

## Project Completion Report Validation

### Shiyan Smallholder Agribusiness Development Project (SSADeP)

People's Republic of China

Date of validation by IOE: May 2020

## I. Basic project data

			Approval (US\$ m)		Actual (US\$ m)	
Region	Asia and the Pacific Division	Total project costs	116.90		86.04	
Country	People's Republic of China	IFAD loan and percentage of total	43.80	37.47%	42.32	49.19%
Loan number	2000000431	Borrower (Government of China)	20.14	17.23%	17.63	20.49%
IFAD project ID	1100001699	Partner Banks	28.50	24.38%	0.00	0%
Type of project (subsector)	Rural Development	Beneficiaries (farmers, cooperative members and agro-businesses)	24.46	20.92%	26.09	30.32%
Financing type	Loan					
Lending terms*	18 years including a 5-year grace period*					
Date of approval	11 December 2013					
Date of loan signature	30 January 2014					
Date of effectiveness	30 January 2014					
Loan amendments	None	Number of beneficiaries (direct)	442,000		530,800	
Loan closure extensions	None					
Country programme managers	Matteo Marchisio (current); Sana F.K. Jatta	Loan closing date			30 September 2019	
Regional director(s)	Nigel Brett (current); Hoonae Kim	Mid-term review			22 August 2016	
Project completion report reviewer	Roberto La Rovere	IFAD loan disbursement at project completion (%)			97%	
Project completion report quality control panel	Eoghan Molloy Fabrizio Felloni	Date of the project completion report			7 October 2019	

Source: SSADeP Project Completion Report (PCR), 2019.

\*With an interest equal to the reference interest rate per annum as determined by the Fund semi-annually.

## II. Project outline

<b>Country &amp; Project Name</b>	People's Republic of China Shiyan Smallholder Agribusiness Development Project (SSADeP)
<b>Project duration</b>	Total project duration: five years; Board approval: 11 December 2013; Effectiveness Date: 30 January 2014; Completion: 31 March 2019, Original loan closure: 30 September 2019; Actual financial closure: 30 September 2019; No extension granted; Effectiveness lag: one month; Time from entry into force to first disbursement of funds: one year.
<b>Project goal, objectives and components</b>	The goal of SSADeP was sustainable rural poverty reduction and improved livelihoods for rural households involved in agricultural value chains in target areas. Objectives were to empower the rural poor to participate in commercial farming, increase farm family income while decreasing income variability through enhanced production, diversification, commercialization and value added of agricultural products. The project had three components: (A) value chain strengthening; (B) commercial farming enhancement; and (C) project management and coordination. Sub-components were: (A1) institutional and capacity building for cooperative development; (A2) support for pro-poor public private business model; (A3) guarantee facility; (B1) household based commercial production; and (B2) infrastructure improvements for commercial production.
<b>Project area and target group</b>	Shiyan prefecture is in a mountainous region in western Hubei, with 71 per cent of the total 3.36 million people residing in rural areas in nine counties/districts. In line with IFAD's targeting strategy (Country strategic opportunities programme 2011-2016) and the Government's poverty reduction priority of accurate poverty targeting, seven counties and communities were selected to implement agrobusiness development through a value chain approach to sustainably benefit poor and vulnerable farmers. At design, priority was given to remote, poor, vulnerable, minority villages.
<b>Project implementation</b>	SSADeP implementation overlapped with the relevant Social and Economic Development Plans of China, during which the government intensified rural investments in social services, infrastructure, poverty reduction and industrialization. SSADeP adopted the practices of IFAD's successful projects in China: project management offices (PMO) at township, county, prefecture, provincial levels were set up with planning, monitoring and evaluation (M&E) and reporting roles, integrated with national development plans. At village level, implementing groups ensured participatory planning, implementation, M&E and targeting to eliminate absolute rural poverty and reduce relative poverty by 2020.
<b>Changes during implementation</b>	<p>SSADeP lagged behind implementation plans before a mid-term review (MTR) was conducted in 2016. Initial difficulties faced by the project include underestimating the challenge of adopting innovative elements, the change of context of project implementation, or lack of adaptation to national procurement regulations, among others. The issues were recognized and overcome by close cooperation among the project management and the Government and changes were made in the project design. Main changes<sup>1</sup> involved reducing institutional bottlenecks, development of capacity of cooperatives, increasing inputs to infrastructure development, and increasing investments in Pro-Poor Public-Private Partnership (4P) activities, among others. As a result, the project gradually stepped into better implementation particularly during its last two years.</p> <p>SSADeP was particularly affected by the time it took for IFAD and the Government to realise that the contribution of the Loan Guarantee Fund by partner banks did not materialize, while many of the project interventions went ahead, this further slowing implementation and causing several changes in cost and financing. Loan resources were reallocated over other project disbursement categories, leading to an amended Financing Agreement that was finally endorsed by IFAD in May 2017.</p>
<b>Financing</b>	Table 1 and table 2 display project cost by funding sources and components respectively. The US\$43 million IFAD fund had a 97 per cent disbursement rate, while the US\$116.90 million total project fund at appraisal had 74 per cent of the overall disbursement, mostly due to the cancellation of partner bank funds. This strongly affected the Value Chain Strengthening component (A2), with 53 per cent disbursement at project completion.

<sup>1</sup> Despite this, the Project Completion Report (PCR) also says that "modalities of implementation remained unchanged throughout the project".

Table 1  
Project costs (US\$ '000)

<i>Funding source</i>	<i>Appraisal</i>	<i>% of appraisal costs</i>	<i>Actual</i>	<i>% of actual costs</i>	<i>% disbursed</i>
IFAD (loan)	43 803	37.47%	42 318	49.19%	97%
Government	20 140	17.23%	17 630	20.49%	88%
Partner banks	28 500	24.38%	0	0%	0%
Beneficiaries	24 457	20.92%	26 086	30.32%	106%
<b>Total</b>	<b>116 900</b>	<b>100%</b>	<b>86 034</b>	<b>100%</b>	<b>74%</b>

Source: SSADP MTR, 2016 (Table 5A); SSADP Completion Report 2019 (Table 6, Appendix 3b).

Table 2  
Component costs (US\$ '000)

<i>Component</i>	<i>Appraisal</i>	<i>% of appraisal costs</i>	<i>Actual</i>	<i>% of actual costs</i>	<i>% disbursed</i>
Value Chain Strengthening	65 399	56%	34 580	40%	53%
Commercial Farming Enhancement	44 270	38%	48 020	56%	108%
Project Management and Coordination	7 229	6%	3 440	4%	48%
<b>Total</b>	<b>116 900</b>	<b>100%</b>	<b>86 040</b>	<b>100%</b>	<b>74%</b>

Source: SSADP Completion Report 2019 (Table 5 and Table 6).

### III. Review of findings

<b>PCR finding</b>	<b>Rating</b>
<b>A. Core Criteria</b>	
<b>Relevance</b>	
<ol style="list-style-type: none"> <li>1. The assessment of the relevance of the goals, activities and areas of intervention of SSADeP to the Government Twelfth Five-Year Plan, and of SSADeP's design to the IFAD Strategic Framework 2011-2015, are well justified and articulated in the Project Completion Report (PCR).</li> <li>2. However, some key assumptions that were made at the design stage were not valid anymore by the time of implementation. In fact, SSADeP was designed as a pro-poor project, yet the conditions that were envisaged to mitigate the investment risks for the poor and vulnerable groups, did not materialize because of the absence of government backed private loans (as discussed under Effectiveness). Another assumption at design was that small farmers would engage in PPPs while they have opportunities, by renting part of their land to companies and engaging on the labour market. This assumption also hardly materialized during implementation. As a result, the smallholder farmers, who are the primary targets of SSADeP, remained marginalized, while the better off farmers engaging in agribusinesses and cooperatives benefited most.</li> <li>3. The project intended to introduce innovations to become 4P but initially suffered from severe implementation issues and did not manage to involve the private funders. However, after a problematic start, the project adjusted its institutional arrangements and adopted in 2016 the "accurate targeting" approach when poverty data systems for registered poverty households were put in place. The PCR argues that, in the future, better targeting should remain a way to enhance the relevance of IFAD projects. Overall, the PCR rates SSADeP's relevance as <i>moderately satisfactory</i> (4), in line with the same rating assigned by the PCR.</li> </ol>	4

<b>Effectiveness</b>	
<p>4. The effectiveness discussion focuses on two levels: (i) implementation timeline (delays affected the project but were corrected towards the end); (ii) whether the reported indicators of positive results can be attributed exclusively to the project.</p> <p>5. The PCR reports that, by completion time, the project was implemented in 391 villages of 58 townships in the seven project counties, reaching 260,000 beneficiary farmer households (about 1.03 million people). Three hundred and seventy-eight (378) farmer cooperatives were reached through objective A1, and 148 cooperatives and agribusinesses through objective A2. These benefited from: (i) enhanced institutional and developmental capacity; processing facilities; (iii) product branding and certification; (iv) market promotion; and (increased) profit.</p> <p>6. According to the President's report and the PCR, the guarantee facility managed by specialized guarantee agencies at county and prefecture levels and directed to banks and microfinance institutions with sizeable rural businesses, was intended to provide loans to the project target group. The credit guarantee facility, however, was not implemented, as it could not compete with the widespread loan subsidies to poor farmer households and cooperatives in government-prioritized sectors (agriculture, livestock etc.). In principle, better use of government backed loans and subsidies could have allowed the participation of the private banks, which was an important element of the 4P design. As a result, although the project reached or exceeded the numbers envisaged at design, it reached only in part the target group of poor and small holders.</p> <p>7. The PCR suggests that delays in project implementation were due to a limited initial understanding by the PMOs and by the implementing agency of the project design and implementation, mainly regarding the innovative elements such as 4P and value chain development, to government tightened control on some expenditures affecting some activities, to procurement difficulties, and to the default of the private commercial loans for the credit guarantee facility. The PCR attributes the causes to difficulties in absorbing many of the innovations simultaneously and within an unrealistic timeframe. Evidently, more time was needed to better understand the innovations and take the necessary adjustments (which happened almost one year after MTR completion).</p> <p>8. According to the PCR, improvements in several indicators (Table 1, 2 and Annexes) are evidence of the project success. However, while the project was an accelerator of positive changes for project beneficiaries, part of the changes are also due to the contribution made by the Government in the project area and to the overall favorable policy, economic, and market environment. The end-line survey shows that poverty incidence (proportion of poor rural households) in the project area dropped from 43 percent in 2013 (Appendix 11) to 7.8 percent at the end of 2018. This is due to the combined effect of SSADeP interventions and of the economic dynamism of China, particularly in the project area during the last five years, which benefited relatively more the wealthier households (proportion increased from 24 per cent to 50 per cent).</p> <p>9. The targeting approach was only partially effective, or not as effective as it was intended to be. Many of the issues identified by the MTR (institutional bottlenecks, capacity of cooperatives, investment in 4P activities) were still being addressed at the time of SSADeP completion, especially the sufficient targeting of the poor and women-led households. Despite these concerns, the end-line survey did not provide sufficiently disaggregated data by income groups to prove the effectiveness of poverty impacts.</p> <p>10. Project component A (strengthened value chains) showed moderate improvements after the MTR, in terms of capacity building for cooperatives development. Overall, however, the PCR has little evidence of direct impact of SSADeP on poor smallholders. Component B (commercial farming enhancement), on the other hand, kept delivering more direct results for the intended beneficiaries over the duration of the project.</p> <p>11. The PCR itself recognizes the shortcomings in performance and the contribution of underlining factors to the achievement of results. The data supporting some of the claims regarding SSADeP performance and impacts on beneficiaries (e.g. the end-</p>	4

<p>line survey questionnaire, as further discussed below under Rural Poverty Impact and in Section IV, PCR quality) are not conclusive.</p> <p>12. In sum, notwithstanding the learning that took place and the various innovations that were introduced, given the mixed performance across the different components and the limitations in outreach to the intended target group, the PCR rates SSADeP's effectiveness as <i>moderately satisfactory (4)</i>, one point lower than the PCR rating.</p>	
<p><b>Efficiency</b></p>	
<p>13. Financial data recording suggests a one-month effectiveness lag that is substantially lower than the IFAD average 12.2 months in 2013. The share of project management costs at appraisal time was 6 per cent of the total budget and only half of that was eventually spent at completion time. This share appears to be reasonable.</p> <p>14. According to the PCR, the total project cost at appraisal was estimated at US\$116.9 million. The US\$43.8 million IFAD funds had a 97 per cent disbursement rate. The major change in the cost structure resulted from the non-materialisation of the contribution to the leveraged credit from the partner bank, amounting to about 25 per cent of total budget, and an overall 74 per cent disbursement at completion.<sup>2</sup></p> <p>15. One important component of the analysis of financial profitability is an agribusiness survey (with data provided in PCR Appendix 4). The sample of respondents (75 of 526) represents only 14.25 per cent of cooperatives or agribusinesses in the target areas, but they received nearly half (48 per cent) of IFAD funds. The fact that the rural poor were likely underrepresented in the survey suggests that the sample was more representative of the larger agribusinesses that had better access to project funds.</p> <p>16. The economic internal rate of return after implementation is 27 per cent, slightly higher than the rate at design stage (26 per cent, Appendix 4 of the PCR) using an 8 per cent discount rate at both stages. This is a good rate within the competitive economic environments and opportunities of that region of China. These conditions allow considering SSADEP as a socially and economically profitable investment.</p> <p>17. The PCR presents the turn of SSADeP from a problematic project with a slow start, into the 'most advanced project in 2018' as a success. This change materialized in the very short time from 2018 until PCR time. The data presented in Appendix 3 of the PCR states that the project, during the first three years combined, spent about US\$12 million or about 10 per cent of the total budget at appraisal, while the last three years combined spent – after implementation changes following the MTR – more than six times the amount of the first three years. The PCR attributes the changes after the MTR to strong political commitment, co-financing of resources, and enhanced cooperation among PMOs and with IFAD. A complete and more efficient uptake and scaling up of the innovations promoted by SSADeP would have needed more time to generate the full results after the adjustments that had followed the MTR. The PCR does not discuss the conditions and mechanisms for this rapid turnaround in the outcomes of the project, as much as it could or should have, therefore this turnaround warrants further research and learning – in addition to what is said by the PCR – about how such changes could occur (see also Final Remarks).</p> <p>18. Under these conditions, and despite slight improvements in efficiency, also due to the large increase in expenditure after the MTR was conducted, the overall efficiency rating of SSADeP remains <i>moderately unsatisfactory (3)</i>, in line with the PCR rating.</p>	<p>3</p>

<sup>2</sup> It should also be noticed that since design and funding up to completion, the US\$ to CNY exchange rate grew from 6.149 to 6.907.

<b>Rural poverty impact</b>	
<p>19. The project conducted several surveys with elements of rural poverty impact; a baseline in 2013, a 2016 mid-term review, an end-line survey in 2019 on agribusiness profitability and a survey by the Result and Impact Management System (RIMS) in late 2018 in areas partially coinciding with SSADeP.</p> <p>20. Based on the dynamics of households' movements in terms of their wealth ranking, the PCR argues that the project had widespread impacts (e.g. rural poverty incidence reduced from 43 per cent to 8 percent, 98.7 per cent of households reporting increase in their income, 170.7 per cent increase in household asset ownership index, no project beneficiaries experiencing any hunger season in 2018, etc.). It is difficult to attribute exclusively to the project all the changes observed. It is more likely that households experienced positive changes, based on the indicators presented in Tables 1 and 2, with the changes that occurred because of the contribution by both the project as well as because of the favourable external economic environment (see paragraph 8 above) in which the project operated.</p> <p>21. The PCR provides examples of dialogues, partnerships, or arrangements with local and provincial institutions that were put in place by the project, however it does not provide evidence of changes in the quality and performance and institutions or policies that occurred because of SSADeP, and that influenced the livelihoods of target groups.</p> <p>22. SSADeP data suggests that collective action, training activities, and greater access to services reached 225,000 beneficiaries, and that the increased capacity of farmer cooperatives made 80,000 beneficiary farmers join cooperatives. The PCR links this development in beneficiaries' human and social capital through the above activities, and the broadening of their social networks and options, to their empowerment. The greater human and social capital and empowerment are then associated to income increases and diversification as poor farmers acquire more voice, and opportunities.</p> <p>23. In addition to the project, other factors and national interventions by the Government contributed to the results in the project area. SSADeP was likely an accelerator of rural poverty impact. There is no data from control groups to fully attribute to the project impacts such as the dramatic drop in rural poverty incidence (see paragraph 8, and Appendix 11 of the PCR) and improvements in food security, agricultural productivity, household assets (Table 2).</p> <p>24. The workshop questionnaire (Appendix 9) did not count on a significant number of respondents and the least profitable enterprises were under-represented in the survey. As noted, it is not clear (from tables 1, 2 and 3 under Effectiveness and Rural Poverty Impact in the PCR) that the end-line survey was representative of the most vulnerable beneficiaries.</p> <p>25. The intention of the project to focus on the poor and disadvantaged was partially achieved as only some of the intended beneficiaries received direct support. As a result of all the above considerations, the rural poverty impacts are rated as <i>moderately satisfactory</i> (4), one point lower than the rating of satisfactory given by the PCR to rural poverty impact.</p>	4
<b>Sustainability of benefits</b>	
<p>26. The sustainability of the benefits of SSADeP interventions was facilitated by the presence of favorable conditions put in place by the Government of China even before the project started, and during its course, as cited by the PCR: there was already in place a strategy of revitalizing rural areas and improving rural livelihoods within a stable political environment and commitment, budget provisions were made for PMOs to keep operating well on the ground after project completion, the policy environment encouraged the development of specialized farmer cooperatives, prices for intensive high value commodities were favourable, and grassroots level cooperatives and groups received support and enough capacity to operate under the normal market conditions.</p> <p>27. In addition, for instance, the cultivation of tea is a profitable production with good overall prospects under normal market conditions, while the economic internal rate of return and net present value (22.5 per cent) of tea production point at benefits</p>	4

<p>sufficiently resilient to volatile prices. Other production technologies and the related cooperatives, agribusiness and extension services were already in function in the area. The implementation of SSADeP interventions and the mainstreaming of innovations, therefore, found a fertile ground.</p> <p>28. SSADeP contributed to establishing the conditions for sustainability, yet to a good extent they were already in place before SSADeP. Overall, SSADeP had sufficient elements for sustainability and the <i>moderately satisfactory</i> (4) PCR rating is confirmed.</p>	
<b>B. Other performance criteria</b>	
<b>Innovation</b>	
<p>29. Innovations in SSADeP (inclusive targeting; empowering farmers and cooperatives to engage with companies in 4P in doing business plans; commercial agriculture and value addition; value chain financing) tapped into rural smallholders' potential for enhanced agricultural production, sustainable management of community productive assets, and mainstreaming of vulnerable and disadvantaged target groups into agribusiness value chains. The drivers of value chain development included: increased processing capacity, production at scale, shift to higher quality products, certification, and branding. Introducing these innovations is part of IFAD's effort to innovate and, while those innovations are not really "new" in absolute terms, they were relatively new in the area and project, and within the SSADeP effort of targeting the poor.</p> <p>30. SSADeP indeed took the challenge to build on good practices of other IFAD programmes in China, in a pro-poor project. Indeed, action was taken after the slow start and the relatively unsatisfactory outcomes and low scale of innovation noticed in the early stages of the project and at MTR time, and outcomes improved over time.</p> <p>31. In SSADeP the adoption of innovations by poor smallholders was not accompanied by grants or government backed loans. To facilitate the uptake of the innovations by a wider number of beneficiaries, the MTR provided a useful list of recommendations, which the project acted upon quickly, changing several modalities of implementation.</p> <p>32. In sum, while some innovations have been introduced through SSADeP and uptake improved towards the end of the project, the limited timeframe of implementation, compounded by the project's problematic start, was not enough for innovations to be sufficiently absorbed, or for results to fully emerge. For these reasons, the PCR rates this criterion as <i>moderately satisfactory</i> (4), one point below the PCR rating.</p>	<p>4</p>
<b>Scaling up</b>	
<p>33. Scaling up is one of the core concepts at the basis of the internal logic of SSADeP since its rationale was to add value to existing and improved agricultural production by helping identify and develop innovative and effective innovations and strategies for scaling up in projects that are complementary to existing programmes. However, SSADeP itself did not manage to leverage financial resources from the private actors due to the default by the private bank loan providers.</p> <p>34. The PCR refers to examples of scaling up of SSADeP approaches that occurred within the project area, in other non-project counties in the province, and beyond. One example provided by the PCR is the expansion of the green tea processing investment by cooperatives in the same county, or, beyond the county level, the expansion of 4P and pro-poor value chain approach. At the policy level, an example provided by the PCR is the Hubei rural revitalization strategy inspired by SSADeP industries. Other examples in the PCR are provincial PMO lessons of the 4P model selected by the Food and Agriculture Organization, IFAD, World Food Programme and the International Poverty Reduction Center in China as an international good practice in poverty reduction, with support by IFAD China, or national awards that were gained as SSADeP practices became used in IFAD projects elsewhere, or a World Bank project in Hubei adopting the 4P approach.</p>	<p>5</p>

35. While some of the scaling up is still on-going and more time will be needed to fully appreciate the outcomes, the number and type of examples of scaling up referred in the PCR can support a <i>satisfactory</i> (5) rating, in line with the rating by the PCR.	
<b>Gender equality and women's empowerment</b>	
<p>36. The SSADeP PCR claims that "a gender (and ethnic minority) sensitive approach was introduced and maintained" through all project stages and levels. The project (MTR) recorded participation of women in different activities (training, production). It also had noted that the M&amp;E system only collected data, but without real validation, consolidation and analysis.</p> <p>37. PCR gender data is limited, citing only basic participation by gender or village implementation groups (woman farmers participating in the project accounting for 50.4 per cent of the total participants; about 30.7 per cent of PMO staff being female; women representing 28.6 per cent of village implementation group members), or attempting to show empowerment through rights entitlement and capacity building. These output indicators, on their own, could be sufficient to prove a gender sensitive approach, but not necessarily sufficient to prove the achievement of gender equality and empowerment.</p> <p>38. For example, the analysis upon which the PCR assessment of the success of the 4P model is based, does not control for other factors influencing improved livelihoods, (especially for women), such as the exposure of women to cooperatives and agribusiness, and the resulting steady income increase. Furthermore, this assessment seems to be based on "spot checks" conducted on a small sample of predominantly male beneficiaries. There is also no information on the achievement of gender policy strategic objectives e.g. equal voice, economic empowerment, equitable workload.</p> <p>39. The reported increases of female-headed households from 11.8 per cent (2013) to 25 per cent (2018 RIMS survey) may be an effect of migration patterns leaving older women in villages, rather than a sign of empowerment, and increased literacy rates cannot be directly attributed to the project.</p> <p>40. While the project could have done more to achieve outcomes of gender equality and of women's empowerment, the efforts made by the project to be gender-sensitive and to systematically gather gender disaggregated data support the <i>moderately satisfactory</i> (4) rating by the PCR.</p>	4
<b>Environment and natural resources management</b>	
<p>41. SSADeP was classified as category B for Environment and Social standards, hence did not require an Environmental Impact Assessment and did not pose any significant environmental risks. The PCR (Appendix 5, listing several agronomic/engineering and crop diversification interventions at individual, community and institutional level) suggests that, indirectly, some of the project activities may be contributing to improved management of natural resources and the environment, also since they are accompanied by infrastructure investments leading to "considerable environmental improvement" and to positive impacts in natural resources management, environmental protection and beneficiary resilience to challenges of climate change.</p> <p>42. The causality of these factors towards improving the environment and natural resources, and leading to poverty impacts, however, is weak, since most of those appear to derive from other general interventions in the area not primarily to the project. This PCR rates environment and natural resource management as <i>moderately satisfactory</i> (4), at the same level as that proposed by the PCR, yet there appears to have been a missed opportunity to do better if more measurable objectives on these criteria had been set at the stage of project design.</p>	4
<b>Adaptation to Climate Change</b>	
43. The project design struggled to recognize any real climate change risks and seems to discount any significant risks in the area and did not develop significant objectives in that respect. The PCR (Appendix 5, with a qualitative list of agronomic/engineering or crop diversification interventions that have positive and negative impacts) suggests however that, indirectly, some project activities may	4



<p>be contributing to greater beneficiaries' resilience or that infrastructure investments have improved project resilience.</p> <p>44. However, there appears to have been a missed opportunity to make more substantial impacts in terms of climate change adaptation had objectives to this effect been set at design. Nonetheless, the PCRV acknowledges that this reportedly did not worsen climate risks.</p> <p>45. On balance, the PCRV rates climate change adaptation as <i>moderately satisfactory</i> (4), at the same level as that proposed by the PCR.</p>	
<b>C. Overall Project Achievement</b>	
<p>46. SSADeP was a catalyzer of a process of transformation of agriculture that, in the project area and province, was already taking place before the project. The project valuably attempted to introduce innovations locally, with some successes, and with impacts that will need more time to fully materialize, also considering the delaying effects caused by the slow start of project implementation.</p> <p>47. The SSADeP relied on the expectation that smallholders would participate in higher value chains, and that small farmers would engage in PPPs, while having better opportunities by renting part of their land to the companies and engaging on the labour market, both of which did not materialize as expected. One main innovative aspect was to develop a value chain that would work for the poor smallholders. That component, however, faced additional challenges due to the non-materialization of the private fund, limiting the ambitions of the project to reach the target group. IFAD and Government took time to realise that the loan guarantee had lost relevance.</p> <p>48. Nevertheless, the turnaround in SSADeP's performance was remarkable, and allowed the adoption of the innovative 4P model. The turnaround can also be explained (as noted by the PCR) by a dynamic market, policy and economic environment, coupled with a strong leadership and commitment by both the Government and by IFAD. This warrants further learning about how such turnaround could occur and about the conditions and mechanisms that allowed it (see also Final Remarks section).</p> <p>49. Effectiveness, innovation, and rural poverty impact are rated lower than in the PCR. Innovation would have required more time, also given SSADeP's slow start, to fully mature. As a result, in line with the PCR rating, the SSADeP overall programme achievement is rated as <i>moderately satisfactory</i> (4).</p>	4
<b>D. Performance of Partners</b>	
<b>IFAD</b>	
<p>50. It appears that IFAD was committed to the project, ensuring guidance on financial management, on fiduciary aspects, on implementation and supervision in cooperation with the Government. IFAD could have however played a stronger and more proactive role on SSADeP through capacity development and continued assistance at the start when the project faced implementation challenges and when the over-ambitious design limited the initial understanding of the project and its innovative elements, such as 4P and value chain development. This project, and other similar projects that promote the use of innovative processes or activities, should factor in the time taken for behavioural changes to become firmly established on the part of both the project implementers and the beneficiaries. Such necessary changes in behaviour were not adequately internalized in the project design. The lessons learned from the MTR were particularly rich and useful, and led to several recommendations that were included at next key phases of SSADeP implementation. This PCRV therefore confirms the <i>moderately satisfactory</i> (4) rating given by the PCR.</p>	4
<b>Government</b>	
<p>51. The Government has overwhelmingly driven the economic and social development in the area, named the "Shiyan Model". Public support covers agri-businesses, cooperatives, and farmers. Over the project, the PMO faced initial difficulties given</p>	4

<p>the unfamiliar design and the several innovations that were introduced simultaneously, yet efforts were made at the PMO level to overcome the identified challenges and turn the project performance around, report and audit it. Soft skills of project staff and partners, in terms of their capacity to understand and communicate the management of complex innovation processes and understanding emerging outcomes of given interventions, were not developed in time, and this limited the possibilities of the implementers to more effectively understand, mainstream and manage the complex innovations.</p> <p>52. SSADeP was intended to be a pro-poor project, with the government stepping in to provide government-backed loans, however the latter did not materialize with the result that the small holders remained marginalized, hence affecting the effectiveness.</p> <p>53. The PCR suggests that a well-organized M&amp;E system and several surveys were set up in line with IFAD's M&amp;E tools at all levels (provincial, prefecture, county). However, the expertise of project staff in supporting M&amp;E, in conducting surveys, and in collecting village level data, all key for timely and reliable regular information, was not sufficient.</p> <p>54. In general, it seems that Government investments in the project area (cooperative development, infrastructure etc.) had a relatively greater weight on the final impact than the funding by other donors, including by SSADeP. On balance, this PCR confirms the <i>moderately satisfactory</i> (4) rating of Government performance by the PCR.</p>	
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#### IV. Assessment of PCR quality

<b>PCR finding</b>	<b>Rating</b>
<b>Scope</b>	
55. The PCR covers sufficiently well the various sections and chapters and provides data when available, or qualitative tables and information when more quantitative evidence is not available. All main references and annexes are also provided. <sup>3</sup> The scope and general coverage of the PCR are therefore assessed as <i>satisfactory</i> (5).	5
<b>Quality</b>	
56. The PCR covered all main topics and types of information yet (as noted in other sections) it did not provide sufficient evidence to back some of the statements, which at times appear to originate more from a general theory of change, rather than changes that can be attributed to the project.	4
57. Data quality is variable, for some criteria good or rich, and limited for others. Some examples include the project cost figures (Table 6, PCR report), which have no (horizontal) total values for subcomponents, making it difficult to triangulate; appendix 3-b inverts cost of 'Partner Bank' and 'Beneficiaries' at appraisal; some financial data is misplaced in tables or text. Other issues with editorial quality (e.g., unclear acronyms, or incorrect use of currency symbols) are relatively minor but could have been taken care of.	
58. The project carried out a baseline survey in 2013, a 2016 MTR, an agribusiness profitability survey and an end line survey questionnaire in 2019 (Appendix 9), and a RIMS survey in late 2018 to capture changes and provide evidence for the M&E. The number of surveys conducted by the project is satisfactory, yet their quality is variable. The PCR identified constraints to data and survey quality: e.g. limited staff expertise in supporting M&E, capacity to conduct surveys and collect village level data. These largely explain limitations in project data quality. IFAD and the Government could have been more proactive in supporting the capabilities of project staff in order to improve the reliability and accuracy of the information.	
59. The results of the workshop questionnaire are particularly affected (Appendix 9) by the quality of the survey (see paragraphs 8, 24, 25). Quality was also an issue in the agribusiness component of the end-line survey as the respondents (paragraph 15 in Efficiency) are mainly the better off or commercial farmers.	

<sup>3</sup> Except for Appendix 10 that is missing, with references in the document that should be corrected to Appendix 11.

<p>Additionally, only very few farmers were reached through the “spot checks” of the PCR mission and more than 80 per cent of those consulted during the mission were men, and most of them being at the high hierarchy levels whereas only very few were grassroots-level beneficiaries.</p> <p>60. The number of surveys conducted by the project is satisfactory, and limitations were recognized in the capacity of staff and M&amp;E systems, and efforts were made to systematically generate and triangulate primary data, to improve the M&amp;E data, and to disaggregate the data, yet the PCR in general does not sufficiently take into consideration the variable quality of the data upon which its conclusions are based. The overall quality of the PCR is therefore rated as <i>moderately satisfactory</i> (4).</p>	
<b>Lessons</b>	
<p>61. The PCR presents valid lessons on the necessary conditions for implementing 4P and innovative value chain development projects. The PCR recognizes that SSADeP initially and as late as 2017, was a problematic project that required urgent action. Most lessons learned at MTR time were considered and acted upon in timely ways. The MTR served as a useful, if not vital, tool for steering the project and for timely learning. Importantly, the PCR suggests that in the future, the Government (of China) and IFAD should pay attention to developing the soft skills required by projects to mainstream or manage complex innovations, as in the case of SSADeP.</p> <p>62. The PCR also suggests that successful similar projects may also need longer time frames and more realistic implementation plans. In line with the arguments in the PCR, the time frame necessary for fully achieving the results may have been underestimated, not just due to design flaws, but also because of programming and financing constraints that tend to limit project investments to about five years.</p> <p>63. However, the PCR could have offered clearer analysis and lessons regarding the reported turnaround of project performance that was achieved towards the end of the project. This partial knowledge gap about the conditions and mechanisms that allowed such changes to take place (see also in Final Remarks) warrants more research and discussion.</p> <p>64. This final oversight notwithstanding, the lessons generated and reported by the PCR are found to be rated as <i>satisfactory</i> (5).</p>	5
<b>Candour</b>	
<p>65. The PCR recognizes that SSADeP initially was a problematic project and is candid about the weak aspects of the project and the adjustments that were made. However, while the PCR lists some factors that enabled the turnaround of project performance, it could have researched and reflected more on those factors and on the additional enabling factors, and explained more in depth the mechanisms that underpinned the changes in implementation that turned around project performance so rapidly and dramatically. Suggestions on the way forward to build on the lessons to be learned from this project could have been described and discussed further in the PCR.</p> <p>66. The ratings provided in the surveys are not fully coherent, arguably due to limited representativeness in the sample of respondents, even despite the adjustments identified and applied during the project duration.</p> <p>67. As a result of these considerations, candour is rated as <i>moderately satisfactory</i> (4).</p>	4

## V. Final remarks

<b>Issues for IOE follow up (if any)</b>
<p>1. A dedicated case study could be developed to learn how a project identified as problematic in 2015 and still seen as such at MTR (2016) time and in late 2017, could be turned so dramatically into the 'most advanced project in 2018' only a year later and at PCR mission time (early 2019). Also, SSADEP was the first of a series of projects promoting the 4P model in IFAD's China operations; comparing it with the various replications (and the cited scaling up examples of SSADeP in other projects in China) of the 4P model in China could yield many useful lessons.</p>

2. SSADeP could also be used within an ex post case study, a PPE or Country Strategy and Programme Evaluation, of the effects of a major shock that affected also the project area, Shiyan, within the Hubei province. The area was in lockdown (24 January-14 March 2020) following Covid-19, affecting a province among the most dynamic of China (e.g. automotive industry) but also a relatively isolated part of the country.

## Definition and rating of evaluation criteria used by IOE

Criteria	Definition *	Mandatory	To be rated
<b>Rural poverty impact</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.	X	Yes
	<i>Four impact domains</i>		
	<ul style="list-style-type: none"> <li>Household income and net assets: Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value. The analysis must include an assessment of trends in equality over time.</li> </ul>		No
	<ul style="list-style-type: none"> <li>Human and social capital and empowerment: Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grass-roots organizations and institutions, the poor's individual and collective capacity, and in particular, the extent to which specific groups such as youth are included or excluded from the development process.</li> </ul>		No
	<ul style="list-style-type: none"> <li>Food security and agricultural productivity: Changes in food security relate to availability, stability, affordability and access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields; nutrition relates to the nutritional value of food and child malnutrition.</li> </ul>		No
	<ul style="list-style-type: none"> <li>Institutions and policies: The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.</li> </ul>		No
<b>Project performance</b>	Project performance is an average of the ratings for relevance, effectiveness, efficiency and sustainability of benefits.	X	Yes
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 and coherence in achieving its objectives. An assessment should also be made of whether objectives and design address inequality, for example, by assessing the relevance of targeting strategies adopted.	X	Yes
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.	X	Yes
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.	X	Yes
Sustainability of benefits	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.	X	Yes
<b>Other performance criteria</b>			
Gender equality and women's empowerment	The extent to which IFAD interventions have contributed to better gender equality and women's empowerment, for example, in terms of women's access to and ownership of assets, resources and services; participation in decision making; work load balance and impact on women's incomes, nutrition and livelihoods.	X	Yes
Innovation	The extent to which IFAD development interventions have introduced innovative approaches to rural poverty reduction.	X	Yes
Scaling up	The extent to which IFAD development interventions have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and others agencies.	X	Yes
Environment and natural resources management	The extent to which IFAD development interventions contribute to resilient livelihoods and ecosystems. The focus is on the use and management of the natural environment, including natural resources defined as raw materials used for socio-economic and cultural purposes, and ecosystems and biodiversity - with the goods and services they provide.	X	Yes
Adaptation to climate change	The contribution of the project to reducing the negative impacts of climate change through dedicated adaptation or risk reduction measures.	X	Yes

<i>Criteria</i>	<i>Definition *</i>	<i>Mandatory</i>	<i>To be rated</i>
<b>Overall project achievement</b>	This provides an overarching assessment of the intervention, drawing upon the analysis and ratings for rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment, innovation, scaling up, as well as environment and natural resources management, and adaptation to climate change.	X	Yes
<b>Performance of partners</b>			
• IFAD	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.	X	Yes
• Government		X	Yes

\* These definitions build on Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) Glossary of Key Terms in Evaluation and Results-Based Management; the Methodological Framework for Project Evaluation agreed with the Evaluation Committee in September 2003; the first edition of the Evaluation Manual discussed with the Evaluation Committee in December 2008; and further discussions with the Evaluation Committee in November 2010 on IOE's evaluation criteria and key questions.

## Rating comparison<sup>a</sup>

<i>Criteria</i>	<i>Programme Management Department (PMD) rating</i>	<i>IOE Project Completion Report Validation (PCRV) rating</i>	<i>Net rating disconnect (PCRV-PMD)</i>
<b>Rural poverty impact</b>	5	4	-1
<b>Project performance</b>			
Relevance	4	4	0
Effectiveness	5	4	-1
Efficiency	3	3	0
Sustainability of benefits	4	4	0
<b>Project performance<sup>b</sup></b>	<b>4</b>	<b>3.75</b>	<b>-0.25</b>
<b>Other performance criteria</b>			
Gender equality and women's empowerment	4	4	0
Innovation	5	4	-1
Scaling up	5	5	0
Environment and natural resources management	4	4	0
Adaptation to climate change	4	4	0
<b>Overall project achievement<sup>c</sup></b>	<b>4</b>	<b>4</b>	<b>0</b>

<b>Performance of partners<sup>d</sup></b>			
IFAD	4	4	0
Government	4	4	0

<b>Average net disconnect</b>	<b>-0.25</b>		
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<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, efficiency and sustainability of benefits.

<sup>c</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, sustainability of benefits, rural poverty impact, gender, innovation, scaling up, environment and natural resources management, and adaptation to climate change.

<sup>d</sup> The rating for partners' performance is not a component of the overall project achievement rating.

### Ratings of the project completion report quality

	<i>PMD rating</i>	<i>IOE PCRV rating</i>	<i>Net disconnect</i>
Candour	N/A	4	N/A
Lessons	N/A	5	N/A
Quality (methods, data, participatory process)	N/A	4	N/A
Scope	N/A	5	N/A
Overall rating of the project completion report		4	

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.

## **Abbreviations and Acronyms**

IFAD	International Fund for Agricultural Development
M&E	Monitoring and Evaluation
MTR	Mid Term Review
PCR	Project Completion Report
PCRV	Project Completion Report Validation
PMO	Project Management Office
PPPP (or 4P)	Pro-Poor Public-Private Partnership
RIMS	Result and Impact Management System (IFAD)
SSADeP	Shiyan Smallholder Agribusiness Development Project



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