

People's Republic of China

Country Programme Evaluation

Executive Summary

1. **Background.** China is one of the largest recipients of IFAD assistance. Since the approval of its first loan in 1981, IFAD has financed 27 agriculture and rural development projects and programmes within the country, representing a total cost of US\$1.94 billion. IFAD's financial contribution amounts to approximately US\$775 million. The country programme is managed by a Rome-based country programme manager, and by the IFAD country office established in Beijing in 2005.
2. This is the first country programme evaluation (CPE) of China to be undertaken by the Independent Office of Evaluation of IFAD (IOE), and covers the period 1999-2013. IFAD's operations during this period were guided by three country strategic opportunities programmes (COSOPs), which were approved in 2001, 2005 and 2011, respectively. During the evaluation period, the Executive Board approved loans for 13 projects, totalling approximately US\$434 million and representing approximately 40.5 per cent of all project costs.
3. The projects, in general, support integrated rural development in remote areas and in resource-constrained regions, and have been executed by subnational governments. From 1999 to 2005, most projects were cofinanced by the World Food Programme (WFP) and included rural finance and infrastructure, as well as health and education in rural areas. Since then, operations have focused largely on agricultural production and marketing in addition to rural infrastructure development.
4. **Evaluation objectives and process.** The objectives of the CPE were to assess the performance and impact of IFAD-funded operations within the country, and to generate findings and recommendations to serve as building blocks for the next COSOP. This new COSOP will be developed by IFAD Management and the Government of China in 2015, following completion of the CPE.
5. The evaluation's main mission took place in August and September 2013, and a national round-table workshop was held in Beijing in July 2014. The workshop provided an opportunity to discuss the main findings and recommendations relating to the evaluation, as well as the relevant issues and priorities to be included in China's next COSOP.
6. **Key evaluation findings.** The CPE has rated the performance of the project portfolio financed by IFAD between 1999 and 2013 as satisfactory. In terms of overall project achievement, 100 per cent of the projects within the China CPE have been rated as moderately satisfactory or better, compared to 83 per cent of those projects evaluated by IOE in the Asia-Pacific region between 2002 and 2012.
7. The most significant outcomes relating to the portfolio include the overall high achievement of objectives and the valuable contributions to sustainable improvements in household incomes and assets, food security and agricultural productivity. While IFAD has supported China in its efforts to introduce more participatory and demand-driven approaches to grass-roots development, the impact on developing sustainable rural organizations has been modest and its contribution to government policies and institutions has been somewhat limited. Furthermore, there are opportunities for greater achievement in terms of natural resources and environmental management.
8. Given the persistence of large numbers of rural poor in absolute terms, the scaling up of those IFAD-funded projects that have proved successful would have a significant impact on China's poverty reduction endeavours. The CPE, therefore,

regards the scaling up of innovative approaches in relation to smallholder agriculture development to be the most important aspect of the IFAD-China partnership, especially at the local level. While a few innovations have been replicated and scaled up within the areas or provinces included in the projects, the effects have rarely crossed provincial borders. Two explanations for this have been suggested by the CPE: (i) the projects have been implemented and financed by subnational governments, which have little incentive to engage in and finance activities beyond their respective administrative areas; and (ii) there are insufficient partnerships with other international financial institutions and the private sector that can enable the potential scaling up of those innovations that have been successful.

9. The performance of non-lending activities (e.g. partnership-building, policy dialogue and knowledge management) has been assessed as moderately satisfactory. There have been some achievements in policy dialogue at the subnational level, such as expanding participatory village development planning; however, more can be achieved at the national level. Similarly, while cooperation with subnational authorities and the Ministry of Finance (MOF) is strong, further exploration is needed to identify opportunities to partner with technical institutions at the national level and with multilateral development agencies. Within the broader scope of South-South cooperation, supported by IFAD, China has been sharing its experience and technology with other developing countries. During the latter stage of the CPE period, IFAD had stepped up its support for knowledge management in the country. Overall, however, more resources and efforts are needed to ramp up engagement in non-lending activities and South-South and triangular development cooperation.
10. As mentioned previously, three COSOPs have guided the IFAD-China partnership during the appraisal period. The 1999 COSOP was essentially a joint IFAD/WFP strategy, whereas the 2011 COSOP was prepared according to the guidelines for results-based COSOPs that were introduced in 2006. The 2011 COSOP is particularly relevant, since it includes knowledge management and South-South cooperation as one of its key objectives, consistent with government priorities. In broad terms, the three COSOPs were aligned with IFAD's overall mandate, the needs of the poor and government policies, and were relevant to the rural context at the time of design and implementation.
11. However, the CPE finds that more attention could have been given in the COSOPs to assessing the consequences of outmigration on targeting strategies, in order to ensure that the poorer segments of the rural population are the main beneficiaries of IFAD's support. Furthermore, the strategic objectives of policy dialogue, knowledge management, partnership-building and the promotion of innovation and scaling up were not sufficiently supported by plans and budgets.
12. Overall, the CPE has concluded that the China-IFAD partnership is strong and that the aggregate performance of the loan portfolio, non-lending activities and COSOPs is satisfactory. The main challenge of the partnership, going forward, is to increase non-lending activities within the framework of an adequate project portfolio that focuses on promoting innovation and scaling up. This will require further strengthening of the country office, whose central role is to facilitate and expand IFAD-China cooperation, including enhancing partnerships with major development partners in the country.
13. **Recommendations.** Based on the foregoing, the CPE recommends that IFAD and the Government of China prepare a new COSOP, building on the findings and recommendation of this evaluation. The new COSOP will provide the basis for renewed partnership and cooperation between IFAD and China, including the six key recommendations outlined below.

14. **Targeting in a changed rural context.** Careful consideration should be given to the selection of provinces, counties and villages for future IFAD-supported programmes. They should be relevant to both IFAD's corporate policy on targeting and government priorities in relation to rural poverty reduction. Particular attention should be devoted to villages with high poverty rates and production potential where young people are willing to engage in farming as a business. The targeting strategy should also include continuing support for integrating ethnic minorities living in remote mountain and forest areas with mainstream markets.
15. **Strengthen knowledge cooperation.** The future IFAD-supported country strategy and activities should continue to include knowledge cooperation as a specific objective. To ensure the likelihood of success, IFAD should maintain an adequate lending programme in China to promote learning and knowledge and enable the identification of good practices in promoting poverty reduction in remote rural areas. The human and financial resources to be allocated to knowledge sharing need to be clearly specified, especially with regard to the administrative budget, in order to satisfactorily achieve this key objective.
16. **Sharpen focus on scaling up impact.** The scaling up of projects beyond China's individual counties and provinces/regions by others (e.g. national Government, donors and the private sector) should represent a priority for the future. This will require the cooperation of IFAD and the Government of China (at the central and provincial levels) to: (i) dedicate resources to non-lending activities (knowledge management, partnerships and policy dialogue); and (ii) ensure that objectives relating to scaling up are clearly specified in the COSOP and included in project design, and that progress is assessed and reported in all supervision, midterm review and project completion reports.
17. **Promote South-South and triangular cooperation.** IFAD should continue to facilitate South-South and triangular cooperation between China and other Member States. The CPE further recommends that IFAD Management, in consultation with the Government of China, explore opportunities to establish a dedicated facility for such cooperation within IFAD.
18. **Strengthen partnership with the Government of China and other in-country stakeholders.** Future country strategy and operations should ensure a strengthened partnership with other relevant government institutions at the national level. Opportunities for greater involvement of the private sector, as well as academic and research institutions, should be proactively explored. The development of partnerships with international organizations – in particular the Asian Development Bank, Food and Agriculture Organization of the United Nations and World Bank – should be a priority.
19. **Enhance IFAD presence and capacity in country, including out-posting the China country programme manager.** The country office's capacity and resources should be strengthened to adequately support project work and non-lending activities, such as knowledge management and policy dialogue, as well as South-South and triangular cooperation. The CPE recommends that the China country programme manager be outposted from Rome to Beijing by the end of 2015.