amounted to 0.2 per cent, 2.6 per cent, 8.7 per cent of total actual costs for civil works; vehicles, equipment and materials; and training, studies and implementation support, respectively, all indicating a higher efficiency than that planned at Appraisal.

34. **EIRR at programme completion:** An EIRR of 15.67 per cent with a repayment period of 5.7 years has been calculated for the programme based on a cashflow analysis of profit-earning activities at completion for a 20 year period. The programme results have shown that the outputs from key production activities and physical works under MRDP was a bit higher than the expected EIRR value of 13.0 per cent, as per the appraisal report. The above results indicate that the programme had an acceptable IRR with risk minimised and an operable financial analysis.

35. In recognition of the above noted achievements in relation to programme efficiency, the PCRV assigns a rating of **satisfactory, 5**.

## **B. Rural poverty impact**

36. **Household income and assets.** Based on government statistics, the average of annual per capita net income of farmers in the programme counties increased from CNY 3,292 in 2008 to CNY 7,333 in 2013, while the overall average farmers' net income from the four prefectures where the programme counties are located, increased from CNY 4,108 to CNY 8,255 during the same period. The income growth rate in the programme area was higher than the overall growth rate of a prefecture (123 per cent vs 101 per cent). While the PCRV was unable to ascertain how much of the aforementioned improvement was a direct result of programme intervention, it relates at least a majority of the developments to programme activities.

37. Additionally, results from the RIMS surveys carried out in 2007 and 2014 indicate that around 70 per cent of the 927 random sampled HHs have improved



their HH asset ownership index since the commencement of the programme. Further analysis of the HH survey data reveal that 94 per cent of the sampled HHs have improved at least one HH asset and 67 per cent of them have improved/added 3 or more HH assets, which were considered luxuries at programme startup but became common as the programme progressed (See Table 2 below). Further, the programme has provided 2,267 ha of hazelnut, 1,502 ha of artificial grassland, 2,200 ha of rehabilitated pastureland and 3,200 ha of improved farmland.

Table 2  
**Percentage of sampled households possessing selected assets in 2007 and 2014**

Year	Farm machine	Motorbike	TV set	Sewing machine	DVD/VCD	Washing machine	Refrigerator	Phone
2007	21%	25%	74%	26%	14%	6%	4%	23%
2014	35%	73%	90%	37%	51%	77%	78%	91%

Source: Project Completion Report, December 2014.

38. Based on the above evidence, the PCRV rates this impact domain as **satisfactory, 5**.

39. **Human and social capital and empowerment.** The RIMS surveys which were carried out at start-up and completion of the programme indicated that (i) the rates of literacy for women and men between 15 and 24 years old increased from 98 per cent in 2007 to 100 per cent for women and 99 per cent for men in 2014, as a result of improved education in the programme area and (ii) the prevalence of chronic malnutrition dropped from 38 per cent in 2007 to 16 per cent in 2014, while the underweight prevalence had decreased from 15 per cent to 4 per cent in girls and 17 per cent to 2 per cent for boys. The field visits of the supervision missions have confirmed that the living conditions of farmers and their wellbeing has improved together with their priority needs, from basic needs to higher level ones such as culture, leisure and market access.

40. Further, the HH survey results confirm that rural HHs with safe water and safe sanitation have increased from 87 per cent and 4 per cent in 2007 to 98 per cent and 16 per cent in 2014, respectively. With 142,677 farmers having received training on updated technologies and programme skills, their capacities have also been improved. A further improvement in the empowerment of poor HHs was evident in the fact that 270,405 farmer HHs (85.6 per cent of them categorized as poverty HHs) have directly benefitted from the participation in programme activities. Additionally, the number of women associations and farmer cooperatives grew in effectiveness and number due to programme support and more an increased number of poor farmers, mainly women, were able to obtain good services in terms of marketing and technology. In view of the above findings, the PCRV gives this impact domain a score of **satisfactory, 5**.

41. **Food security and agricultural productivity.** The increased crop yields, extension of new technologies and improved natural resources and farmland and income increases from the diversified production activities have been attributed to programme contributions, as verified by field visits. Here again even though the PCRV cannot ascertain with 100 per cent certainty the improvements shown in increased production was a direct result of programme intervention, government statistics indicate that the average per capita grain production in the programme counties had increased to 1,144kg in 2013 from 886 kg in 2008, indicating a significantly higher growth compared to the overall average of the four prefectures under programme influence (29 per cent vs. 14 per cent). The organic farming component fared well, barring the fact that 10 of the organic farming and marketing contracts remained unfulfilled. The RIMS survey revealed

that in 2007, around 12 per cent of the sampled HHs experienced one hungry season with the average length of a hungry season being 2.9 months. Additionally, 1 per cent of the sampled HHs experienced a second hungry season with an average length of 2.3 months. Comparatively, none of the sampled HHs experienced a hungry season.

42. In relation to agricultural productivity, the technical training provided, the new farming techniques which were demonstrated, the new crops and livestock genetics introduced and farmland improved, directly resulted in the increased resource and land productivity. The RIMS surveys in 2007 and 2014 indicated that 70 per cent of the sampled HHs reported increase in crop production, 66 per cent reported increased livestock production and 46 per cent reported increased fruit production. The genetic improvement of local sheep herds in Yili and Hami has resulted in improved performance of livestock in terms of the growth rate and lambing rate. Additionally, the new crops which have been introduced in some of the programme counties have facilitated the transformation of land which was previously barren, into thriving orchards. Additionally, an increase in yield of about 15 – 30 per cent for some of the crops in Yili, Hami, Hetian and Kashi has been recorded. Based on the above evidence, the PCRV assigns a score of **satisfactory, 5** to this impact domain.

43. **Natural resources, the environment and climate change.** The enhancement and sustainable use of community natural resources has been brought about through activities such as fencing and grazing rotation, the development of artificial pasture, farmland improvement and rehabilitation of irrigation canals, afforestation at the edge of desert, natural pasture improvement as well as the implementation of policy instruments including the grazing ban in sensitive and fragile ecosystems. The highest progress was seen in Balikun, Yiwu and Chapuchaer for pasture improvement and development and local technical agencies have confirmed that the richness and density of vegetation have increased by around 20 per cent in the last three years of the programme. The afforestation activities carried out at the edge of the Taklimakan desert in Hetian has seen the rehabilitation of 2,200 ha of natural grassland and the proliferation of the native tree species of *Tamarix ramosissima* (20,000 ha were planted at the edge of the Taklimakan desert) yielding good economic returns to farmers while combating desertification.

44. A negative outcome under this criteria was that in some counties, the beneficiaries have favoured income generation through production without focusing on improving and maintaining the natural resources. In terms of climate change adaptation, the construction of greenhouses, the development of water-saving irrigation facilities, pastureland rehabilitation, tree plantation, introduction of drought-tolerant crop varieties, and technical training incorporated with adaptation technologies for climate change, were key positive impacts. Further, the plantation of trees and the rehabilitation of pastureland and the construction of greenhouses are expected to have a sustained positive impact on environmental conservation. Therefore, the PCRV rates this impact domain as **satisfactory, 5**.

45. **Institutions and policies.** The programme impacted positively on institutions in terms of the quality and effectiveness of service delivery. The experience and knowledge gained by many government officers and WFs through the participation in programme implementation and management, is expected to facilitate the implementation of other poverty reduction projects. Further, MRDP has also supported 65 township technical extension stations through the provision of house improvement, capacity building and technical equipment in addition to training on latest technologies. 2,763 technical extension agents were trained in

total, with a 31 per cent representation of women. Additionally, through participation of the programme, village communities have been able to enhance their capacity in terms of internal management and participatory village development planning.

46. Further, MRDP has also influenced RCCs to gradually increase the share of their lending portfolio to include more of the poor and women. However, an area where MRDP has not been able to wield much impact is in relation to government policy change. Nevertheless, many government projects are being implemented through participatory planning at the lowest grassroots levels. Based on the above evidence, the PCRV assigns a rating of ***moderately satisfactory, 4***, to impact on institutions and policies.

47. In summary, the programme managed to wield a satisfactory impact improving the income levels and accessibility to assets while a satisfactory impact was also made on building social capital and empowering beneficiaries. Further, MRDP's impact on improving natural resources, the environment and climate change is rated as satisfactory based on the direct impact while a similar rating is also provided on food security and agricultural productivity. The programme has also brought about a moderately satisfactory impact on institutions and policies. Overall, the PCRV assigns a rating of ***satisfactory, 5*** to overall rural poverty reduction impact.

## **C. Other performance criteria**

### **Sustainability**

48. The PCRV assesses the sustainability of the programme under several perspectives. **Political sustainability.** The government has increased its support to poverty reduction and rural development in the programme area with the promotion of farmer cooperatives, improvement of natural resources, development of commercial production of agriculture and livestock products and financial and technical services. Further, this area is in focus for poverty reduction during 2010 – 2020 in the updated national Poverty Reduction Outline. **Social sustainability.** The beneficiaries have utilised the participatory approach to form interest groups for the operation and maintenance of programme-built infrastructure and the management of natural resources. The improved ownership and community cohesion has been facilitated by the enhanced access provided by MRDP to farmers, especially women, to financial and technical services. **Institutional sustainability.** The IAs developed by the programme on forestry, agriculture, irrigation and livestock continue as permanent government agencies with unchanged mandates. Further, the RCCs and programme funded women associations continue to grow in terms of operation and governance.

49. **Environmental sustainability.** The programme has ensured environmental sustainability through the NRM component. This has been achieved through developments such as sustainable use of natural pasture, development of fodder crops, the improvement of genetics of livestock which has lessened the pressure on natural pasture. Further, the improvement of irrigation facilities and farmland had enhanced community natural resources which had improved beneficiaries' resilience to environmental shocks. The new crops and technologies adopted by MRDP were well adapted to local environmental conditions, including drought tolerant crop varieties and water saving irrigation. Additionally, the recycling agriculture has been promoted, thus reducing environmental pollution. **Technical sustainability.** The technologies adopted by MRDP, including land improvement, water-saving irrigation, genetic improvement of livestock and greenhouse production were proven mature technologies which were well suited to local and environmental conditions after many trials. Further, the improved

income levels of farmers and herders have further improved their accessibility to these technological farm inputs, thus re-enforcing technical sustainability.

50. **Economic sustainability.** The resilience of programme beneficiaries' to external economic shocks has been improved significantly by the improved nutritional status and food security, increased HH assets and enhanced literacy rate. The rapid development of farmer cooperatives in the programme has played a significant role in linking the programme beneficiaries with markets to enable them to command premium price, especially with regards to the development of organic agriculture. **Exit strategy.** As suggested by the PCR mission, the regional PMO has adopted the exit strategies in the form of (i) the PMOs duties on post-programme document management; (ii) exit strategy in relation to the number of years for credit lending; (iii) the procedure for handing over program works for post-programme management; and (iv) the responsibilities of various agencies associated with the programme, on the O&M of infrastructure build by the programme, the management of programme properties and the up-scaling of programme activities. Based on the aforesaid, the PCRV assigns a rating of **satisfactory, 5** for sustainability.

### **Innovation and scaling up**

51. **Innovation.** The PCR describes modular approach as an innovation since it would allow a higher degree of planning flexibility, implementation and costing, allowing the programme to more effectively respond to beneficiary needs. Upon reference to the other project literature, the PCRV does not find sufficient evidence to disagree with this assertion, as it did not find other examples of a modular approach being implemented prior to MRDP in China.

52. Although this new approach encountered a number of issues during phase one, the PCRV considers the integrated investment of module implementation as a key successful innovation of MRDP. This is based on the markedly healthy results which have been achieved through the diversified array of integrated investments all being focused on achieving a single objective, as evident in the integrated implementation of the technical service module together with the NRM and credit lending modules and the agricultural development module, to achieve synergistic effects. Additionally, (i) the linking of technical envoy services with modules for credit lending and agricultural development as demonstrated in the case of the proliferation of the cultivation of wild mushrooms by farmers based on such integrated implementation (a start of 400m<sup>2</sup> scaled-up to 300,000 m<sup>2</sup>); and (ii) the plantation of *branchy tamarisk* being introduced to control desertification through linking the technical services under the agricultural development module with NRM and credit lending modules, have been the other successful innovative module integrations.

53. While the PCR asserts that market access and the participatory approach as being MRDP innovations, the PCRV does not find sufficient evidence in programme literature to corroborate this claim.

54. **Scaling up.** In terms of replication and scaling up of the programme innovations, MRDP itself was designed to facilitate replication and scaling-up, whereby phase two of the programme scaled up the modules (restructured based on lessons learned in phase one) of phase one. Key aspects of the programme such as the reimbursement based implementation and three-level-results M&E system, were scaled-up and adopted in the management of PADO projects in XUAR. Further, the women group lending, which was introduced by the programme, created the path for WF in XUAR to implement women entrepreneurship lending throughout the region. Additionally, the IGA-centered women association model is also being replicated Xinjiang wide. Additionally,

Hazelnut production in Chabuhaer was started by the programme and now the production area has been scaled-up to around 50,000 mus.

55. There had been quite a number of positive factors as stated above and also certain readjustments made at the MTR based on the stalled progress which were rectified in the phase two. Thus, the PCRV assigns a rating of ***moderately satisfactory, 4*** to innovation and scaling up.

### **Gender equality and women's empowerment**

56. MRDP paid close attention to gender focus in management and implementation at all levels, which is demonstrated in (i) the maintenance of a good proportion of women in the implementation and programme management team, at around 55 per cent; (ii) the provision of support to the improvement of the capacity of WFs through training, in addition to the vehicles and equipment; and (iii) the assignment of priority to women, in programme implementation. Around 598,979 women farmers (64.7 per cent of total direct beneficiaries) have directly benefitted from MRDP, while 75.5 per cent of the trainees on updated technologies and skills were women.

57. Around a third of the programme resources were allocated to support women-specific activities, including the support to the women association modules. 66 women associations were established by the programme, in a total membership of women in the range of 9,000. A total of 14,889 loans were provided by the implementation of the women association module, which was valued at CNY 63.5 million and which was directed totally towards women. 52 per cent of the 13,518 loans (76 per cent in value) delivered by the VCF module (valued at 18.1 million) was obtained by women borrowers. Certain RCCs have also gradually increased their share of lending to women. Further, as confirmed by stakeholder workshops, MRDP has also contributed towards reducing women's workload and improvement of health, through the mechanisation and modernisation in the form of machine use for embroidery, mechanisation of agriculture and modern ovens for baking. Increasingly, women are using bicycles and other private vehicles for transport.

58. The development of women-led micro-enterprises through credit lending, together with providing related skill and technical training has been provided by the programme. The economic empowerment of women and the increase in income, combined with the enhanced links with the external environment, has improved the self-perception of women and improved their social position. As confirmed by field visits, the greater gender equity created within and outside the homes, have enabled women to be more involved in the decision making process.

59. More effort could however have been made to collect and analyze gender-disaggregated data, especially on outcomes and impacts. Based on the above significant women centric benefits delivered by the programme, the PCRV therefore assigns a rating of ***satisfactory, 5***.

### **D. Performance of partners**

60. **IFAD.** IFAD provided strong support to the development of AWPBs, knowledge sharing, M&E and procurement. While regular supervision, technical support and follow up facilitated programme implementation, the MTR was the pivotal point in the programme. The MTR mission assessed the initial design and simplified the complexity and eased the implementation of phase two. The participatory planning approach improved the capacity of grassroots institutions and beneficiaries. MRDP has been the first programme in China which saw IFAD exercising direct supervision. On a negative note, stakeholders were of the opinion that IFAD's "controlling" role of WAs complicated and delayed the

process, whereas, a “facilitation” approach to financial management could improve this process. Based on the above factors, the PCRV rates IFAD performance as **satisfactory 5**.

61. **Borrower.** The Government of XUAR has shown a strong ownership of the programme and systematically and actively participated in all supervision missions. As the co-financier with IFAD on the programme, Government of XUAR provided relevant and timely support to programme implementation. In addition, PADO carried out their statutory requirements in line with the loan agreement, as the executing agency. Further, the developments introduced by MRDP, in the form of the application of the participatory approach and the adoption of poverty and gender focus, were promoted by the government in other PADO projects in XUAR. Given slow pace of implementation in phase I, and taking the aforementioned into account, the PCRV rates Government’s performance over the entire programme period as **satisfactory 5**.

## **E. Overall programme achievements**

62. The MRDP was an important programme which facilitated the improvement of the livelihoods of rural farmers in the programme area through capacity improvement, enhanced access to technologies, markets and financial services, increased income and productivity and improved productive and natural resources. The overall achievement of the programme is rated **satisfactory, 5**. This rating reflects the combined assessment of relevance, effectiveness, efficiency, rural poverty impact, sustainability, gender equality and women’s empowerment, and innovation and scaling up. Of these, only institutions and policies and innovation and scaling up were assessed moderately satisfactory, 4, while others received a rating of 5.

63. With the exception of the less than optimum success of the modules in phase one due to the lack of experience of PMOs and IAs in modular project implementation as well as the non-implementation of the solar power system module, due to its design being inappropriate for implementation, the programme achieved a commendable level of success in attaining its objectives. This is indicative of the non-constrained programme achievements and robust implementation capacity. The programme’s success in improving the HH assets of 94 per cent of the sampled HHs in the surveys, with 46 – 70 per cent of them reporting increased livestock, crop and fruit production since programme commencement and MRDP’s ability to change the people’s mindset to apply the participatory approach to programme implementation, were some of the other notable successes of the programme.

## **IV. Assessment of PCR quality**

64. **Scope.** The PCR for MRDP contains all the sections of the main body and annexes as mandated by the Guidelines for Project Completion. However, the sections on programme efficiency and effectiveness are lacking in sufficient depth of analysis and the PCRV needs to refer to the review of programme outputs to obtain a better view of the above sections. Such information is mandatory to provide a holistic assessment of the sustainability of the programme’s initiatives (its resilience to various specific risks) as well as the overall impact of its initiatives. On balance, the scope of the PCR for MRDP is rated as **moderately satisfactory, 4**.

65. **Quality (methods, data, participatory process).** The PCR benefitted from a fully functional M&E system. While the supervision missions have reported that the data reported were less than accountable and that the M&E process

focused on monitoring the financial and physical progress of the programme, by the time of the PCR, this had improved significantly. The views expressed in the PCR have been backed up, to a great extent, by the findings from the stakeholder workshop which was conducted as a part of the programme completion process. This has served to improve the quality of the PCR and has served to validate the programme's claimed physical achievements and poverty impact by component. However, the findings of both a baseline and post-completion RIMS study (2007 and 2014 respectively) further endorses the PCR's quality levels in terms of the claims made in relation to the programme's effectiveness, efficiency and impact.

66. On a negative note, the financial information presented across different reports relating to the same programme or over several years within the same report, are non-comparable in most instances. Firstly, due to their being stated in nominal values only. Such nominal values are influenced by inflation and exchange rate movements over different years. Secondly, because the unit prices and scales/volumes of activities changed along the way of implementation as the baseline budget was based on estimation and not always a reflection of best-scenario for investment. While the PCRV appreciates that the financial data was collected during different periods, it is of the opinion that the financial reporting and analyses after the base year 2006 could have been substantiated to meaningfully ascertain the efficiency and economy of actual spend compared to the baseline. Considering the above factors, the PCRV assigns a quality rating of ***moderately satisfactory, 4.***

67. **Lessons.** The PCR for MRDP presents many useful and informative lessons for design and implementation, and the PCRV concurs with many of them. Further, it highlights areas /results which did not work well, and which should be improved in future projects. Additionally, the PCRV finds that it provides value adding recommendations for improvement of similar projects in future as well as the new IFAD COSOP for China. In light of the above, the PCRV rates the Lessons section of the PCR as ***highly satisfactory, 6.***

68. **Candour.** The PCR provides adequate details regarding the programme's achievements during implementation, with sufficient supporting evidence based on the post-completion stakeholder workshop. Further, the findings of the baseline and post-completion RIMS studies endorse the PCR's assertions in a majority of the cases. However, the PCRV finds that in certain instances, the assessments made in the PCR are overly positive, which could indicate a slight augmentation of reality. Taking these into consideration, a ***satisfactory, 5,*** rating is assigned to the PCR, regarding candour.

## Rating comparison

<i>Criteria</i>	<i>PMD rating<sup>a</sup></i>	<i>IOE rating<sup>a</sup></i>	<i>Net rating disconnect (IOE PCRV – PMD)</i>
Relevance	5	5	0
Effectiveness	5	5	0
Efficiency	5	5	0
<b>Project performance<sup>b</sup></b>	<b>5</b>	<b>5</b>	<b>0</b>
<b>Rural poverty impact</b>			
Household income and assets	5	5	0
Human and social capital and empowerment	5	5	0
Food security and agricultural productivity	5	5	0
Natural resources, environment and climate change	5	5	0
Institutions and policies	4	4	0
<b>Overall rural poverty impact<sup>c</sup></b>	<b>5</b>	<b>5</b>	<b>0</b>
<b>Other performance criteria</b>			
Sustainability	5	5	0
Innovation and scaling up	4	4	0
Gender equality and women's empowerment	5	5	0
<b>Overall project achievement<sup>d</sup></b>	<b>5</b>	<b>5</b>	<b>0</b>
<b>Performance of partners<sup>e</sup></b>			
IFAD	5	5	0
Borrower	n/a	5	n/a
<b>Average net disconnect</b>			<b>0</b>



## Ratings of the PCR quality

	<i>PMD rating</i>	<i>IOE PCRV rating</i>	<i>Net disconnect</i>
Scope	X	4	X
Quality (methods, data, participatory process)	X	4	x
Lessons	X	6	X
Candour	X	5	x
<b>Overall rating of PCR</b>	<b>X</b>	<b>5</b>	<b>x</b>

<sup>a</sup> Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.

<sup>b</sup> Arithmetic average of ratings for relevance, effectiveness and efficiency.

<sup>c</sup> This is not an average of ratings of individual impact domains.

<sup>d</sup> This is not an average of ratings of individual evaluation criteria but an overarching assessment of the project, drawing upon the rating for relevance, effectiveness, efficiency, rural poverty impact, sustainability, innovation and scaling up, and gender.

<sup>e</sup> The rating for partners' performance is not a component of the overall assessment ratings.

## Definition of the evaluation criteria used by IOE

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

<sup>a</sup> These definitions have been taken from the OECD/DAC *Glossary of Key Terms in Evaluation and Results-Based Management* and from the IFAD Evaluation Manual (2009).

<sup>b</sup> The IFAD Evaluation Manual also deals with the 'lack of intervention', that is, no specific intervention may have been foreseen or intended with respect to one or more of the five impact domains. In spite of this, if positive or negative changes are detected and can be attributed in whole or in part to the project, a rating should be assigned to the particular impact domain. On the other hand, if no changes are detected and no intervention was foreseen or intended, then no rating (or the mention 'not applicable') is assigned.

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## **Abbreviations and acronyms**

AWPB	Annual Work Plan and Budget
BoA	Bureau of Agriculture
BoF	Bureau of Forestry
BoL	Bureau of Livestock
BoST	Bureaus of Science and Technology
CNY	Chinese Yuan
CPM	Country Programme Manager
EIRR	Economic Internal Rate of Return
HH	Household
IA	Implementing Agency
IRR	Internal Rate of Return
KPIs	Key Performance Indicators
MTR	Mid Term Review
M&E	Monitoring and Evaluation
NRM	Natural Resources Management
O&M	Operation and Maintenance
PADO	Poverty Alleviation and Development Office
PCR	Project Completion Report
PMO	Programme Management Office
RCC	Rural Credit Cooperatives
VCF	Village Credit Fund
VDP	Village Development Plan
VIG	Village Implementation Group
WA	Women's Association
WF	Women Federation
WGMC	Women Group Microcredit
XUAR	Xinjiang Uyghur Autonomous Region