

People's Republic of China

Environment Conservation and Poverty-Reduction Programme in Ningxia and Shanxi Project Performance Assessment

Executive Summary

1. The Independent Office of Evaluation of IFAD (IOE) undertook a project performance assessment (PPA) of the Environment Conservation and Poverty Reduction Programme in Ningxia and Shanxi (ECPRPNS) in the People's Republic of China with the objectives of: (a) assessing the results of the programme; and (b) generating findings and recommendations for the design and implementation of on-going and future operations in China. The PPA was implemented in the context of the Statement of Intent between IOE and the Government of China to support in-country evaluation capacities, thus serving as a practical case for learning and capacity development.
2. The programme goal was "sustainable and equitable poverty reduction for 300,000 vulnerable rural households living in an environment with limited and deteriorating natural resources." The programme had only one objective which was revised at the mid-term review (MTR), "to reduce poverty in a sustainable and gender equitable way in vulnerable programme areas". The four programme components were (i) land-based activities; (ii) financial services; (iii) social development; and (iv) management. Programme costs were US\$100.3 million, financed by the Government (US\$46.8 million, 46.7 per cent), IFAD (US\$33.8 million, 34 per cent) and beneficiaries (US\$13 million, 13 per cent). The programme was cofinanced by the World Food Programme's (WFP) contribution (US\$6.7 million). About 61 per cent of the costs were spent on land-based activities.
3. The programme area is located in the impoverished central and southern parts of Ningxia Hui Autonomous Region and the northern part of Shanxi province, which are part of China's Loess Plateau region, a fragile natural environment affected by erratic rainfall and heavy soil erosion. The programme had a wide geographical spread, covering 12 counties, and targeted 310,000 rural households. This included a significant share of Hui (Muslim) ethnic minority people in three programme counties in Ningxia. The programme was designed and implemented in cooperation with WFP, which had been present in China until 2005.
4. **Effectiveness gap.** One of the most striking features of this programme was the long time span – 12 years – between design and completion. It was appraised in 2001, approved in December 2002 and the loan was subsequently signed in February 2003. However, it only became effective in February 2005 as a result of the responsibility for the programme lead moving from the Ministry of Agriculture to the Ministry of Finance. The WFP-funded activities, which had already commenced in September 2002, were completed by the end of 2005. At the time of the MTR (2008), the programme concept and approach had by and large lost their relevance because of the time lag. Some activities, in particular those relating to social development, had become obsolete due to the large increase in Government funding on health and education. The MTR took an effort to adjust the programme activities within the limitations of the existing budget and financing agreement. Investments in social infrastructure were scaled back and funding for land-based activities was increased upon the Government's request.
5. **Multisectoral approach.** The programme used a multisectoral approach to address the multiple causes of poverty. The approach was very complex and

challenging for field staff. Coordination of workplans and activities across a large number of departments, bureaux and offices at all levels was demanding given the existing capacities. Later, the original justification for the multisectoral approach was greatly weakened with the success of the Government's well-funded universal basic education programme, medical insurance schemes, and land retirement and other environmental conservation actions that had transformed the rural landscape by the end of the decade.

6. **Relevance.** At the design stage, the programme's objective of sustainable and equitable poverty reduction and the multisectoral approach to reducing poverty at village level closely matched the focus of the Government's 2003 rural poverty reduction programme. In particular with regard to the poverty focus, programme design had benefitted greatly from the cooperation with WFP. But then the ECPRPNS concept and design became outdated by the time of the MTR as a result of the long delays. The MTR's attempt to adjust the design by adding more relevant activities and dropping those that were no longer needed appear rather piecemeal, given the dramatic changes in rural poverty reduction and environmental conservation during this decade.
7. **Programme scope.** The programme covered such a large area that the available budget and activities were stretched thinly across a many villages. In the end, the great geographic stretch has diluted the effectiveness of the programme. Organizing outreach and participation at village level became a management challenge, in particular in Shanxi, where the programme covered a significantly larger number of administrative villages. Only few communities benefitted from a comprehensive set of interventions, and many villages were only covered through training. Supervising a programme which was spread out over such a vast area was time-consuming and cumbersome. Also, without a central coordination mechanism to ensure consistent performance and mutual learning, the programme was practically two parallel interventions in the two provinces.
8. **Poverty targeting.** The selection of the target area and the focus on the rural poor and ethnic minority people was relevant. Geographic poverty targeting relied to a great extent on the solid poverty analysis conducted at design stage, which included a baseline on a comprehensive set of socio-economic indicators and identified the main causes of poverty. The mix of interventions was chosen to address the multiple causes of poverty within a fragile environment. The WFP phase of support responded to community priorities on social development. Priorities addressed through IFAD support were access to new food crops (Shanxi) and loans for livestock (Ningxia).
9. **Participatory approach.** The participatory approach was expected to be the main tool for effective ownership by the target group. At grassroots level, participatory village development plans would integrate the various activities and investments provided by the line agencies into a comprehensive poverty reduction approach owned by the communities. As it turned out, IFAD had underestimated the effort it would take to overcome institutional barriers to broad-based participation of poor and marginalized groups in China. In practice the programme never managed to link the participatory plans with the annual workplans and budgets prepared by the various implementing agencies. After 2008, the programme finally abandoned any attempts to further pursue the participatory planning approach. There was also no follow-up on the intention to promote participatory technology development.
10. **Monitoring and evaluation (M&E).** Programme management demonstrated a high degree of commitment to implement what was a fairly extensive M&E system. Both provinces had dedicated M&E staff. The main constraints for the M&E system were that it was not computerized, with paper forms being collated by the provincial Programme Management Office (PMO), and that it did not allow cross-checking of data collected from implementing agencies and at village level. Both

provinces had conducted baseline studies, but unfortunately these were not repeated at completion, since the programme had switched to IFAD's Results and Impact Management System (RIMS). The PMOs perceived the RIMS as an additional complication that had undermined the functioning of the M&E system. Above all, the RIMS indicators were not aligned to the Government monitoring system and did not produce any useful data to measure programme impact.

11. **Effectiveness.** Although the programme was well implemented, it could have been more effective if it had been implemented within a shorter time period and focussed on a smaller number of communities. The long delay in the start-up of the IFAD support was a major factor undermining effectiveness. Interventions were no longer sequenced as originally planned and activities were not implemented in an integrated way. For example, only after the community infrastructure had been built did the programme start promoting participatory planning and capacity building. The thin programme stretch further eroded effectiveness. With only few communities receiving a comprehensive package of interventions, the programme only made a moderate contribution to addressing the main causes of poverty. For example, the land-based activities component was only effective in those few villages which had received the concentrated support. The overall outreach and coverage of the financial component was insufficient, in particular in Shanxi. The health and education sub-components were most effective, mainly because of the infrastructure provided during the earlier WFP period and the wider outreach.
12. **Efficiency.** The excessive time span for the programme also had a negative effect on efficiency because main parameters for implementation changed significantly over the time. The period covered three different sets of guidelines, procedures and supervision (from WFP, to United Nations Office for Project Services and finally IFAD). There were changes of leadership and staff that caused discontinuities, and the significant changes in unit prices between 2000 and 2012 was a major source of problems for planning and implementing project activities. Finally, disbursements of some components, such as financial services, tree planting and women's development, were slow, thus making overall implementation lag considerably.
13. **Rural poverty impact.** The available data and beneficiaries' feedback during the PPA field visits suggest that the programme's main added-value was the extensive training provided, which met the existing demand. The PPA's difference-within-difference analysis demonstrated that within the overall context of development during this period, the programme's poverty impact was rather insignificant, mainly because Government support to non-programme villages matched or even exceeded the investments in the programme area. Furthermore, official data suggest that the improvement of human development indicators (health, education) in the programme area was in line with the general trends in the provinces. The impact of IFAD-financed land-based activities was less significant because they reached programme households well after other government support, and at a very late stage of the remarkable transformation of Loess Plateau area in terms of food security and agricultural productivity. ECPRPNS activities made an important contribution to environmental conservation in the programme area, but the Government's land retirement, grazing prohibition, reforestation and other environmental protection programmes played the primary role in the profound environmental recovery across the Loess Plateau.
14. **Gender equality.** The programme successfully promoted the participation of women in its activities. Noteworthy results on gender equality and women's development were achieved in a small number of villages, in particular in Ningxia. Access to micro-credit and exposure to training were generally well received and appear to have strengthened the confidence of ethnic minority women. The programme could have had a more transformative impact if it had had a deliberate strategy to address the specific issues of ethnic minority women.

15. **Impact on institutions.** The programme's impact on local institutions was negligible, mainly because it did not provide the critical mass of technical support that would have enhanced good practices and facilitated effective institutional linkages, for example on issues such as participation, rural credit or cooperatives. An important lesson here is that without substantial specialist expertise consistently provided over a number of supervisions, IFAD will not be able to change mindsets and build local institutional capacities.
16. **Partnerships.** Some successful elements of the programme design were the result of the partnership with WFP, for example the successful targeting of the poorest townships and villages. Given IFAD's limited country presence, it would have benefitted from linking the programme with similar initiatives in the region that were supported by other donors such as World Bank and the Department for International Development (United Kingdom) during the same period. For example, the expertise built up in those initiatives could have been used for supervision.
17. In conclusion, although it has delivered a number of results, the programme failed to stand up to its original intention and purpose. In particular it did not deliver the transformative approaches or innovative practices that could have informed ongoing Government programmes and policies for poverty reduction in environmentally sensitive areas. Analysis of the factors limiting the relevance, effectiveness and impact of the ECPRPNS has highlighted the need for IFAD to keep abreast China's rapid development.

Recommendations

18. **Targeting.** *Continue focus on chronic poverty and ethnic minorities, but develop more sophisticated strategies to ensure that the economically active poor benefit.* With its specific focus on smallholders and ethnic minorities, IFAD has been well placed to target the chronic poor in remote and ecologically fragile areas. Within the rapidly changing social and economic context, IFAD needs to adjust its approach in targeting the rural poor, building on what has worked well before.
19. **Partnerships.** *IFAD needs to engage more strongly in partnerships, to improve performance and impact on the ground and learn from partners' experience.*
 - (a) **Beyond programme supervision.** *Provide adequate levels of technical support and link programme partners for mutual support and learning.* IFAD must have sufficient capacity on the ground to engage in continuous dialogue with provincial-level partners and a sufficiently large pool of consultants to mobilize appropriate levels of specialist inputs when needed. IFAD should do more to maintain partnerships that have been built in earlier programmes and that could inform new and ongoing initiatives.
 - (b) **Learning and knowledge.** *Critically review and share good practices from ECPRPNS in cooperation with the Ministry of Finance, the Ministry of Agriculture and State Council Leading Group Office of Poverty Alleviation and Development.* The Ministry of Finance should be encouraged to document and review the unique experiences and practices of ECPRPNS and other projects in cooperation with the Ministry of Agriculture. Furthermore, IFAD should carefully review and evaluate new practices before recommending them for scaling up.
 - (c) **Strategic partnerships.** *Build strategic partnerships to: (i) ensure strategic fit with what others are doing and avoid duplication; (ii) share good practices and learn from what has worked elsewhere; and (iii) benefit from specialist expertise.* After most bilateral donors have withdrawn their support from China, IFAD, together with the World Bank, has a unique opportunity to become an influential voice for the sustainable transformation of agriculture with a particular focus on smallholders and ethnic minorities.

- (d) **Monitoring and evaluation.** *The Programme Management Department (PMD) should: (i) design key performance indicators that are linked to the intervention logic at realistic levels and that can actually be monitored and evaluated at programme level; (ii) build on national data systems; and (iii) secure credible data and statistics at programme completion.* Finally, PMD should ensure that the programme completion report, in its assessment of poverty impact, includes references to the Government statistics and that the assessment of results is realistic and supported by the available evidence.