

profile

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CHINA COUNTRY PROGRAMME EVALUATION

A strong partnership for rural poverty reduction

China is the second largest recipient of IFAD's assistance, and the country programme is managed by a Rome-based Country Programme Manager. In 2005, IFAD established a Country Office (CO) in Beijing, which today has three national professionals. Since the approval of the first loan in 1981, IFAD has financed 27 agriculture and rural development projects and programmes in the country, corresponding to a total project cost of US\$1.94 billion. IFAD's financial contribution has been around US\$775 million.

This first Country Programme Evaluation (CPE) by the Independent Office of Evaluation (IOE) of IFAD covers the period 1999 – 2013. During this period, the Executive Board of the Fund approved loans for 13 projects amounting to around US\$434 million, or around 40.5 per cent of total project costs. The projects funded are generally characterized by support for integrated rural development in remote locations and/or in areas with difficult resource environments. Most of the projects have been executed by sub-national governments. From 1999 to 2005, most projects were parallel-financed by the World Food Programme (WFP) and had a wide support menu including agriculture, rural finance, infrastructure, health and education. Since then, operations have focused largely on agricultural production and marketing as well as rural infrastructure development.

The present Profile provides a summary of the main findings and recommendations of the China CPE. The main objectives of the CPE were to assess the performance and impact of IFAD-funded operations in the country, and to generate findings and recommendations to serve as building blocks for the next country strategic opportunities programme (COSOP), to be developed by IFAD Management and the Government of China following the completion of the CPE process.

Main evaluation findings

The CPE assesses the performance of the IFAD-financed project portfolio between 1999-2013 as satisfactory. In fact, 100 per cent of projects evaluated by the CPE in China are moderately satisfactory or better in terms of overall project achievement, as compared to 83 per cent of projects evaluated by IOE in the Asia and Pacific region between 2002 and 2012.

The strongest points in the portfolio include a generally high achievement of targets, and valuable contributions to sustainable improvements in household income and assets as well as in food security and agricultural productivity. IFAD has also supported China in introducing more participatory and demand-driven approaches to grassroots development. The impact on developing sustainable rural organizations is more modest, and contribution to government policies and institutions has also been somewhat limited. Similarly, further opportunities exist for greater achievements in natural resources and environmental management.

The CPE found some contributions in the promotion and scaling up of innovative approaches to smallholder agriculture development. The CPE considers promoting innovations and scaling up to be one of the most important aspects of the IFAD-China partnership. Some innovations have been replicated and scaled up within the project areas and sometimes within the project provinces, but it is rare that innovations travel across provincial borders. The CPE offers three explanations for this: (i) projects are implemented and financed by sub-national governments, which have little incentive to engage in and finance activities beyond their provinces; (ii) in the current partnership structure there is no central government technical partner, which could capture an innovation at provincial/county level, assess it and promote it more widely across the country; and (iii) partnership with other international financial institutions, who have the potential to scale up successful innovations is weak.

The performance of non-lending activities (partnership building, policy dialogue and knowledge management) is assessed as moderately satisfactory. There have been some achievements in policy dialogue at the sub-national level such as scaling up of participatory village development plans, although more can be achieved in the future at the national level. Similarly, while partnership with sub-national authorities and the Ministry of Finance is strong, the opportunity to expand partnership with other (technical) institutions at the national level as well as other multilateral agencies can be further explored. Within the broader realm of South-South cooperation, which IFAD has recently been supporting, China has been sharing experiences and technologies to other developing countries. In the latter part of the CPE period, IFAD also increased its investments in knowledge management

within and outside the portfolio. Yet, overall, more resources will be needed to ramp up its engagement in non-lending activities and South-South and triangular cooperation.

Three COSOPs (issued in 1999, 2005 and 2011) guided the partnership between IFAD and China during the evaluated period. The 1999 COSOP was essentially a joint IFAD/WFP strategy, whereas the 2011 COSOP was prepared according to the guidelines for Result-Based COSOPs introduced in 2006. The 2011 COSOP is particularly relevant, as it includes knowledge management and South-South cooperation as two of its main objectives, which is indeed consistent with Government priorities. More broadly, all country strategies were generally aligned to IFAD's overall mandate, the needs of the poor, and government policies. They were also relevant to the rural context at the time of issue. However, the CPE finds that more attention could have been given to assessing the consequences of out-migration and to the targeting strategies in order to ensure that poorer segments of the rural population are the main beneficiaries of IFAD's support. Furthermore, strategic objectives for policy dialogue, knowledge management, partnership building and promotion of innovation and scaling up are not adequately supported by plans and budgets. Effectiveness of the 1999 COSOP, which provided concrete indicators, is assessed as satisfactory; effectiveness of the 2005 COSOP, which is weak on detail is assessed as moderately satisfactory. The CPE did not assess the effectiveness of the 2011 COSOP, since it has only been in place for two years and it is therefore too early to comment on the extent to which COSOP objectives have or will be met.

Overall, the CPE concludes that the China-IFAD partnership is strong and the aggregate performance of loan portfolio, non-lending activities and COSOPs is satisfactory. The main challenge in the future partnership is to enhance the emphasis on non-lending activities, which will need to be linked to an adequate investment project portfolio that focuses on promoting innovation and scaling up.

CHINA AT A GLANCE

Population: **1.36 billion (2013)**

Rural population: 630 million (46.27% of total population) (2012)

Rate of GDP growth: **7.7% (2013); in real terms**

Poverty headcount ratio at national poverty line (% of population): **9.5% (2011)**

Life expectancy at birth: **75 years (2012)**

Human development index: **0.699 (2013)**
Ranking = 101, classified as a low level of human development category)

Total number of loan-funded projects: **27**

IFAD lending approved since 1981: **US\$775.1 million**

Sources: IFAD Project and Programme Management System, International Monetary Fund, United Nations Development Programme International Human Development Indicators, World Bank.

Key recommendations

- **Strengthen targeting in a changing rural context.** Future operations should be developed to support those poor people and areas that have production potential but lack access to adequate financial resources. Moreover, projects should focus on engaging and supporting business-oriented farmers, who are likely to be the leaders in initiatives to develop cooperatives. IFAD should also continue its emphasis on supporting ethnic minorities to improve their livelihoods and food security.
- **Strengthen knowledge-sharing.** Building on recent initiatives, even more attention will be needed to developing and implementing a coherent knowledge-sharing programme, with greater allocation of human and financial resources.
- **Sharpen the focus on scaling up.** To ensure that successful innovations promoted in IFAD operations have a wider and sustainable impact on rural poverty in the country, scaling up by others partners (e.g. national government institutions, donors, the private sector) should be a priority for the future.
- **Promote South-South and triangular cooperation.** In its next China COSOP, IFAD should clearly articulate the specific activities and measures of success, together with the estimated budget required, for South-South and triangular cooperation. IFAD should actively explore opportunities for establishing a dedicated facility for such, under the broader responsibility of the Fund's Partnership and Resource Mobilization Office.
- **Strengthen partnership with the Government and other in-country stakeholders.** The future country strategy and operation should ensure a strengthened partnership with relevant government partners and multilateral/bilateral institutions at the national level, in particular in the areas of scaling up impact, knowledge sharing and south-south and triangular cooperation.
- **Enhance the ICO by out-posting the Country Programme Manager.** Given the size and scope of the country programme, the IFAD country office in Beijing should be strengthened with adequate capacity and resources to ensure timely support to both project work and non-lending activities. In particular, IFAD should outpost the China Country Programme Manager from Rome to Beijing by the end of 2015 or earlier.

Further information:

The Profile and Insights of the People's Republic of China Country Programme Evaluation are available online at: www.ifad.org/evaluation; email: evaluation@ifad.org.