REPORT OF THE MID – TERM REVIEW OF:

Gansu: Jingyuan and Jingtai

Sustainable Rural Livelihoods Project

Prepared By:

Dr John McKinnon
Team Leader
KINSA Associates
Wellington

Professor Guo Peiyu
China Agricultural University (East Campus)
Agricultural Engineering Academy
Beijing

Mr Mou Yichao
Gansu Association for NGO International Economic & Technical Cooperation (GANGO), Project Office
Lanzhou

Wellington
24 February 2007
Contents

Acknowledgements ........................................................................................................ ii
1. Executive Summary and Recommendations .................................................... 1
2. Background & Methodology ............................................................................. 4
   2.1 Review ........................................................................................................... 4
   2.2 Review Methodology .................................................................................... 5
3. Findings .............................................................................................................. 6
   3.1 General questions ......................................................................................... 6
   3.1.1 Main achievements ..................................................................................... 6
   3.1.2 Challenges ................................................................................................ 8
   3.1.3 Stakeholder perceptions ............................................................................ 9
   3.1.4 The Audit Report ....................................................................................... 10
   3.1.5 The way ahead .......................................................................................... 10
   3.2 Specific Questions ........................................................................................ 11
   3.2.1 Sustainable Rural Livelihoods ................................................................. 11
   3.2.2 Education and Health .............................................................................. 20
   3.2.3 Participation, Capacity Building & Institutional Strengthening .............. 21
4. Analysis of Findings .......................................................................................... 27
   4.1 General questions ........................................................................................ 27
   4.2 Sustainable Rural Livelihoods ...................................................................... 28
   4.3 Education and Health .................................................................................... 29
   4.4 Participation, Capacity Building, Institutional Strengthening ................. 30
5. Conclusions ....................................................................................................... 31
   5.1 Extent to which project objectives have been achieved ......................... 33
   5.2 Has implementation worked effectively & efficiently? ............................ 34
   5.3 Is the Project rationale still valid? ................................................................. 38
6. Appendices ........................................................................................................ 39
   Appendix 1: Glossary ......................................................................................... 39
   Appendix 2: Mid – Term Review – Terms of Reference ................................... 41
   Appendix 3: Diary of Mission ............................................................................ 45
   Appendix 4: PLA exercises: Trend and Spider Web ........................................ 49
   Appendix 5: Mid Term Review Report of Jingyuan CPMO ....................... 62
   Appendix 6: Mid Term Review Report of Jingtai CPMO .............................. 69
Acknowledgements

The assistance extended to the Mid Term Review by our Gansu hosts at provincial, county, township and village level was exemplary: unfailingly generous, thoughtful and informative.

The team: Dr. J.M.McKinnon (team leader), Professor Guo Peiyu, and Mr. Mou Yichao would like to thank all those who made themselves available to volunteer information, prepare reports, answer questions, take the Mid – Term Review on guided tours, translate speech and documents from Putonghua to English, host visits, entertain the team, and generally assist in a multitude of ways that made daily events run so smoothly.

Everybody associated with the Project provided excellent support for the Review and the team would like to especially acknowledge all those who provided comments and criticism on the earlier draft of this report.

As the principal writer the team leader must take responsibility for both the content and any errors that may remain in the text.

Sincerely

Dr. J.M.McKinnon
Wellington
24 February 2007
1. Executive Summary and Recommendations

Why the Review was carried out
The Mid-Term Review was carried out at the request of NZAID to provide a guide for project planning and implementation over its final stages: 2007-08. The review was asked to fulfil three objectives:

1. “Determine the extent to which project objectives (defined in the logframe) have been achieved so far.
2. “Assess whether the project is being implemented effectively and efficiently by the MSC and the Chinese authorities.
3. “Assess whether the project rationale is still valid and propose any modifications considered necessary to the original objectives, outputs and activities in order to improve development impacts, value for money and sustainability.

These objectives are addressed directly in the Conclusions.

Methodology followed
The method followed a review of the relevant Project literature by the team leader in Wellington, a three person team then conducted a ten day tour of inspection in Gansu. The team consisted of: Dr John McKinnon, team leader, Kinsa Associates, Wellington; Professor Guo Peiyu, China Agricultural University (East Campus), Beijing; and Mr Mou Yichao from the Department of Foreign Commerce and Economic Cooperation in Lanzhou

The team visited the Project management offices in both Jingyuan and Jingtai, met key officials at provincial, county and township level, and seven of the eleven Project villages. In the course of village visits and with the help of Project Management Office (PMO) personnel, the team carried out three Participatory Learning and Action (PLA) exercises with residents including groups disaggregated by gender. Overall the review was conducted in a participatory manner in which stakeholders at all levels had an opportunity to report on their experience of the Project and express an opinion.

Key findings
It was found that the Project has gone a long way towards fulfilling its three objectives and in doing so achieved a degree of poverty reduction. Much of what has been done gives practical expression to the principles of integration, aspects of sustainability and as long as there is money available to mount further work what has been done could be gainfully replicated in other projects.

The majority of farmers interviewed in the course of the Review and the 100 or so who participated in one of three PLA exercises revealed that despite on-going dry conditions their incomes had increased and their standard of living had improved.

The credit for this achievement must be shared with other initiatives taken by central government to provide subsidies for schooling, and the planting of both trees and grain crops as well as assisting people to find jobs.

Work undertaken in the field of Sustainable Rural Livelihood activities has demonstrated that even in this difficult environment it is possible to secure a good supply of potable water for domestic use and the Project has built more systems than originally planned. Crop production and animal husbandry activities have introduced farmers to new ideas and the formation of the Village Revolving Loan...
Fund (VRF) has made it possible for those farmers lucky enough to get loans to chose their own way of implementing the advice they have been given.

Value for money
The NZAID funds have been spent strictly in line with Project guidelines and approval has been sought from NZAID on all matters on which questions could be raised (i.e. study tours, Village Revolving Fund). While fieldwork was being carried out the draft of a recently completed auditors report was made available to the Review. Although the final draft arrived too late to be fully taken into account, and some matters remained under discussion, in broad terms it was found that in what essentially remains an Integrated Rural Development (IRD) project: the money has been used wisely.

In the opinion of the Review team leader a more vigorously pursued participatory approach may have raised the value for money ratio but this would have involved a radical rewriting of the Project Implementation Document and the Log-frame and initiated changes that would have had to have been negotiated with GOC officials. The conservative approach adopted by the MSC remained true to the original negotiated understanding and has worked well.

Given that relatively little time that remains for the Project to run it was recommended that it continue on its current IRD course.

The Review recommends that:

Given the success of the water harvesting system, the promise of both the extension and training activities, and the VRF
1. The water harvesting system should be installed in as many households as funds allow;
2. Participatory extension work be continued;
3. Approval for the VRF to be widely implemented should be given as soon as possible.

The VRF is a major achievement and has become the corner stone of the Project. Although credit of this nature is always a challenge in this case it has been set up by exceptionally competent and experienced consultants. Once satisfactory details for sustainability have been agreed the Review sees no further impediment to approval.

4. The Review recommends that the advice given on “how VRFs might be better managed” outlined under 3.2.1 be given careful consideration; and,
5. that further thought be given to how as many people as possible can become clients of the fund without reducing the current amount given as loans.

This Mid Term Review report lists a set of arrangements that could be made to enable the VRF to continue to operate successfully after the Project closes. These can be found on pages 17-18 under point 3.2.1.

6. The Review recommends that the strategy outlined be followed, milestones set and reported to NZAID as arrangements proceed.

Contributions made to education and health work well and drew considerable praise. Women were particularly pleased with the attention given to their reproductive health and would like to see the provision for examinations extended. The vulnerability of many has been substantially reduced.
7. *The Review recommends that as funds and availability of medical staff permit more opportunities for gynaecological examinations be provided.*

Medical equipment in hospitals and clinics throughout the Project area is very basic and the any surplus funds spent on additional grants of equipment would be well spent.

8. *The Review recommends that as funds permit more medical equipment be acquired. This should be done in close consultation with hospitals and clinics.*

Parents everywhere remarked on how teaching skills had been enhanced and teachers themselves were pleased with books, chairs, desks, computers, TVs and DVDs made available by the Project. In PLA exercises however parents indicated that they were not entirely pleased with their schools.

9. *The Review recommends that Project staff explore this disquiet and wherever possible contribute to a solution.*

The use of best practice participation was never a part of the Project and traditional attitudes to authority in the form of experts and administrators remains firmly in place. This is more consistent with established IRD practice and although the rhetoric of participation is well served participation has never advanced far beyond casual, functional participation by consultation.

10. *The Review recommends that current practice be maintained and continuing efforts to involve farmers in more than a subordinate role be encouraged.*

Friendly relations are a characteristic of the Project at every level. Transforming this into serious empowerment by building the capacity and strengthening the VRF as an institution will be the most critical test faced over the remaining months of the life of the Project.

11. *The Review recommends that future training of VRF clients and committees be done in a fully participatory way (simulation, brainstorming, scoring rating and ranking) with as much attention given to the psychological and public relations aspect of the work as the purely technical training.*

The gender policy of the Project provides further evidence of the quality of management. The choice of women to both run the VRF and be the clients singles them out for empowerment. In communities in which so many able bodied men are away for much of the time this bias towards women acknowledges the important leadership role they play.

12. *The Review strongly agrees with this policy and recommends that it be continued.*

13. *Given the scale of labour migration and the high proportion of women headed households the Review recommends that workshop training be provided that will better equip those who go as well as those who stay behind to cope with the changed conditions they will have to face.*

Cross village visits and other local study tours have worked well. Farmers talking to farmers and learning from each others experience is effective and warrants replication. Study tours for officials at a higher level need to be looked at more closely.

14. *The Review recommends that proposals for out of province study tours carefully detail goals, objectives, activities and predicted outputs in terms of enhanced skills and lessons to be learned. Before approval is given the MSC should insist on presentation by the CPMO of a logframe that will provide a detailed rationale for the journey.*
2. Background & Methodology

This report was prepared to review Project achievements since the NZAID-funded phase commenced towards the end of 2003 and provide a guide for project planning and implementation over the final stage: 2007-08

2.1 Review

Project Goal & Objectives

These are reproduced below from the Project Implementation Document (March 2004) (PID).

Goal

To achieve poverty reduction and sustainable rural livelihoods through integrated rural development in 11 villages in Jingyuan and Jingtai counties, Gansu Province, PRC, based on the principles of integration, sustainability and replication.

Objective 1

To develop and demonstrate sustainable rural livelihoods and food security, based on efficient use of water resources, improved agriculture production technologies, training and access to community based credit.

Objective 2

To improve education, health, training and other community infrastructure in the project villages, through better access to resources and training.

Objective 3

To use participatory and gender sensitive approaches to project delivery which integrates institutional strengthening and capacity building of all beneficiaries and agencies involved in the project.

MSC Quarterly Reports which commenced in the third quarter of 2004 summarise activities undertaken in a matrix which follows the Logframe. (Annex 5 PID)

Project History

The first phase of the Project was prepared by the Gansu provincial authorities as an Integrated Rural Development Project (IRD). Work commenced in 1997. It was part of the Gansu “Four-Seven Poverty Alleviation Programme” started in 1994 with the aim of reducing the poverty of four million people within seven years.

In the first few years investment in the Four-Seven Programme was not enough to make a sustainable impact. The provincial authorities wanted to see if a higher level of investment could more successful do the job: they wanted a project that would attract additional funding from both national sources and foreign multilateral and bilateral donors as well as one that could be replicated.

From the very start, despite the considerable amount of money invested by NZ in pre-feasibility, feasibility studies, a Design Study and preparation of a detailed Project Implementation Document, the Project has largely been a Chinese affair. The more traditional top down approach which distinguishes
IRD from contemporary participatory approaches is the preferred option. With the addition of NZ support the name change from IRD to Sustainable Rural Livelihoods Project was intended to not only mark both a change in emphasis and the start of NZAID support, as pointed out by Tony Banks a name change had become necessary “when it was pointed out that the phrase IRD was no longer in vogue” (Integrated Rural development Cluster Evaluation 2006: 42-3).

This wry observation is not without substance. Several participatory approaches to working with women were introduced very early by Professor Jiang Aiqun (MSC) and have played a part in the extension work conducted by the National Agricultural Extension Training Specialist Mr Linzhi Lu but overall the Project has remained within the traditionalists camp. Yes, farmers participate and the aim is to develop a sustainable path to development but despite excellent individual efforts and considerable achievements, project references to participation and sustainable livelihoods have little to do with mainstream development thinking in either of these fields.

New Zealand became involved in what was to become the Gansu: Jingyuan & Jingtai Sustainable Rural Livelihoods Project (GSRLP hereafter referred to as the Project) when Peter Adams, the NZ Ambassador paid a visit to Gansu in 1998. From then on NZ did nothing quickly. In January 2000 a pre-feasibility study was carried out. In October of the following year a baseline survey/feasibility study was completed. In 2002 a project design document was prepared by Landcare Research NZ Ltd and a final version of this was lodged with NZAID January 2003. Pre-inception work managed by World Vision (Australia) commenced in October of that year. The Project Implementation Document was finalized (March 2004). By May a wide range of activities were underway.

2.2 Review Methodology

The Mid Term Review team consisted of the following: Dr John McKinnon, Team Leader, Kinsa Associates, Wellington; Professor Guo Peiyu, China Agricultural University (East Campus), Agricultural Engineering Academy, Beijing; Mr Mou Yichao, Gansu Association for NGO International Economic and Technical Cooperation (GANGO), Lanzhou.

The team leader read the relevant project literature in Wellington and then joined his colleagues in Gansu. The three man review team conducted a ten day field study in the course of which they had the opportunity to talk to most of the principal project officers, the MSC and numerous township and village officials. Three two and a half hour PLA sessions were held in which approximately 100 villagers divided into small focus groups outlined their experience over the past five years in areas of interest to the project. Numerous casual encounters occurred along the way and planned visits to recipient village households, clinics, hospitals, schools and other project sites created opportunities for informative conversations.

Overall the review was conducted in a participatory manner in which stakeholders had an opportunity to report on their experience of the Project and express an opinion. The NZ team leader was the only person on the mission who could not speak Mandarin. This did not present an insurmountable obstacle. Throughout the journey he was accompanied at all times by companions who were fluent in both Mandarin and English and were willing to translate for him. As shown in Appendix 1 meetings were held with
the principal managers in the International Assistance Division of DOFCOM in Lanzhou, the World Vision MSC in both Lanzhou and Jingyuan; each of the County Project Management Offices (CPMO) in Jingyuan and Jingtai, the Leading Groups in both the townships of Beitan, Yongxin and Sitan.

The original plan was to visit all Project villages. However, because this would have committed the Review to a lot of time on the road and created considerable inconvenience for both the accompanying entourage and village hosts, this was abandoned. Instead, nights were spent in the comfort of county towns. Day visits were made to Beitan Township, Liangjiao village, Yonglin hamlet, Yongxin Township, Woniu village, Jiudui village, and Luanyao village all in Jingyuan. Visits in Jingtai included Kuangou village, Sitan township, Sitan village and Yongtai village, all in all, seven of the eleven Project villages.

The PLA exercise was initially designed to provide villagers with an opportunity to express their opinion on what has happened in their lives over the past five years and how project work might have impinged on this. Unfortunately the NZ team leader was neither fast enough nor insistent enough to impose the intended artificial division between everyday life and the project world. As the exercise could only be properly supervised by the CPMO itself the existential subtleties of the exercise were allowed to lapse. It became an exercise more in “How has the Project figured in your life over the past five years?” The results are presented in Appendix 2.

As with all reviews and PLA exercises, the outsider who cannot speak the language is dependent on the cooperation of the host and their willingness to assist. In this matter the Mid Term Review team was extremely well served. The host PPMO and CPMO could not have been more helpful. The Review team included two native speakers of Putonghua who spoke excellent English. Any errors made in this report are the responsibility of the team leader who did most of the writing.

3. Findings

3.1 General questions

In this section the main achievements of the Project since 2003 are reviewed and an attempt made to answer the following questions: who benefits and in what ways? What challenges have arisen? How have these been addressed? What are the implications of the recent audit report and what is the way ahead?

3.1.1 Main achievements

Who benefits, and in what ways?

From a Chinese perspective the project commenced well before 2003 and is now in its tenth year. However, the shift from the earlier phase as an integrated rural development project that focused largely on infrastructure to a more sociologically informed undertaking was more than a change in emphasis.

Much of the infrastructure work had been completed before NZ ODA (as it was then) became involved. The NZ engagement was cautious and slow. Early NZAID supported activities placed equal emphasis on capacity building, institutional strengthening, project planning, training, improving domestic water supply and exploring ways in which cropping could be made more rewarding. From the start poverty alleviation was promoted as a central part of project
work, the participation of local farmers was strongly supported and a greater awareness shown of gender as an issue in development.

According to the testimony of project beneficiaries and administrative staff the principal outcomes of each of the activities have combined to produce a very positive impact on the quality of life and the general standard of living.

**Main Outcomes and benefits**

*Sustainable Rural Livelihood* activities have demonstrated that even in this chronically water short environment secure supplies of domestic water supply can be set up. The surface harvesting system is appropriate technology at its best, easy to manage, low maintenance, and ensures that an adequate supply of clean water is at hand. The owner/user householders are entirely responsible for upkeep, and ongoing access to good water has made a major contribution to the health of beneficiary families.

Crop production and animal husbandry activities have introduced farmers to new ideas, training and extension work have brought the results of field trials and best practice ideas to the attention of farmers but by far and away the most radical changes have come with the formation of Revolving Loan Fund groups (VRF) set up expressly for women as both clients and managers.

The setting up of credit groups, the selection and training of management committees, the successful round of loans, apart from the money this has injected into the local economy has had a profound impact on the lives of participating women. Because management requires a reasonable level of literacy younger women have moved up to take responsibility. Where young women formerly felt passive, dependent and only able to provide back up for their husbands they now demonstrate a confidence and competence that benefits the whole community. Men are pleased and supportive, proud of what their partners have achieved. Because the marginal nature of the village economy makes it necessary for most men to spend long periods away from the village in paid employment women take charge of the household. Now instead of waiting for remittances from not always conscientious males they can support themselves by using loans to trial the crop production and animal husbandry ideas to which they are exposed to in training and extension courses.

*Education and Health* Teacher training and equipment provided to schools in the form of desks and chairs, computers, printers, television sets, DVD players and enough books to set up small libraries have been welcomed by teachers and used by pupils and noted by parents. Systems set up to house and manage these gifts will ensure their survival.

Village based training, making people more aware of health, hygiene and safety issues, making health services more accessible to children and focusing on women’s reproductive health has done a great deal to raise peoples consciousness of what they can do in the way of early intervention and use referral systems to get early treatment of what might otherwise become major medical issues.

Providing professional training for medical staff, providing basic equipment to hospitals and clinics including scanning devices has improved the diagnostic capacity of local medical facilities.
Community Participation  Although an on-going, grass roots community planning process is not in place this does not mean that in a more traditional sense, community participation has been ignored. Groups of representative villagers (GIRD groups) were set up at the very start of the project. The MSC consultant Professor Jiang Aiqun working in cooperation with the Women’s Federation in each Township ran a training of trainers programme to show people how they could teach women in the Project villages how they could work together. Linking town and countryside in this way has built understanding and morale, increased interaction between people from different areas, and connected villagers to the outside world. The Review was told that training set up by the Project has been mounted to address issues raised by farmers themselves rather than initiated by consultants. However, just to what extent this has been the case was not clear. Above all, setting up Village Revolving Loan Fund (VRF) has given participation backbone and focus.

Capacity Building  has covered a wide range of recipients from Project personnel, graduate medical doctors to barefoot doctors, head masters of primary schools to family planning clinics, village microfinance managers to illiterate farmers. In the absence of a reference baseline the outcome of this increased social capital is difficult to measure as an output but as an outcome the presence of more skilled people available for community service is a positive achievement.

Institutional Strengthening  As an on-going process the provision of special training for Project staff at all levels has enhanced operations distinguished by a high level of staff engagement and morale.

The combined impact of these achievements is more than the sum of its parts. Even with delays in the release of funding and a serious slow down in work the Project has somehow remained buoyant and relationships with beneficiaries optimistic. This can be credited to Project staff and is a measure of what they have achieved.

3.1.2 Challenges

What challenges have arisen? How have these been addressed?

The Mid Term Review arrived in the middle of a financial impasse. Project people were concerned that Wellington had not released funds, money needed to run Fourth Year activities scheduled to commence on 1 July 2006 were languishing. Figures were produced to show that as a consequence of this delay in Jingyuan alone 4325 farmers had been denied benefits planned by the project. Withheld approval for the extension of the VRF had resulted in a situation in which “about 500 poor households” had been denied development loans. The team leader attempted to explain the delays and requested clarification from both the Embassy and NZAID.

In retrospect the situation arose out of a misunderstanding embedded in different interpretations of how funds should be managed. NZAID was holding up approval for extension of the VRF. Some of the money allocated for this purpose had already been released by Wellington and was sitting untouched in project accounts. As noted in the audit report, between June 2004 and October 2006, the accumulated budget for the Project reached RMB 5.6 million but actual expenditure for this period was only RMB 3.4 million or just over 60% of the budget.

Wellington did not release more money because there was already enough in the project account to go ahead with scheduled work. Although it was perhaps more of a diversion than a necessarily good way of handling the problem,
Wellington believed that the surplus could at least partly be put down to an underestimated exchange rate and decided to do something about it. The MSC was asked to cease using a notional rate which resulted in more RMB being delivered than apparently could be spent within the allotted time and use the market rate for the US dollar on the day on which the funds were requested or released.

Neither the MSC nor the Chinese partners could see a surplus. In their understanding money set aside for extending the VRF programme was for all practical purposes locked up in a closed account. As a fence against incorrect use of money cash is seen not as a multi-use oil to keep any machine running but labelled for use in a specific engine. It is a cash book system of accounting that allows for ear-marking of specific funds as opposed to an accrual system of accounting. The so called "surplus" could not be used.

Wellington's refusal to release more money under the MSCs exchange rate of 5 RMB to 1 NZD exacerbated the situation. It was seen in Lanzhou not as a slight adjustment to the amount of funds released but a move that would slow down implementation.

The MSC/Project on one side and NZAID on the other were working at cross purposes and the misunderstanding compounded the problem. At a time when spending should have been rising it was standing still. Instead of treating the Project as an enterprise¹ NZAID focused on MSC compliance and in turn the MSC failed to explain the cash book system of accounting used in China in contrast to the accrual system widely used in OECD countries in an appropriately clear way.

Had the project been struggling to work and grow this impasse could have been profoundly damaging. Fortunately this was not the case. A decision has been taken on the future of the VRF. The MSC has agreed to use the current exchange rate and as soon as it receives a revised request from the MSC NZAID has promised to release the overdue tranche for the July – December period.

### 3.1.3 Stakeholder perceptions

#### How is the project perceived by stakeholders?

There is a strong level of support for the undertaking at all stakeholder levels from project staff to village beneficiaries. The Review heard only praise for the work from county leaders, township administrators and Party secretaries, village leaders and Party cadres. Work funded by NZAID has been skilfully integrated into other government and foreign aid initiatives. The Project contribution forms a highly effective and timely part of the central government thrust to reduce poverty in Gansu. Both CPMOs set up as temporary agencies to undertake the work have shown themselves to be competent and dedicated. If the interest of senior staff in Jingtai was disappointing it was more than made up for by the extremely capable junior staff. It would be difficult to improve on the job they are doing. The consultant is of the opinion that if this level of competence was widespread development aid around the world would be

¹The term ‘enterprise’ is used to denote a project not as a state planned undertaking to be implemented and administered over an agreed period under carefully delineated conditions, but a bold and challenging undertaking in which funds are invested and risks are taken. As in a private enterprise the undertaking is expected to produce outputs, grow, and show a profit.
better known for its successes than its problems. The Chinese partners are exemplary.

Participatory exercises held with villagers to get their opinion on what has been done and how their lives have been influenced are presented in Appendix 2.

There are a few dissenting voices at the grassroots made up largely of villagers who want and have been refused access to micro-credit loans. Villagers want the VRF extended both within villages in which it is currently set up on a pilot basis and in both other project villages and neighbouring villages who have heard about it. Other activities involving training, health services, water supply and so forth have been received with enthusiasm.

3.1.4 The Audit Report

What are the implications of the audit report?

The project has a clean bill of health. It has kept records that are described in the audit report as being "in conformity with International Standards on Auditing and China’s Auditing Standards, accounting rules and the requirements of Project Implementation Document for the Project, and present fairly, in all material respects, the financial position on October 31, 2006, relevant results of operations and cash flow from June 2004 to October 2006."

The English used in the report is not always clear but it appears that in reference to the challenges that have arisen and discussed above (3.1.3) the auditor makes no reference to a surplus. In a free translation of the auditors report from Chinese into English the discrepancy between requested and spent funds appears to be explained as delays caused by:

- the postponement of implementation activities;
- frequent requests from the PPMO and MSC to the CPMO asking for adjustments to be made to the submitted budget;
- slow approval and release of funds; and lastly
- withholding approval to extend the Micro-Credit Revolving Fund.

The principal implications of the audit report is the advice that to “advance the implementation of the budget’ the Project needs to “.. speed up the appropriation of... project funds (and) finish planned activities on time”

There have been too many unnecessary delays

3.1.5 The way ahead

The project rationale is still valid. Few modifications are needed to improve development impacts. NZAID has got good value for the money invested. Post-project sustainability will be greatly enhanced by the immediate resumption of funding and early approval to extend the VRF.
3.2 Specific Questions

3.2.1 Sustainable Rural Livelihoods

Access to Water.

How and to what extent is the project contributing to increasing access to water for both crop production and human consumption? Are project-related water systems being maintained?

Overall 11 wells have been drilled, four more than targeted. The six wells in Jingyuan serve 840 households and water reticulated to 670 households. In Jingtai five wells. One well serves Sitan village and water is piped to 600 households. Planned work has been completed and an effective operations and management system is in place.

In four villages that cannot be serviced by wells 106 water harvesting and storage systems have been set up. A further 80 households have been selected for installation. Owing to money saved by getting householders to provide labour the output target has been exceeded by 86%. Checks have been carried out by a hydrologist. A report has been submitted in which it is stated that with a minimum of care the supply can be maintained. An operations and management system is in place, and since most of the infrastructure is installed in householders front yards they have a strong interest in maintaining it.

How and to what extent is the project influencing livestock production?

As noted below the project is conducting work in both Jingyuan (1020 households) and Jingtai (200 households) to get farmers to experiment with growing alfalfa under irrigation for winter fodder. Four hundred kilograms of improved seed was distributed to farmers who were encouraged to sow it on sandy stone mulched fields. The harvest was not made into silage but stored as dry feed.

These same households have attended training courses on improved animal production and health including nutrition, care of breeding ewes, disease control and use of warm winter shelter. Between them these farmers own 4,250 sheep. The project reports an increase of 10% in the overall number and a drop in the mortality rate to under 5%. The consultant could not find a figure giving the mortality rate before training but it was assumed this represented an improvement that could be sourced to enhanced care.

Given the fragile nature of this loess country and its susceptibility to erosion the project has adopted an environmentally aware approach to livestock development. In the absence of improved access to feed an increase in the number of livestock could result in considerable damage. The government is providing monetary incentives to farmers to stop them ploughing steep land and encouraging them to plant trees. The project has set up fixed monitoring sites in the fields around each village at which they monitor rangeland cover to ensure that deterioration is not occurring. Photographs are taken at set intervals and there are plans to fence a small area in the vicinity of the monitoring site to act as a control. This is a very responsible approach.
How and to what extent is the project influencing crop production? Are farmers testing and adapting project technologies?

Extension trials and demonstration plots run in farmers fields have recruited farmers into participation in testing project technologies but unaided participation is something else. Funds from VRF are giving farmers some flexibility to try out new ideas conveyed in training. Data provided by the Microfinance expert is particularly interesting. Some 86% of VRF money is going to farmers who are choosing at their own expense and risk to invest in agricultural enterprises suggested by experts working for the Project.

The exact number of farmers who have implemented lessons learned about crop production was difficult to establish from technical reports. The scientific reports tend to focus on the total amount of inputs provided rather than how many farmers followed the Projects advice. For example we know that 400 kg of alfalfa seed was made available in 2006 to a total of 100 farmers out of two communities with a total of 1220 farming households in both Jingyuan and Jingtai. In 2007 it was planned to increase this to 600 kilograms presumably for the same number of households. However, in the time available the Review could not establish how many individual farmers were actual given seed, what was achieved and precisely what they thought of this particular innovation.

This emphasis on activities and amounts rather than people is a traditional part of top down integrated rural projects. Demonstration plots, extension training, with all important decisions taken by management is the way things are run. A properly participatory project would have approached the use of experts in an entirely different way. If NZAID wants a detailed and critical account another month would be needed to assemble and assess technical agricultural work reports which would need to be followed up with visits to farmers. It was not possible to do this within the scope of the Mid term review.

Liu Dongwen’s summary of loan use under which farmers accessed VRF credit to pursue their own interests is the best pragmatic if rough measure of how technical work is influencing farmer decisions.

Liu Dongwen’s Information on Loan Use

<table>
<thead>
<tr>
<th>Village</th>
<th>Cropping</th>
<th>Raising Animals</th>
<th>Non-farming activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Clients</td>
<td>%</td>
<td>Clients</td>
<td>%</td>
</tr>
<tr>
<td>Liangjiao</td>
<td>30</td>
<td>58%</td>
<td>14</td>
<td>27%</td>
</tr>
<tr>
<td>Jiu Dui</td>
<td>27</td>
<td>49%</td>
<td>27</td>
<td>49%</td>
</tr>
<tr>
<td>Sitan</td>
<td>5</td>
<td>9%</td>
<td>36</td>
<td>67%</td>
</tr>
<tr>
<td>Total</td>
<td>62</td>
<td>39%</td>
<td>77</td>
<td>48%</td>
</tr>
</tbody>
</table>

Note: Non-farming activities include small business, brick making, dressmaking, sweater weaving, handicraft making, and transport etc.


In Jingyuan cropping advisory work is being conducted on three types of land, 175 ha of terrace, sandy, and furrow land targeted for crop and fodder production development. Potato, maize, and wheat have been trialled on terraced land and alfalfa on sandy, and furrow land. Although no money has been made available to trial crop improvements with farmers, crop

KINSA ASSOCIATES, Wellington
demonstration plots have been set up which engage their cooperation. Altogether 450 households in Jingyuan have been targeted for assistance, 350 for crop production and 100 to grow alfalfa.

Further work is underway in Jingyuan (1020 households) and Jingtai (200 households) to encourage farmers to adopt new varieties of wheat, maize and potato production under irrigation and use the VRF to purchase seed and other inputs. Training will also be provided on alfalfa cultivation.

How and to what extent is the project contributing to improving access to credit?

The village Revolving Loan Funds or VRF has proved alongside the provision of domestic water supply to be the most celebrated investment made by the project. It has enabled women farmers to take training out of the classroom and into their fields, take up the fattening of pigs and lambs, and launch small enterprises that have contributed significantly to household income and greatly enhanced their standing in the community. To the women who live in communities in which up to 80% of households “export” their most active male and they run the farm the VRF is a godsend.

Until the VRF was introduced the Rural Credit Corporation provided the most accessible source of credit but this was not entirely satisfactory:

- small loans were not readily available;
- the administrative costs were high;
- the process took a long time; and,
- less money was delivered to the client than that negotiated to cover an informal fee imposed by bank staff.

Commercial banks such as the Agricultural Bank of China operate at a scale that does not include services to the very poor marginalised farmers with whom the project is working.

In short the project has made a considerable contribution in improving access to credit and it is trialling systems that may well have a much wider impact.

- In Sitan Township, Jingtai county, plans to extend the irrigation system on:
  - lower lands linked to the Huang He and the Datong He rivers; and,  
  - higher lands drill a limited number of deep wells.  
This development will greatly extend the area under cultivation. Plans are afoot to introduce revolving loan funds to provide capital to farmers so they can purchase the inputs to make best use of their land. The Project experience will play an important role in deciding how funding will be set up and managed.

- In the course of the Review it was announced that a commercial bank loan of 100 million RMB (approximately NZD 5m.), underwritten by the central government will be made available to the Foundation for Poverty Alleviation, specifically to the Credit Department which is under the leadership of Mr Liu Dongwen the MSC consultant. What is being done in Gansu with marginalised farmers is likely to have some impact on programmes conducted at the national level by the Foundation.

\(^{2}\) Just to what extent pressure was being placed on farmers to do this was not established.
What lessons have been learned from the pilot micro-finance village revolving funds (VRF)?

As shown in the table on page 16 VRF schemes can deliver funds to poor, vulnerable farmers, and when accompanied by micro-enterprise training provide the means by which these farmers can:

• experiment with modern farming options;
• earn and save a little money;
• meet increasing medical and educational costs; and,
• enable farmers to participate, if only modestly, in the booming Chinese economy.

In his February report (2006) Mr Liu Dongwen listed the lessons that have been learned locally. As is evident to even short term visitors.

• County and township governments as well as the pilot village committees attach great importance to the pilot project and have given it strong support.
• Management teams have been formed and have become confident of their ability to do the job of running VRFs.
• Members of both the CPMO and VRF committee have mastered the operational procedures and administrative requirements.
• Borrowers learn quickly and even the occasional difficulty has been overcome. A 100% repayment rate has been achieved.
• In all villages in which the Review team spent any time we were approached by people who knew about the VRF project, wanted to participate in it and asked that it be extended so that more women could take advantage of the opportunity offered.

How might VRFs be better managed?

The Review Team believes that an incremental development approach to the VRF needs to be made more deliberate. Instead of general statements of principle about what should be done specific statements of time and duration, milestone reviews, and direction would help avoid situations in which NZAID may be asked to make decisions on matters that may not be clear to them. Since the idea of VRF was included in the original Project documents it could well be argued that implementation should have started much earlier and the matter would not have been referred to Wellington at such a late stage. If we accept that the delay in implementation was necessary, and this in turn made it mandatory for the MSC to refer the matter to Wellington then the delay in getting approval from NZAID to extend the pilot to the remaining villages provides a case in point. Plenty of well informed expert opinions were provided but not enough detail on initiatives taken to ensure long term sustainability. In the absence of this detail NZAID was obliged to wait for a better case to be prepared over a period critical for project growth. From this point of view the failure of the MSC to provide satisfactory details significantly slowed the momentum of the Project as a whole.

When a microfinance sub project like this is set up it is more likely to be successful if:

• Operational manuals are periodically reviewed and brought in line with what is happening, printed and distributed to both the project people and the VRF committees working with the Fund. Quarterly reports should list when these reviews fall due, what is found, what needs to be modified,
when this will be done, when the new edition will be ready for printing and when it will be distributed.

- Human Resource management rules are very clear. A description of the work of each CPMO staff member as well as committee members needs to be detailed, the skills required enumerated and a check made on the ability of those holding positions to make sure they are up to the job. What is being done, how, why and when could be included in Quarterly Reports.

- Thorough professional training is provided to both CPMO staff and VRF committee members. Village understudies who are interested in VRF committee work should also be given the opportunity to acquire skills while the project is still active and able to provide this.

- Each VRF should be working within its own charter or constitution as soon as possible. These charters should be developed now and not left until a few months before individual VRFs are left to entirely run their own affairs. The three established VRFs need to learn by practicing mentored and monitored partial self government by the end of 2007.

- Rules fair to everybody are drawn up specifying who and how often members can access loans. Current rules governing the make up of the credit groups have been drawn up and are constituted in such a way that avoids a situation in which close family members guarantee each other. It might well be worth while considering how frequently members can take out loans. At the moment only a small proportion of the total number of women in a village can become clients. A quick survey of who gets loans indicated that although the very poor are not excluded, beneficiaries tend to be restricted to only a few formal village groups. Whether these groups are extended family groups, old collective work teams or just neighbourhoods was not clear but if the amount of money made available to one village can not be greatly increased (doubled) to ensure that all those who want a loan can get one, there may be a case for allowing each group to have its turn and/or introduce rules that prevent any one individual being granted successive loans, one after the other\(^3\). A more deliberate provision may need to be made to ensure that less well off households are also given the opportunity to become VRF clients.

- Micro-enterprise training is developed either closely alongside or integrated into the work of the VRF. Much of the training already provided fulfills this need. Courses on animal raising have provided enterprise guidelines. The rationale for stone mulching\(^4\) and the use of a plastic covers to retain soil moisture for crops have also resulted in investment. As development alternatives become available this work should be expanded.

**Do the VRFs target the right beneficiaries?**

When addressed to CPMO staff this question elicited interesting responses. On one hand project staff are very much aware of the poverty reduction goal of the project and on the other hand took a cautious approach to loan recovery which tended to favour those with cash reserves to fall back on should the enterprise for which the money had been borrowed fail. The "right beneficiaries" then were primarily considered to be those whose credit rating

---

3 This may well already be the case. The consultant omitted to ask.

4 Rock garden or lithic mulch agriculture makes the soil moist by covering much of the surface, reducing evaporation, and evening out diurnal fluctuations in soil temperature. Stone mulched soils can double soil moisture, lower maximum soil temperatures during the day, raise minimum temperatures during the night and give higher yields (Jared Diamond, *Collapse*, 2005: 92).
was good and this might implicitly exclude the very poor. In conversations conducted in the course of scattered visits to poorer households this view appeared to be upheld by the villagers themselves. When asked if they had taken out loans the Review team was told by several poorer householders that they had not had not borrowed from the VRF because they were afraid that if their project failed they would not be able to pay back the money and they didn’t want to put themselves in this position.

When asked about the socioeconomic status of borrowers, in the absence of an established profile CPMO staff members best guess was that depending on how the socio-economic groups were defined it would be the less poor, middle and better off middle groups who took out loans.

So what sort of tension was there between wanting to help the poor and wanting to secure the sustainability of the VRF?

In the relatively naïve questionnaire used to carry out their own M&E exercise prior to the Mid Term Review the Jingyuan team asked 146 householders if they were aware that project policy favoured poorer households. The response of 90% of those asked was that villagers were well aware of this project bias (Appendix 3).

How then was this bias acknowledged in the operation of the fund? What was the status of the householders who received loans?

There was time for only one chance to establish a socioeconomic profile. Ms Zhang Jingyin, the community development officer of the Jingtai CPMO kindly assisted by taking aside a group of eight women assembled for the Sitan village Trend exercise and under the guidance of the consultant got them to intuitively rank each of the 73 VRF client households in one of six wealth categories. The result of this exercise is shown below.

### Wealth Category of Sitan VRF Loan Holders

<table>
<thead>
<tr>
<th>Category</th>
<th>Very Poor</th>
<th>Poor</th>
<th>Less Poor</th>
<th>Lower Middle</th>
<th>High Middle</th>
<th>Wealthy</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>7</td>
<td>16</td>
<td>16</td>
<td>31</td>
<td>3</td>
<td>0</td>
<td>73</td>
</tr>
<tr>
<td>Percentage</td>
<td>10</td>
<td>22</td>
<td>22</td>
<td>42</td>
<td>4</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>

SOURCE: PLA exercise Sitan Township, December 2006

Although we do not have an overall wealth profile of Sitan village and the available data focuses on relatively few client households (only 54 or 9% out of a total 616 households became VRF clients) the fact that 54% percent of loan households are considered to range from very poor to less poor surprised project staff. They expected a larger proportion of better off householders would have been chosen. If chosen on criteria of credit worthiness it appears that the VRF committee accidentally rather than deliberately made a contribution to poverty alleviation. Whatever the details of the case, if other pilot VRF follow the same bias then operations do not automatically exclude the poor from access to loans. The wider goal of poverty reduction is being served by the VRF.

The most significant characteristic of the VRF is that formal participation is limited to women. Women are definitely the right beneficiaries. They share the decision and discuss their enterprise with others in their household. Although they take on the responsibility themselves households in which a husband has access to paid employment can feel more secure that cash coming in from another source will cover the loan if the enterprise fails. The loan becomes an advance to the household and what it does for women’s
morale alone off sets the 1% interest per month that must be paid. As mentioned above the VRF has become the centre point of all agricultural extension work

Although already stated it is worth repeating. The VRF has enabled women farmers to take training out of the classroom and into their fields and stables, take up the fattening of pigs and lambs, and launch small enterprises that have contributed significantly to household income and greatly enhanced their standing in the community. The outcome is increased productivity and income: the impact is empowerment of an otherwise subordinated and undervalued portion of the population.

**Describe and assess project strategies aimed at ensuring that the VRFs are sustainable in the long term.**

The VRFs have been set up with considerable care and skill. As indicated in the Project consultants report (Liu Dongwen, National Micro-finance Specialist, February 2006: 9-10) and the more recent report prepared by Dennis Ingemann, Cheng Enjiang, Liu Dongwen and Jiang Aiqun, *Gansu Microfinance Pilot Summary Report and Recommendations to NZAID*, revised October 2006, the pilot has been subject to careful scrutiny, constant monitoring and on-going evaluation.

In the last mentioned and most recent report on the VRF the MSC lists the following factors as the most crucial to the successful replication and on-going, sustainable operations of the VRF:

- An Updated Operation Manual based on the Lessons from the Pilot Program;
- Successful Replication of the Pilot in the Other Project Villages;
- Building up the institutional aspects of the Fund; and,
- A medium and long-term arrangement for programme monitoring.\(^5\)

Some of these matters were first raised by Liu Dongwen in February 2006 and were not specifically looked into by the Review. Updating the operational manual is discussed above and recommended as a task for the appropriate specialist. Further training of existing VRF staff was also called for and deserves project support. Successful replication will rely heavily on early approval so that the administrative skills of elected office holders can be brought up to standard as soon as possible. A decision on whether replication will go ahead or not has been delayed for so long that approval is already late. If an extended programme is to become operative before spring planting the project will have to move swiftly if it is to get under way in time.

The issue of building up the institutional aspect of the Fund and making medium and long-term arrangements for programme monitoring remains a critical issue and during the review was the subject of several extended discussions.

**Strategy for sustainability**

At the last meeting between the Mid Term Review team and the Project Director Mr Lin Yonghong in the presence of the county project directors it was decided to make the following recommendations, that:

---

\(^5\) These points are all listed in the report by Dennis Ingemann, Cheng Enjiang, Liu Dongwen and Jiang Aiqun, *Gansu Microfinance Pilot Summary Report and Recommendations to NZAID*, revised October 2006: 5
• Early approval be given by NZAID for replication of the VRF pilot,
  - details of how many villages and how much money would be made available for each Fund to be decided within the next two months depending on how much money the MSC and Chinese partners believe can be properly managed and what NZAID is prepared to release.

• Over the remaining life of the project both the Jingyuan and Jingtai CPMO continue to train, monitor and mentor the operations of the VRF Committees and its village members.
  - The CPMO will provide appropriate training to build the capacity and capability of VRF committees and groups so that within two to three years they can become independent and competent to run their own affairs in an acceptable manner.

• The temporary CPMO offices have secured approval from county authorities to join the Rural Development Association (the same organisation as the City and Country Development Association to which the Jingyuan CPMO already has membership) and will set up the institutional framework for a CBO\(^6\) that will continue to mentor and monitor VRF performance and arrange the handing over of funds.
  - The local chapter of this Association will be made up of CPMO staff, other relevant county government officials and members of current Leading Groups at both county and village level. This will provide continuity of association and a smooth transition for VRF to independence.
  - Management of the VRF investment will be handed to the county office of the Rural Development Association (City and Country Development Association)\(^7\) and kept in trust for each VRF committee.

• Over the transition period from full CPMO control over VRF to Rural Development Association mentoring to independence and as VRF demonstrate their competence, arrangements will be made to make them legal entities. They will be registered with the County Office of the Civil Affairs Bureau/Department and affiliated with the Rural Development Association.
  - Although in a sense the process is already underway legal status cannot be granted immediately. Under P.R. China law the VRF need to be seen to be engaged in self governing, on-going activities on which they need to report. At the moment the role of the CPMO is too prominent and this cannot be done immediately. Registration will commence as soon as possible and should be in train long before NZAID support comes to an end.

\(^6\) Jingyuan CPMO has already formed a affiliated association and Jingtai CPMO received permission to pursue this option on the morning the Mid Term Review team left Jingtai city (22 December 2006).

\(^7\) The Review was given two translations for the name of the same organization.
• Following the end of the Project to ensure transparency and sustainability the PPMO and the CPMO would welcome the continuing engagement of NZAID/Embassy at least by proxy. Consideration should be given to negotiating a conditional grant with the Microfinance Association of China to both support their valuable work and pay the costs of an annual independent review/audit of Jingyuan and Jingtai village group performance for two to three years following withdrawal of NZAID. This would help maintain both a profile for this work in the public arena, and by running a check, contribute to sustainability. The county chapters of the Rural Development Association would continue to play a mentoring and monitoring role.

What is the best strategy to replicate and expand the micro-finance VRFs to benefit other villages?

As mentioned elsewhere microfinance services in the Sitan Township area of Jingtai are most likely to be introduced to support extension of the irrigation system so that they development potential created by this change can be realised. Villages already in the project could be given a leg up by making a establishment grant and providing training in advance of the opening of the new irrigation system but care should be taken to coordinate this with local officials. If people are to be resettled this should be taken into account.

In Jingyuan both the CPMO and the project villages that do not have a VRF are keen to see one established. The procedure followed in the pilot has proved to be successful and there is no reason why tried practice should not be followed.

How are training and extension helping in capacity building at the village, township and county levels?

According to office holders and leading party members in county headquarters, townships and villages the training and extension work of the project has made an important contribution to both the local economy and the quality of life. Those responsible for project implementation are well known and CPMO personnel are greeted with enthusiasm in Project villages. Morale of all those trained and working with the Project at every level was high and interpersonal relationships were characterised by a considerable measure of warmth and joie de vivre.

The Review did not attempt to measure the extent to which training and extension work is helping to build capacity at the village, township and county levels but it was only in Jingtai that the director and county officials were conspicuous by their absence. It appeared that all those who had undergone training of one sort or another were enthusiastically behind the Project and brought to their work more than just a technical competence.

The eccentric Mid Term Review prepared by a M&E team from Jingyuan CPMO that carried out an opinion poll of 146 villagers were of the opinion that: “The output of the research shows that more than 80% of those (villagers) interviewed believe they have increased their knowledge of agricultural science and technology, improved their cultivation and animal raising skills as well as their life skills; nearly 70% have enhanced their awareness of health, and
techniques of production. The quality of the farmers daily lives in the project areas has been greatly improved" (Appendix 3 Mid Term Review Report of Jingyuan CPMO: 43)

Training and extension work at every level appears to have been effective. Study tours across county and village lines appear to be particularly useful and should be continued. Study tours at an executive level are a little more difficult. Jingyuan CPMO is currently planning an expensive study tour to the Southwest, an issue raised at the Quarterly Meeting with the MSC (14 December 2006) however appeared to be set up more to maintain morale than provide a learning experience. The MSC should be encouraged to ask for a carefully reasoned rationale with an accompanying logframe to support such journeys and include these in Quarterly Reports.

### 3.2.2 Education and Health

**How and to what extent is the project helping improve access to and standard of education in participating villages?**

In the education field teaching and training materials have been developed and provided to both householders and schools. Up to 1,600 people have attended functional literacy courses. Up to 169 teachers have attended teacher training courses. All schools in the 11 project villages have been upgraded, classrooms repaired and/or reconstructed, and provided with grants to set up small libraries, and purchase a computer and printer. In situations in which parallel programmes of assistance run by the central government and EU have not already done so the project has purchased a TV and DVD player. In many cases basic school furniture such as desks and chairs have been provided.

It was interesting to note that in the PLA exercises mounted by the Review that when villagers were asked if their children now get a better education most responded in both the Trend and Spider Web exercise with a positive answer. However, when asked if they thought the conditions at their school had improved over the past few years there were more than the usual number of people in Woniu village, Jingyuan, and Sitan village, Jingtai willing to be critical. Even though some three different programmes of assistance are already underway there is room for more work to be done in this area. It was unfortunate that there was not enough time to explore these critical responses and find out exactly what it was that was making some villagers unhappy.

**How and to what extent is the health programme helping address health issues and problems at the village and township levels?**

In both counties the project has made a considerable contribution to public health.

Awareness programmes have included:

- information on the background to iodine deficiency, TB prevention, SARS and HIV/AIDS as well as Avian influenza (H5N1). Literature outlining prevention practices is available.
- In seven villages in Jingyuan alone the project mounted 28 training courses on public health and hygiene, general family health and life skills. These courses attracted 1120 participants and a series of notes and manuals were distributed as part of the courses.
- Training on the impact of common pollutants used in agriculture.
The project has also provided medical equipment to three township hospitals, three family planning clinics and several village level medical cadres. According to medical personnel interviewed in the course of the Review this has greatly improved medical diagnosis and led to more closely targeted treatment.

Long term training has been supported for two doctors in Jingyuan county and two in Jingtai.

Farmers can now see doctors in their home villages, and get referrals for checks and examinations in the closest town. Nearly 70% of those interviewed in a random M&E survey of villagers carried out earlier this year believe their awareness of health issues has improved and that they are now more likely to seek treatment (Appendix 3 Jingyuan M&E Report).

The special focus on women and children has helped those most vulnerable to medical neglect. Women have taken advantage of the opportunity to have gynecological checks and early identification of potential problems relating to reproductive health have been brought out into the open. Women reported having been too shy in the past to bring matters of concern to the attention of doctors.

The water harvesting project has solved drinking water shortfalls and now for the first time many villagers drink clean water.

All of these activities have helped improve farmers’ health.

### 3.2.3 Participation, Capacity Building & Institutional Strengthening

Some of the issues surrounding community participation, capacity building and institutional strengthening have been discussed above (i.e. training and extension work) and will not be discussed again here. The question of community participation however is so central to capacity building and institutional strengthening that it is worth examining in detail.

In all the Project documents frequent reference is made to participation. In the third project objective those responsible for implementation are urged “To use participatory and gender sensitive approaches to project delivery” however, it is never clear what is meant by the term. The most practical way of calibrating participation is provided by Jules Pretty’s Typology

<table>
<thead>
<tr>
<th>Pretty’s Typology of Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of Participation</strong></td>
</tr>
<tr>
<td>1. Manipulative participation</td>
</tr>
<tr>
<td>2. Passive participation</td>
</tr>
<tr>
<td>3. Participation by consultation</td>
</tr>
<tr>
<td>4. Participation for Material Incentives</td>
</tr>
</tbody>
</table>
Functional Participation

Participation is seen by external agencies as a means to achieve project goals, especially reduced costs. People may participate by forming groups to meet predetermined objectives related to the project.

Interactive Participation

People participate in joint analysis, development of action plans and formation or strengthening of local groups or institutions. Learning methodologies used to seek multiple perspectives, and groups determine how available resources are used.

Self-mobilisation

People participate by taking initiatives independently of outsiders. They may develop contacts with external agencies for help to get hold of resources and technical advice but retain control over how resources are used. Such mobilisation may or may not challenge existing inequitable distributions of wealth and power.


Pretty's typology makes it possible to place the term as it is used in the Project. It is not an academic issue. For instance the sustainability of the VRF relies on empowering those running individual village Funds (VRF) to operate at level 7 as "self mobilising" agencies. The typology is not a continuum but if the Project is running level 3, "participation as consultation" their model is wide of the mark. Perhaps level 5 Functional Participation is a fairer classification but it is the casual nature of consultation that is at issue here.

We have seen how sensitivity to gender has led to a sensible evaluation of a milieu in which men are mobile and frequently absent, women present, though traditionally subordinate are in charge of house, family and farm. In such a situation any sensible development intervention should focus on the principal household managers who in this case are women, acknowledge their potential and give them the necessary support to do the jobs they have inherited by default, take on new jobs, enhance their skills and bolster their confidence. To their credit this is exactly what the Project has done.

Sensitivity to participation could pay off equally as well. Even after allowance is made for friendly and sincere "participation by consultation" there is little doubt that the Project works in a traditional IRD manner from the top down. Participation takes place at the discretion of management. This creates a dependency that is self reinforcing. Women ostensibly run the VRF but the bank account and all major decisions are controlled by the CPMO. In a purely functional sense this arrangement works very well. The CPMO makes sure management remains effective. Loan recovery remains at 100%. As long as the CPMO remains in charge even under another name such as the Rural Development Association, the VRF will continue to work very well but the CPMO achieves this by making all the important decisions. This is what the project consultant refers to as a "transfer of technology "approach as compared to “participatory extension” (Linzhi Lu, 2006 Annex C Quarterly Report April June: 14). True sustainability will be achieved when this patron/client subordination of the VRF committee no longer holds.

Just how participatory is the Project? Capacity building and institutional strengthening relies on building and promoting autonomy, encouraging informed independence and empowerment. The rhetoric comes easy but putting a properly participatory culture and administrative process in place is
difficult. Strict adherence to production of logframe outputs while it may allow for careful monitoring\(^8\) does not create a milieu which easily accommodates participatory methodology.

**What has been the level and quality of community participation in both project and non-project related activities?**

According to the Jingyuan CPMO, "Comprehensive participation, bottom up, self decision making, democratic management" is a basic tenet of the project.... A participatory approach was widely used in the training process, training contents and technologies were determined according to the demand of the farmers, the topics were chosen for the appropriateness of the technology, practical application and operating ease. The training classes, to a large extent, have been built on the farmers’ passion and positive attitude". (Appendix 3. Jingyuan M&E Report)

Under a generous and sensitive level of consultation the good intentions of this statement are clear but despite a request in the Project Implementation Document (March 2004: 25 - 26) to move away from administrative dependence on the village branch of the CPC and the Village Committee to a Project Leading Group “concerned specifically with activities for this project” (Ibid.:26) the aim and strategies outlined were too vague to encourage the formation of an effective group. The Review met established CPC and Village Committee members who spoke for the Project and was only occasionally introduced to Township and village people with a focused project role. The women’s VRF committee was a notable exception to this rule.

In the absence of specific guidelines no internationally recognized method of participation was embedded in the Project. At best forays into participatory methodology have been fragmentary and the results sidelined.

This is hardly surprising. Early planning by both Chinese and New Zealand experts came from an integrated rural development background and were people largely with specific technical skills. The Action Plans that appear in the Project Implementation Document emerged from a top down planning process and were incorporated into what has remained a fixed logframe against which all project activities have been thoroughly well and conscientiously reported.

The principal approach has remained an IRD approach supplemented by democratic good intentions defined in this analysis as participation by consultation. This Project culture however does not discriminate against more informed participatory approaches it simply does not see what these might add to the effectiveness of on-going work.

PRA/PLA tools have not been entirely ignored.

- 2001 October Jian Xiaoying and Zuo Ting employed as part of the Landcare Research team used several PRA tools over an unlisted number of days to collect information as part of a Rapid Rural Appraisal. Their results are reproduced as a 16 page report included along with a few photos in Appendix 5, Volume 2 of the Baseline Data Report & Section 8 Photographs. This was a data

---

\(^8\) It is interesting to note that the Project MSC Quarterly Reports place emphasis on activities rather than outputs. This is an understandable preference when so much training, capacity building and institutional strengthen is being undertaken but it also ignores the challenge of how to measure the outcome of such work.
collecting exercise not a serious attempt to lay the foundations for a participatory approach.

- 2003 August when the NZ phase of the project first got underway Professor Jiang Aiqun of the China Agricultural University, working for the MSC as a long term consultant and national community development and gender specialist acted on the Approach and Methodology statements concerning the Participatory Approach outlined in the MSC World Vision Technical Proposal. She trained women in Township Women’s Unions as facilitators who in turn introduced some participatory methods to villagers. The principle in the World Vision document is clear. To work “with a development committee...to facilitate community participation and to transfer power and ownership from the development agency to the village itself” (Ibid.: 8 – 9) all that is missing are the specifics of what needed to be done to achieve these fine goals.

- 2006 Professor Jiang Aiqun prepared a brief paper on Methodology for Policy Analysis as part of a M&E approach and made a brief three line reference to PRA (in Chinese). (Attachment 2, Quarterly Report April – June, Annex D)

- 2006 May Lu Linzhi the national agricultural extension training specialist working over a period of nine days conducted a series of participatory training and extension activities, prepared Participatory Training and Extension guidelines as well as a Recommendation on Participatory Monitoring. Unfortunately the M&E report subsequently prepared by the Jingyuan CPMO was based on what can best be described as an opinion poll questionnaire. (Quarterly Report April - June, Annex C)

There may be other reports that have escaped the consultants attention, but the point is, participation as practiced in the Gansu: Jingyuan & Jingtai Sustainable Rural Livelihoods Project can only tenuously be linked to best international practice. It is a friendly version of a profoundly resilient, longstanding, hierarchical, Confucian tradition of social control. This system is the foundation of the social structure. After several thousand years, despite a century of tumultuous upheavals its underlying structure and the cultural expectations it perpetuates are not easily modified let alone changed. Tony Bank’s comments remain as valid for this “participatory project” as it does for his IRD projects, these “projects have not been successful at facilitating fundamental changes in institutional structures and power relations. A different kind of project or different approach is needed for this” (Banks, 2006: 51)

Within pertaining cultural morés participation in both project and non project activities remains strong. The additional resources brought into the Project area are greatly appreciated and have done much to draw peoples attention to what better medical care, better schooling; the opportunities an enhanced knowledge of scientific methods of animal raising and crop cultivation can bring, and how the provision of a little easy credit can be wisely used. The people are pleased to be able to participate in Project work and they do so enthusiastically.
How and to what extent are the project capacity building activities likely to lead to benefits for participating communities in the long-term?

To some extent all the work in which the Project is engaged has built up the human resource capacity on the participating communities in a manner that will continue to provide long term benefits. Access to enough clean water to drink over the dry season is critical to health and welfare. In the absence of good health the capacity of farmers to work is reduced. In a society in which citizens are not able to permanently change their place of residence at their own discretion, maintaining a home base in the countryside will remain important. If the VRF is extended as it should be, access to credit will continue to enable women to supplement their household income in a manner that will buffer adverse impacts on the household caused by remittance delays. Credit will also enable women to explore other ways of making money by setting up small enterprises and so reduce their vulnerability to seasonal shocks. Current training, improved health services and better schooling has increased human resource capital, and the promotion of group activities such as the establishment of credit groups will extend social contacts and support new relational networks. In Sustainable Livelihoods terms this increases social capital and makes a contribution to reducing vulnerability.

It is likely that in the near future people will need this added resilience and capacity.

If global warming is a fact and likely to exacerbate current conditions then the best long term option for people living in this marginal environment is to find some other place to live: an option that is currently forbidden. Much of the landscape may have been occupied by Han farmers since the Ming Dynasty (1368 to 1644) but deforestation, loss of grasslands, exposure of these easily eroded loess soils to wind and rapid run off, combined with extended dry periods and the lowering of ground water levels makes farming extremely difficult. Already some 80% of Project households have an able bodied man away, usually the only adult male employed as a migrant miner or engaged in casual work of one sort or another. Men go reluctantly but difficult farming conditions combined with both increased costs and rising expectations make their journey increasingly necessary.

With the help of government incentives reforestation of steeper slopes is taking more land out of production. It will be a boon if trees can establish but nothing will improve for farmers unless they can get better access to water. The investment in capacity building is likely to be rewarded by better returns in areas with a higher development potential. In places like Sitan village for example where farmers are likely to become beneficiaries of an extended irrigation system fed by the Huang He or the Datong He they will be able to make even better use of the VRF than at present. Not far from Sitan the upland village of Kuangou in the foothills of the mountains, water pumped from deep wells is expected to provide irrigation at a ratio 1.5 mu per person. There are plans afoot to move those who will not benefit onto land closer to the main river fed irrigation system. In Jingyuan the future holds less promise and except for

---

9 According to research carried out by Bai Nansheng of Renmin University at the end of 2005 there were 130 million rural workers in urban employment, 81.7% of these were married and the absence of the men had left 47 million women at home alone which overall has had “an adverse impact on rural society” (China Daily 23 Dec.06 p.3)
villages like Jiudui where garlic fields are fed by a mountain stream, off farm work looks like the way of the future.

NZAID support for capacity building has made a valuable contribution to increasing both human resources and social capital. This will enhance the ability of the people in participating communities to cope with what is likely to become an increasingly challenging future.

**How and to what extent are the project institutional strengthening activities likely to lead to long-term benefits for project staff?**

The Project has built a good reputation and CPMO staff speak of having learnt a lot. The reputation they enjoy in participating communities and the willingness to become involved in a community based organisation like the Rural Development Association sets an example of dedication that is praiseworthy and deserves recognition.

In this context it is also appropriate to acknowledge the quality of the national consultants employed by the MSC and who have provided much of the training. All are exceptionally competent people. Professor Jiang Aiqun is one of China’s leading experts in community development. Mr Liu Dongwen’s expertise in Microfinance was recently recognised by the 100 million RMB grant placed under his management. The lucid reports prepared by Linzhi Lu the participatory agricultural extension training specialist are as good as anything the consultant has read on the subject. Shen Peizeng and Shen Peizen both crop water specialists and many others have authored competent reports of good quality. The MSC has done an excellent job in finding good people.
4. Analysis of Findings

4.1 General questions

NZ ODA took their time deciding whether they would become involved in the second phase of the Chinese funded IRD project built on a premise that favoured top down planning. The careful approach adopted was costly but has to some extent has paid off in terms of quality outputs. However, continuing caution shown by NZAID has slowed down timely delivery of funding and has “negatively effected project progress” (Appendix 4 Mid Term Review Report of Jingtai CPMO: 51)

Rather than adopting a flexible participatory approach the Project has strictly followed Action Plans identified in the Project Implementation Document cemented into place in the Project Logframe. MSC reporting against the Logframe has been exemplary but the emphasis on activities rather than outputs has somewhat reduced rigour. It is relatively easy to measure outcomes involving material objects such as wells and tanks but more attention could have been focused on attempting to develop objective measures of outputs and outcomes from community participation, capacity building and institutional strengthening. For instance what tasks could the project have reasonably expected trainees or institutions to do after training that they had not been able to do before?

Project consultants retained by the MSC have performed at a very high level of competence. CPMO staff have benefited from the engagement of these leading consultants and performed extremely well. Good financial and work records have been kept. Project staff are greeted enthusiastically everywhere they go in the Project area and maintain friendly and open relationships with Township and village officials.

An impressively high sense of morale pervades the Project. Project personnel have good reason to feel proud of what they have achieved. Work in closely related fields has had a combined impact that is more than the sum of its parts. Even with delays in the release of funds staff have remained buoyant and optimistic.

The NZAID delay in providing a response to the Project request that approval be given to extend the VRF pilot to other villages is difficult to understand. Projects are short life enterprises and a brake on work that is maintained beyond a three month period can have a detrimental impact on momentum. A competent report was prepared by the national expert Mr Liu Dongwen and forwarded to NZAID as Annex C of the January – March Quarterly Report 2006. This provided enough information to allow for a decision to be made in principle with the proviso that a sustainable strategy would have to be produced within the next quarter. In the April - June Quarterly Report four of the leading consultants, concerned by the delay presented a revised Summary Report and Recommendations which refined the earlier proposal but did not adequately address the issue of sustainability. By the end of the year no decision had been taken.

Delays like this reduce project performance. Why the delay? A brief comment made in the IRD Cluster Evaluation report to the effect that “the establishment of effective and sustainable village revolving fund schemes is difficult and should not be attempted without very thorough consideration of possible alternatives” (2006: 47) is properly cautious but once the decision is taken the game changes, the challenge becomes how to make it work. Yes,
establishment is difficult especially in what is virtually a “‘traditional’ five year technical assistance project” (Ibid.: 42) but in this case the recommendation based on a well documented paper prepared by one of China’s leading microfinance experts Mr Lui Dongwen should have been accepted in principle in trust that a sustainable strategy would emerge.

Significant challenges remain but the consultant is confident that if the procedures outline under 3.2.1 Strategy for Sustainability (pages 17-18) are followed there is good reason to believe the Funds will continue to operate for years beyond the end of the Project.

In retrospect the other matter concerning delays in the release of quarterly allocations of funds from NZAID appears to have been a working misunderstanding. The MSC and Wellington were talking past each other, assuming the other party to be mistaken. Different ways of managing current cash, the honey potting of money by the Project and ear-marking it for special use is in terms of accrual accounting a quite eccentric way of keeping books. As the in-country audit makes clear, no wrong doing was involved and interestingly enough the withholding of money for special purposes was not considered to be a matter for comment. In a colloquial sense all the auditor had to say was simply “Get on with it”.

The timely release of funds remains a problem and it is something all the partners should address: delays in the preparation of budgets and disbursement by both the PPMO and CPMO; delays in release of funds from NZAID (rarely within the promised 30 days); clear, rational and cross cultural explanations from the MSC. NZAID has every reason to show more confidence in the MSC it appointed.

4.2 Sustainable Rural Livelihoods

Project activities nicely complement one another. The provision of potable water had been particularly successful. Trial work in livestock and crop production is closely linked to good land use and the impact on the environment closely monitored. Access to credit is making it possible for farmers to fund those aspects of their training that make most sense to them. It enables them to own whatever is done: they do not have to be told. The risk is theirs.

The consultants’ analysis of the VRF is detailed in section 3.2.1 and need only be summarized here.

- The Fund delivers assistance to poor farmers
- When supported by training in microfinance it provides the means for women to trial low risk ways of earning money.
- It has become the centre point of the Project and should be given full NZAID support
- It has empowered women, enhanced their confidence, status and broadened their engagement in the local economy
- The national Microfinance consultant should be retained to:
  - refine operational manuals, see that management rules are clear before work moves beyond the Pilot stage;
  - provide or arrange for professional training to be given to key members of staff;
  - draft a model charter for independent VRFs affiliated in an appropriate way to the Rural Development Association;
- advise the Project on the fairest way of managing funds to see that more rather than few clients monopolise the fund;
- advise the Project on what sort of micro-enterprise work should be explored.

- The Project needs to decide if more village groups than currently get access to the fund should be given the opportunity to become clients and whether this should be done by making more money available to fewer villages or introducing rules to ensure access circulates throughout the community (there may be other options).

The long term sustainability of the VRFs is a major challenge. This can be managed and serious consideration should be given to the recommendation, a strategy for tackling this challenge worked out in discussion with Mr Lin Yonghong mentioned above (Strategy for Sustainability pp.17-18).

At a time of threatening climate change it remains a moot point whether rural livelihoods can be sustained in much of the Project area. There is little the Project can do about it. Farmers occupy a dry marginal area subject to erosion which in the absence of irrigation has little agricultural potential. Investment like that provided by NZAID bolsters a holding operation and at best a transition to a better life elsewhere rather than a transformation of the land farmers currently occupy. Training and extension work is contributing a great deal to their knowledge of the contemporary world as much as the details of what they could grow or raise or how to monitor their health. As a consequence, if conditions deteriorate they will have a more sophisticated understanding of what their options are.

Perhaps more attention should be given to the way in which they are being linked to urban areas and industrial work. Perhaps an introduction to new urban and industrial skills should be part of their education? Labour laws? Their right to a fair wage? Perhaps in the long run it makes little sense to write of sustainable rural livelihoods when the transfer of people away from marginal areas like this may be the best answer. If rehabilitating the environment is a higher priority ceasing to farm these lands in the current manner may be the most rational and intelligent option.

**4.3 Education and Health**

The education and health work undertaken by the Project remains under the control of the relevant line agencies. The Project has provided equipment and training that could not otherwise have easily been obtained from their home ministries. In terms of administrative sustainability what has been granted will continue to be cared for in a conventional manner.

**Health.** Additional medical treatment provided to women and children with the help of Project support has been received with gratitude. Nearly all women have the opportunity to have a gynaecological examination. The focus on reproductive health has done a great deal to bring endemic conditions out into the open. Work in public health and hygiene has increased peoples awareness of how to look after themselves, what to look for when they are not feeling well and where seek assistance and medical advice. For the first time a professional referral system is in place and known and used by those the system was set up to serve. Needless to say much more could be done to

10 Environmental reports on Gansu estimate that up to the third of the silt carried downstream by the Huang He originates in the province. Aggradation of the river bed remains a problem and contributes to serious flooding.
enhance the diagnostic capability of the service and further consideration should be given to providing more support.

Education. Both central government working with a World Bank Loan on which the debt is serviced by DIFD and an independent EU project support distance education and in a manner that parallels much of what the Project has done in the way of TVs, and DVDs. Small libraries, computers, printers, and other more mundane items like tables and chairs and assistance given for the repair of buildings have contributed to the quality of the teaching environment. Given the dissatisfaction expressed in the PLA Trends exercise by parents about the state of their schools, the Project could well find out what this means and depending on available funds consider providing additional support to address specific matters of concern.

4.4 Participation, Capacity Building, Institutional Strengthening

By international standards and best practice guidelines community participation has remained at a rudimentary level. As noted in the IRD Cluster Evaluation report the Project “in many respects remains a “traditional” five-year technical assistance project” (Ibid.: 42). The conscientious preoccupation with getting things done according to plan rather than exploring new avenues of investment is laudable for its predictability but disappointing for its lack of inventiveness. This is not because the consultants employed lack the capability and qualities to serve such a development: they are of a uniformly high standard. Several factors have worked against cultivating a more dynamic scenario.

The

• ‘traditional’ constraints of a technically oriented top down IRD culture;
• failure at the design phase to embed proper participatory procedures;
• willingness of a conscientious and compliant MSC to accept the limitations imposed by the tradition;
• conservative and risk adverse position taken by Wellington.

Endemic delays have not helped. Project initiatives taken over the VRF were not greeted with any discernable support from NZAID. The proposal appears to have only been only a problem. Approval to extend the programme to other villages has been held up for so long that this has not encouraged Project management to consider further innovations. The chance to extend the windfall that came with the favourable exchange rate of the NZD to the advantage of Project recipients has remained a missed opportunity.

The Review is of the opinion that approval should be given for the VRF extension phase to commence immediately. Sustainability arrangements discussed in Lanzhou with the Project Director Mr Lin Yonghong should be put in place as soon as possible.

The pragmatic approach taken by the Project to capacity building and institutional strengthening is totally appropriate. The CPMO offices may be transient organisations but personnel have learnt a great deal about project management and reporting. The unedited Mid Term Review Report of Jingtai CPMO prepared by the young acting project director Mr Hu Bingsheng not only
adds to the information presented by the Review but also demonstrates the competence of local managers.

5. Conclusions

The purpose of the Mid Term Review is to guide project planning and implementation over its final stages and the team was asked to consider three Specific Objectives which in closing need to be addressed here. These are as follows:

1. Determine the extent to which project objectives (defined in the logframe) have been achieved so far.

2. Assess whether the project is being implemented effectively and efficiently by the MSC and the Chinese authorities.

3. Assess whether the project rationale is still valid and propose any modifications considered necessary to the original objectives, outputs and activities in order to improve development impacts, value for money and sustainability.

**Project goal** Singly and together each of these objectives address the project goal which is to achieve poverty reduction and sustainable rural livelihoods in the 11 project villages based on the principles of integration, sustainability and replication.

It first needs to be acknowledged that the project area is one of marginal agricultural potential either for cultivation or grazing and farmers are hard pressed to achieve more than marginal returns from their efforts.

The broader context of this semi arid area sets a major challenge. Water is by far and away the critical factor. Any further decline in the frequency and amount of precipitation would place many of these foothill villages in serious jeopardy. They are also quite different from each other. Villages in Jingtai with access to either surface irrigation from the Huang He or Datong He, and to a lesser extent snow fed streams or in both counties with suitable reservoirs of ground water, would be able to survive for sometime. For the less fortunate that rely on residual moisture or the small amount of water captured in stone fields there is a very short step between considerable difficulties with a small return and even greater difficulties with no return.

In such a setting poverty reduction is extremely difficult to achieve and in a vulnerable, marginal environment at a time of global warming and climate change the task has become more difficult than ever. The Project would do well to give more attention to off farm employment and equip people to better cope with potential radical changes in their living conditions.

The single most critical challenge is to provide access to capital in its broadest sense, as defined under the Sustainable Livelihoods approach as the pentagon of physical infrastructure, environmental, human skills and social/political as well as financial capital. Improvement in any of these can make a difference but it is the integration of these aspects that counts. Fortunately, it is initiatives across the board that distinguish the investments being made by the Project. For example:

**Infrastructure** The government has provided good roads, the Project better water harvesting and storage. Villagers are better connected with
towns, access to markets and alternative employment and labour laws than ever before. Medical services have improved with training and equipment provided by the Project.

**Natural environment** The government provides monetary incentives to farmers to plant trees and stop cultivating steep land. The Project monitors the impact of grazing and promotes environmentally informed farming.

**Human capital** The government is promoting compulsory education, subsidises boarders, has invested in better equipment for schools (distance education, TV). The Project has provided complementary equipment (DVDs, books, computers) and made a considerable investment in adult education relating to life skills (literacy, public health and hygiene), agricultural skills and techniques (use of fertiliser, improved crops and animal husbandry), money management (VRF)

**Social capital** The friendly efficiency of Project staff working with local officials has revitalised the connection between town and country: official and citizen farmer. Introduction of the VRF credit groups and leadership has shifted both the age and gender balance of the participating communities and by preventing close relatives from affiliating, extended village social networks to distant neighbours without entirely excluding poorer households.

**Financial capital.** Here additional capital provided by the Project under the VRF has enabled women to: purchase additional inputs for money making enterprises (livestock, feed, seed, fertiliser etc); put into practice ideas presented in agricultural workshops and the like; promote a new dimension to the marriage partnership as initiators of negotiated enterprises underwritten by the earning capacity of the men.

**Integration** In a broad sense integration on an administrative level has been partly achieved with on going servicing of project activities provided by line agencies especially education and medical services. Most of the other investments are one off efforts that are unlikely to continue after the project closes. However, it should be noted that the willingness of Project staff to set up civil society organisations to continue to support the VRF over the next few years is a development that warrants full support. In terms of Sustainable Livelihoods content outlined above, the integration of different activities set up by the project fit nicely both with each other and government initiatives.

**Sustainability** In an environment as difficult as this the conditions under which sustainability must operate are difficult to predict. If climate change is a myth and precipitation becomes reliable the Project area could become an area of marginal prosperity but it is highly unlikely that it will ever support farmer communities with an enhanced taste for industrial commodities and a modern lifestyle. Under irrigation the story might be quite different, however, the Project’s intervention is much more modest. A greatly improved rainfall regime imposed on this easily eroded loess would present a new set of problems that could best be solved by reforested or a protective cover of vegetation. At the moment it is extremely difficult to get trees to grow. Sustainability of this marginal environment is largely beyond the direct control of either the state or the people.

The goals for sustainability initiated by, and lasting beyond the life of the project, must remain modest and may only be sustained for as long as current labour laws restricting migration remain in place. As people learn more about the outside world the less they will be satisfied with what they have. If the VRF
is to remain viable, and under favourable environmental conditions support a
transition to a slightly improved standard of living, a great deal of attention will
have to be given to setting up key people with the necessary civil society
accountancy skills, a knowledge of the legal requirements relating to the
management of money, the ethical and moral behaviours appropriate for staff
to successfully run a community bank.

Replication Given the availability of funds to invest in the development of
communities established in marginal areas such as this, the broad approach
taken by the project is infinitely replicable. Specific approaches taken to water
harvesting and storage, grain and fodder production, stone field development
and so forth are all useful additions to the list of indigenous strategies designed
to cope with the stringent conditions of the environment. The emphasis on
public education: enhancing peoples agricultural skills, awareness of public
and personal health and hygiene, literacy, human rights under labour
contracts, a generally better knowledge of the world outside the village and so
forth which gives formal shape to what people pick up from television have all
contributed to enabling villagers to off set the impact of increasingly difficult
conditions.

If given the sustained support necessary the Village Revolving Fund could
well be the most valuable replicable aspect of the project. If farmers are to take
advantage of the development of irrigation systems in Jingtai they will need to
have better access to credit. The Project may well have pioneered an
approach which if successful will be more widely adopted.

5.1 Extent to which project objectives have been achieved

Under the guidance of the MSC, the Project, in reliable and comprehensive
quarterly and annual reports has used a matrix linked to the log frame in which
to report on progress made in key activities and outputs. The Review was of
the opinion that these provided an excellent on-going assessment and update
of key activities in summary form. There is no reason to doubt the accuracy of
the reports.

Achievements however are indicated not so much by work undertaken and
activities entered into but outputs achieved. Quantitative measures are used to
good affect and even where the project objectives can be considered rather
vague the logframe figures have been used and conscientiously addressed in
reports. Perhaps the weakest part of the otherwise excellent reporting system
is the lack of a comprehensive listing of qualitative outputs.

Qualitative measures of enhanced food security, educational gains,
participation, institutional strengthening, capacity building for example are
missing and the Review believes that if this shortfall had been addressed it
would have made it possible for both the Project and the Review to provide an
even more positive assessment of achievements.

Overall the Review team was of the opinion that the Project has worked in
strict observance of the project objectives and the logframe has made good
progress to achieving promised outputs and some cases, through good
management of Project resources exceeded expectations (water harvesting
tanks).

Conformity is also an eminently qualifiable achievement. The Team leader in
particular was of the opinion that the lack of a strongly embedded and
vigorous participatory process placed more emphasis on conformity to Project design and technology transfer than is necessarily healthy. The Review was however also agreed that this allowed Project management to keep on-going work under steady and effective monitoring.

To some extent the high level of conformity can be traced back to the provenance of the Project as an Integrated Rural Development Project. Although the Project title and objectives make reference to participation and sustainable rural livelihoods the substance of established views relating to these concepts did not form an important part in thinking through the Project design.

As indicated above the introduction of the VRF is a major institutional innovation that needs strengthening. If it is to be sustainable enough lead time must be given for Project staff to set up the process under which credit groups will be formed; the committee elected, trained in book keeping, project selection criteria laid down and so forth before the new cropping season. There can be no further delay. Work must commence as soon as possible.

To ensure long term sustainability arrangements need to be made to get rural development associations up and running, arrangements made for registering VRF groups as legal entities, setting up a monitoring system and looking at what the optimum size of a group should be if it is to generate enough money to pay the wages of committee members and cover the administrative costs of travel and so forth. All this will become necessary to service the groups needs as and when they become independent.

5.2 Has implementation worked effectively & efficiently?

There are two implementation parties the: Project management team based in Lanzhou, Jingyuan and Jingtai; and, MSC World Vision Australia. Both agencies have worked well together but the relationship of the MSC with NZAID has not run as smoothly as it should. Given the NZAID commitment to excellence it would be inappropriate to entirely exclude their role as a stakeholder with an important part to play in facilitating implementation.

Project management team Within the framework of what is a slightly modified IRD approach the Project is well managed by national staff and fits comfortably into P.R China government development planning in both approach and content. Much of the work complements activities being undertaken as a part of national policy and by other agencies. The assistance provided is acknowledge as successful and has generated a great deal of good will with government officials at provincial, county, township and village level especially in Jingyuan where the deputy county governors provide excellent support. Unfortunately the same cannot be said for Jingtai. Although the young team doing the work cannot be faulted the Mid Term Review struggled to arrange a meeting with the project director and eventually had to accept a hasty, unannounced pre-breakfast visit as a substitute. However, although the administrative hierarchy have little interest in the Project this was not the case at township level. Local authorities spoke with a great deal of enthusiasm for what had been done and were keen to see the Project continue.

Within the conservative parameters of the Project management team the addition of participatory consultation to the IRD formula has given village recipients a voice in what is offered in the way of training conducted under the
capacity building programme. Although it was not entirely clear how this was managed on anything more than a casual basis every place the Review visited with staff a sense of good will was palpable. Everywhere they went, Project staff were greeted on friendly terms and maintained warm familiar relationships with people at all levels of engagement with the project. Good communication is maintained between stakeholders at every level of the enterprise.

Everywhere scheduled tasks have been undertaken in a timely and competent manner and output targets not only reached but sometime surpassed. The high exchange rate of the New Zealand dollar which has given the Project more Yuan to spend than originally anticipated has been used wisely to purchase more and better quality equipment.

If all foreign aid projects were run at this level of competence then aid itself would have a much better international reputation. It is the Review teams’ impression that it would be difficult to better this level of performance.

**MSC** Overall the MSC has provided competent, clear if limited technical reports with adequate summaries of the activities performed helpfully linked to logframe outputs. World Vision have employed a string of highly qualified national and international consultants, many of them leading development figures in their own right. Documents prepared by the national consultants such as Professor Jiang Aiqun, Mr Liu Dongwen and Linzhi Lu, just to mention three, illustrate the observation. The international consultants employed by World Vision Australia have also made valuable contributions and worked in well with national consultants. Many of them are also fluent in Putonghua.

Although the Review did not have the specialist skills to evaluate every report prepared by consultants and available in Wellington, all those reproduced as Annexes to Quarterly Reports\(^\text{11}\) and Annual Reports\(^\text{12}\) were read and found to be consistent with good professional practice. In many of the more scientific reports people hardly get a mention. In the well established tradition of IRD practice development subjects are objects rather than people. Given their focus technical reports need to be challenged, extended and skilfully linked to implementation and administrative matters within a wider sociological matrix by the MSC. Given the impasse that developed in mid 2006 this has not always been done.

The overall participation of the MSC in the management of work on the ground has been of a consistently high standard closely tuned to their Chinese partners expectations and competence. On the job training of Project staff has enhanced the capacity and confidence of national staff to a marked degree. The role of the MSC in carefully coordinating implementation with logframe activities and outputs has been exemplary, but at the risk of seeming churlish, strictly keeping to the logframe as fixed set of rules could be taken as a lack of confidence that shows less imagination than could be expected of such an accomplished agency. The job of the MSC is not just to administer but also provide leadership to allow the Project itself to develop and grow.

The principal criticism that can be directed at the MSC is the defensive position it has taken from time to time in its dealings with NZAID. When it should have responded positively to requests for more information relating to the VRF

---

\(^\text{11}\) Only those Quarterly Reports from the 4\(^\text{th}\) April – June 2005 to the 9\(^\text{th}\) July – Sept 2006 were available for review.

\(^\text{12}\) Only one Annual Report July 05 – June 06 was available for review.
concerning arrangements for sustainability, the response was to reiterate a refined version of the same information rather than provide a tailored response. When asked to change the budget application to the current exchange rate of the New Zealand dollar to the RMB the response was one of reluctant and delayed compliance. This less than positive attitude is not really in character with the otherwise rational approach of the MSC.

The only other broad comment the Review wishes to make can also be viewed as a criticism. The MSC has played a very conservative role. As criticism the evidence for this can be framed as follows:

- **Unaltered logframe.** It is as if the Project has not learned more about participants during implementation. The logframe remains unaltered. A more dynamic approach involving participatory planning may well have generated different outputs that may have served the achievement of project objectives in different ways.
- **Village Revolving Fund** As it was part of the original design the VRF planning could have been started much earlier. The issue of sustainability would have been raised in time to make arrangements for sustainability at greater leisure. Was it part of the conservative tenor of the Project that this more problematic activity was held over?
- **Participation** has not been promoted in a way that might have challenged the eminence of the logframe, demanded different services from the Project management and encouraged the project to reinvent itself and grow in direct response to the explicit needs of grass root participants.

The criticisms are theoretical and muted: a matter of opinion. Over the term of its brief visit the Review did not find any empirical evidence with which to document an extended case. It must be acknowledged that the points presented above can also be presented as comments that support the conservative approach adopted by the MSC, that:

- keeping to the original logframe enabled the Project to avoid confusion and promote steady progress along a well defined path;
- late rather than early introduction of the VRF enabled the Project to develop investment opportunities for villagers and learn more about their capabilities and form affective relationships before introducing a more risk prone investment;
- the relaxed approach to consultative participation has worked effectively at both a pragmatic and culturally sensitive level, that it would have been politically insensitive to impose a more vigorous, interactive form of participation.

From this point of view the quiet and conservative role adopted by the MSC was appropriate.

Given the good will generated by the Project in Gansu, the excellent relationship maintained between the MSC and their Project Management team, the appropriate and welcomed interest shown in the undertaking by the NZ Embassy and the high quality reports provided: it is difficult to understand how an impasse developed between Wellington and World Vision. To characterise
the fault as part of a defensive management style adopted by the MSC does not go far enough.

**NZAID** The Review found that communication between the MSC and NZAID faltered at a critical period in mid 2006. Divided as it is between stringent monitoring of expenditure with final authority to approve major implementation steps, and the need to provide timely support at critical times, NZAID is virtually in remote control of short lived enterprises. Because of the relatively short life span of projects it is important that both the MSC and donor build a good relationship of mutual trust, engage in an open exchange of information, and provide quick responses to requests for additional information. All going well a Project should be able to build momentum at the beginning, get expenditure to peak over the middle period so that the Project can disengage from activities well ahead of closing time.

Any obstruction to this normal bell curve should be dealt with as a serious matter. The details of the communication breakdown need not be repeated here but a summary may help. In the early years of the Project Wellington made a considerable effort to build a relationship of trust with the MSC. The desk officer made several journeys to Melbourne to meet with and discuss issues arising out of implementation with the MSC. The MSC in turn visited Wellington and throughout the life of the Project provided competent technical reports that showed good progress was being made. Unfortunately issues referred for approval by the MSC to NZAID were delayed because of lack of relevant detail and delayed further because of the slow response to NZAIDs request to the MSC to provide additional information. As a consequence implementation of the Project itself was slowed. Financial issues slowed matters further.

The question remains, as a development agency should Wellington have shown more understanding of the overall situation or did the MSC fail to explain the situation in appropriately succinct terms? Why did the MSC refer issues to Wellington like the VSF so late in the life of the Project? Why did NZAID raise the relatively minor issue of the exchange rate in the midst of other more important matters? Why did the MSC make an issue of the exchange rate when it was a relatively easy matter to fix?

The MSC must accept the larger portion of responsibility for the delays. Had they developed a better relationship of trust, and adopted a less defensive position when questions were asked about matters not addressed clearly enough in reports, fewer difficulties would have emerged. However, the assumptions made by each party that either the information they provided (MSC), and the questions they asked (NZAID), were clear and complete placed them at odds with each other, and the impasse was exacerbated by a mutual standoff. It appears that both parties were differently confined within their own busy, business/administrative matrix to be able to step outside their position, and consider the impact delays were likely to have on Project performance.

The best practice principle of making a project work as well as it can within the agreed parameters for the grass root recipients should prevail at all times.

---

13 By oversight the Banks Report was not circulated to the MSC. The MSC was unaware of the critical comments about VRF. Had they known earlier they may have paid more attention to sustainability.
Delays should be minimised and it is the responsibility of both partners, MSC and donor to actively address and quickly resolve issues that are likely to disadvantageously influence momentum as soon as they emerge. In terms of this general principle both parties, MSC and NZAID to some extent share responsibility for the impasse that developed.

5.3 Is the Project rationale still valid?

The Project rationale as a compromise between a traditional IRD approach with reference to Sustainable Livelihoods, participation and gender sensitivity, capacity building at both a community, professional and management level, and institutional strengthening that has worked well. At this late stage, with only a year and a half to run it does not make sense to attempt substantial changes.

As already stated above the introduction of the VRF is a major institutional innovation that needs strengthening and is running behind schedule. If it is to be sustainable appropriate arrangements should be made to set up the process under which new credit groups will be formed; committees elected, trained in book keeping, project selection criteria finalised before the new cropping season. This should be done without delay. Arrangements need to be made to register VRF groups as legal entities. A monitoring system needs to be set up to audit performance. The milestones for the transfer of responsibility of the VRF from Project to CBO and villagers needs to be prepared as soon as possible.

Where, as a consequence of the favourable exchange rate, additional funds become available investments in medical services, schools and education, water harvesting systems and public education should be extended. Matters raised by villagers themselves could well be given priority. The purchase of more expensive and robust equipment may well be more cost effective in the long run especially when routine servicing does not include easy access to replacement parts.

Given the importance of off farm income and the considerable number of people who leave the project villages in search of work and the threat of climate change appropriate workshops should be mounted. These workshop could well address contracts and conditions of employment, rights and privileges of workers, the advantages and costs of medical insurance, repatriation as a consequence of injury or sickness, challenges to personal relationships and so forth would give villagers a better idea of what they will face. Women left alone to manage households should also be given access to workshops that might help them run their farms and households and avoid the adverse impact of absent fathers, husbands and farm labour noted by researchers.14

In closing it needs to be said that the Gansu Jingyuan and Jingtai Sustainable Rural Livelihoods Project has performed extremely well. All the partners and participants have done a good job and with the exception of a few implementation delays the donor has every reason to be pleased with what has been achieved.

14 “Women left to hold the fort at home” China Daily 23 December 2006: 3
6. Appendices

Appendix 1: Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC</td>
<td>Agricultural Bank of China</td>
</tr>
<tr>
<td>ARDTC</td>
<td>Association for the Rural Development of Jingtai County</td>
</tr>
<tr>
<td>BOFTEC</td>
<td>Bureau of Foreign Trade and Economic Cooperation</td>
</tr>
<tr>
<td>CAM</td>
<td>China Association for Microfinance</td>
</tr>
<tr>
<td>CATEC</td>
<td>County Agro-Technological Extension Centre</td>
</tr>
<tr>
<td>CB</td>
<td>Capability Building</td>
</tr>
<tr>
<td>CBO</td>
<td>Community Based Organisation</td>
</tr>
<tr>
<td>CD</td>
<td>Community Development</td>
</tr>
<tr>
<td>CFPA</td>
<td>China Foundation for Poverty Alleviation</td>
</tr>
<tr>
<td>CIDA</td>
<td>Canadian International Development Agency</td>
</tr>
<tr>
<td>CPC</td>
<td>Communist Party of China</td>
</tr>
<tr>
<td>CPLG</td>
<td>County Project Leading Group</td>
</tr>
<tr>
<td>CPMO</td>
<td>County Project Management Office</td>
</tr>
<tr>
<td>DOFCOM</td>
<td>Department of Foreign Commerce and Economic Cooperation</td>
</tr>
<tr>
<td>DOTEC</td>
<td>Department of Technological and Economic Cooperation</td>
</tr>
<tr>
<td>DPM</td>
<td>Development Programme Management</td>
</tr>
<tr>
<td>FY</td>
<td>Financial Year</td>
</tr>
<tr>
<td>GAD</td>
<td>Gender and Development</td>
</tr>
<tr>
<td>GIRD</td>
<td>Gansu Integrated Rural Development Project group</td>
</tr>
<tr>
<td>GOC</td>
<td>Government of China</td>
</tr>
<tr>
<td>GSRLP</td>
<td>Gansu: Jingyuan &amp; Jingtai Sustainable Rural Livelihoods Project</td>
</tr>
<tr>
<td>KAPA</td>
<td>Knowledge, Attitude, Practice and Anticipation</td>
</tr>
<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
</tr>
<tr>
<td>MF</td>
<td>Microfinance</td>
</tr>
<tr>
<td>MF</td>
<td>Micro Finance</td>
</tr>
<tr>
<td>MFI</td>
<td>Microfinance Institutions</td>
</tr>
<tr>
<td>MIS</td>
<td>Management Information System</td>
</tr>
<tr>
<td>MMR</td>
<td>Maternal Mortality Rate</td>
</tr>
<tr>
<td>MOFTEC</td>
<td>Ministry of Foreign Trade and Economic Cooperation</td>
</tr>
<tr>
<td>MSC</td>
<td>Management Services Consultant</td>
</tr>
<tr>
<td>NZAID</td>
<td>New Zealand Agency for International Development</td>
</tr>
<tr>
<td>NZD</td>
<td>New Zealand Dollar</td>
</tr>
<tr>
<td>PCC</td>
<td>Project Coordination Committee.</td>
</tr>
<tr>
<td>PDD</td>
<td>Project Design Study (January 2003)</td>
</tr>
<tr>
<td>PETT</td>
<td>Project Extension and Training Technician</td>
</tr>
<tr>
<td>PID</td>
<td>Project Implementation Document (March 2004)</td>
</tr>
<tr>
<td>PLA</td>
<td>Participatory Learning and Action</td>
</tr>
<tr>
<td>PLGs</td>
<td>Project Leading Groups (county, township and village)</td>
</tr>
<tr>
<td>PMG</td>
<td>Project Management Group</td>
</tr>
<tr>
<td>PMO</td>
<td>Project Management Office</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Meaning</td>
</tr>
<tr>
<td>--------------</td>
<td>---------</td>
</tr>
<tr>
<td>PPLG</td>
<td>Provincial Project Leading Group</td>
</tr>
<tr>
<td>PPMO</td>
<td>Provincial Project Management Office</td>
</tr>
<tr>
<td>PRA</td>
<td>Participatory Rural Appraisal</td>
</tr>
<tr>
<td>PY</td>
<td>Project Year</td>
</tr>
<tr>
<td>RCC</td>
<td>Rural Credit Corporation</td>
</tr>
<tr>
<td>RDA</td>
<td>Rural Development Association</td>
</tr>
<tr>
<td>RMB</td>
<td>Renminbi (Yuan, P.R. China Currency)</td>
</tr>
<tr>
<td>TES</td>
<td>Technical Extension Services</td>
</tr>
<tr>
<td>TOR</td>
<td>Terms of Reference</td>
</tr>
<tr>
<td>TOT</td>
<td>Training of trainers</td>
</tr>
<tr>
<td>TVE</td>
<td>Town and Village Enterprises</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>USD</td>
<td>United States Dollar</td>
</tr>
<tr>
<td>VRF</td>
<td>Village Revolving Loan Fund</td>
</tr>
<tr>
<td>VRFC</td>
<td>Village Revolving Fund Committees (5-7 Members)</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
<tr>
<td>WRB</td>
<td>Water Resource Bureau</td>
</tr>
<tr>
<td>WV</td>
<td>World Vision</td>
</tr>
<tr>
<td>WVA</td>
<td>World Vision Australia</td>
</tr>
</tbody>
</table>
Appendix 2: Mid – Term Review – Terms of Reference

1 Background

A mid-term review of the Jingyuan & Jingtai Sustainable Rural Livelihoods Project in Gansu Province, northwest China, has been scheduled for late 2006. This project was identified and designed over 2000-2003. The key project partners are the Gansu Province Department of Trade and Economic Cooperation, the Governments of Jingyuan and Jingtai Counties, and NZAID. World Vision Australia was engaged as Management Services Consultant (MSC) in late 2003, and the project is being implemented over 2004-2008.

The project goal is to achieve poverty reduction and sustainable rural livelihoods through integrated rural development in 11 villages of Jingyuan and Jingtai Counties, based on the principles of integration, sustainability and replication.

To achieve this, the project has three objectives:

1. To develop and demonstrate sustainable rural livelihoods and food security based on efficient use of water resources, improved agriculture production technologies, training and access to community-based credit.

2. To improve education, public health and community infrastructure in the project villages through better access to resources and training.

3. To use participatory and gender sensitive approaches to project delivery that integrate institutional strengthening and capacity-building of all beneficiaries and agencies involved in the project.

By following key design principles of sustainability following donor withdrawal, integration of all activities and replicability of models, it is expected that the project will make a measurable contribution towards achievement of the project goal.

Total project expenditure has been estimated at around $4.175m, split 53%:47% between the Governments of New Zealand and China.

2. Purpose of the Mid-term Review

The review is intended to guide project planning and implementation over its final stages: 2007-08.

3. Specific Objectives

1. Determine the extent to which project objectives (defined in the logframe) have been achieved so far.

2. Assess whether the project is being implemented effectively and efficiently by the MSC and the Chinese authorities.

3. Assess whether the project rationale is still valid and propose any modifications considered necessary to the original objectives, outputs and
activities in order to improve development impacts, value for money and sustainability.

4. Key Questions

In addressing the following questions the reviewers should differentiate between outcomes and impacts.

General questions:

1. What have been the main achievements since the project began in 2003?
2. Who is benefiting and in what ways? Is anyone being disadvantaged?
3. What challenges have arisen and how have these been addressed?
4. How is the project perceived by the stakeholders? - gather the views of project participants and nearby non-participants
5. Considering the implications of the audit report (draft should be available) how effectively and efficiently is the project being implemented?
6. Assuming the project rationale is still valid, what modifications are needed to improve development impacts, value for money and post-project sustainability?

Specific questions on each Component:

Component 1: Sustainable Rural Livelihoods

- How and to what extent is the project contributing to increasing access to water for both crop production and human consumption? Are project-related water systems being maintained?
- How and to what extent is the project influencing livestock production?
- How and to what extent is the project influencing crop production? Are farmers testing and adapting project technologies?
- How and to what extent is the project contributing to improving access to credit? What lessons have been learned from the pilot micro-finance village revolving funds (VRF)? How might they be better managed? Do the VRFs target the right beneficiaries? Describe and assess project strategies aimed at ensuring that the VRFs are sustainable in the long term. What is the best strategy to replicate and expand the micro-finance VRFs to benefit other villages?
- How are training and extension helping in capacity building at the village, township and county levels?

Component 2: Education and Health

- How and to what extent is the project helping improve access to and standard of education in participating villages?
- How and to what extent is the health programme helping address health issues and problems at the village and township levels?
Component 3: Community Participation, Capacity Building & Institutional Strengthening

- What has been the level and quality of community participation in both project and non-project related activities?
- How and to what extent are the project capacity building activities likely to lead to benefits for participating communities in the long-term?
- How and to what extent are the project institutional strengthening activities likely to lead to long-term benefits for project staff?

5. Process

The review is to include a preparatory phase in advance of fieldwork that will ideally take place over 10 days in early December 2006. It is expected that the review team will consist of two NZAID-funded consultants - of whom at least one will be fluent in Putonghua (Mandarin Chinese), and one representative of the Gansu authorities.

It is important that the differential outcomes and impacts for men and women and the views of stakeholders, including NZAID (NZ- and China-based), project implementers (World Vision, Gansu agencies) and project beneficiaries (farming families, including women and members of minorities), are captured and reflected in the review. In anticipation of the review, the MSC has provided M&E training to the County Project Management Offices and asked them to gather information on how the verifiable indicators in the logframe have been met.

Consultants interested in undertaking the evaluation should prepare a draft methodology that sets out the proposed participatory approach and a specific plan for gathering data and completing the review.

The process for preparation and finalisation of the report is expected to be as follows:
- reviewers prepare draft (target date: 8 January 2007)
- draft checked for accuracy by NZAID, the MSC and Gansu authorities
- reviewers finalise and submit report (target date: 12 February 2007)
- report disseminated by NZAID to MSC and Gansu authorities
- report considered and response and follow-up decided at Project Coordinating Committee meeting in Gansu in April 2007.

6. Outputs

The primary output will be the review report, which should be limited to 20 pages or less (excluding Executive Summary and Appendices) and must address the Objectives and Key Questions identified in these Terms of Reference. Detailed information should be confined to appendices and summarized in the report. Following is a suggested format:

1. Executive summary and recommendations
2. Background & Methodology
3. Findings
4. Analysis of findings
5. Conclusions
6. Appendices (supporting information)
7. Reporting relationships

The NZAID review team members will be responsible for preparing a draft report for the consideration of NZAID, the MSC and the Chinese authorities. The report will then be finalised and the stakeholders will provide their responses before the Project Coordinating Committee meets in April 2007.

8. Team Members’ knowledge, skills, experience and personal attributes

Applicants for the assignment will require the following attributes (individually or as a team):

- leadership skills and experience (Team Leader)
- China experience (essential)
- experience in evaluation
- understanding of and commitment to using participatory methods
- understanding of and commitment to NZAID’s goal, policies and principles
- understanding of institutional strengthening and capacity building
- ability to work in a multidisciplinary team
- cross-cultural communication skills
- facilitation and negotiation skills
- analytical and reporting skills

9. Key Documents

The key documents for the project are the Project Implementation Document (December 2003, including the project logical framework) plus the Annual and Quarterly Reports of the MSC. In undertaking the review it is expected that the reviewers will take into account the Verifiable Indicators, Means of Verification and Assumptions and Risks in the project logframe.
## Appendix 3: Diary of Mission

### NZAID Mid Term Review, Jingyuan and Jingtai Sustainable Rural Livelihoods Project

<table>
<thead>
<tr>
<th>Dec. 2006</th>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>11, Mon.</td>
<td>20:30</td>
<td>Team leader Dr. John McKinnon departs Wellington NZ478</td>
</tr>
<tr>
<td></td>
<td>21:30</td>
<td>McKinnon arrives Auckland</td>
</tr>
<tr>
<td></td>
<td>23:59</td>
<td>McKinnon departs Auckland for Shanghai NZ89</td>
</tr>
<tr>
<td>12, Tue.</td>
<td>19:50</td>
<td>McKinnon, arrives Lanzhou airport. Flight MU2145. Met by Mr Mou Yichao</td>
</tr>
<tr>
<td></td>
<td>19:55</td>
<td>Professor Guo Peiyu arrives Lanzhou airport Flight MU2416</td>
</tr>
<tr>
<td></td>
<td>20:10</td>
<td>McKinnon and Guo Peiyu check in to Legend Hotel</td>
</tr>
<tr>
<td>13, Wed.</td>
<td>09:00</td>
<td>Meeting at DOFCOM/DOTEC with Mr. Lin Yonghong, Director, International Assistance Division. Meeting with MSC team Mr. Dennis Ingemann, Prof. Jiang Aiqun. Outline of project progress. Participants include: members of MSC team, members of review team: John McKinnon, Guo Peiyu and Mr. Mou Yichao (DOFCOM representative).</td>
</tr>
<tr>
<td></td>
<td>12:00</td>
<td>Lunch with Ms. Wang Xu, Deputy Director of DOFCOM.</td>
</tr>
<tr>
<td></td>
<td>14:00</td>
<td>Drive to Jingyuan county escorted by Mr. Wang Yi, Director of CPMO, Jingyuan county.</td>
</tr>
<tr>
<td></td>
<td>16:00</td>
<td>Check in Wulan Hotel. Met Mr. Liu Wenhong, Vice Magistrate, Jingyuan formerly in charge of project and Mr. Zhang Yuming, Vice Magistrate, Jingyuan appointed to replace Mr Liu.</td>
</tr>
<tr>
<td>14, Thu.</td>
<td>09:00</td>
<td>Meeting with Review team, MSC, CPMO of Jingyuan. Mr. Wang Yi: reviewed project implementation over the 10-12 quarters Discussed up coming project activities Participants: MSC: Dennis Ingemann, Jiang Aiqun; review team: John McKinnon, Guo Peiyu, Mou Yichao; Vice Magistrate Mr. Zhang Yuming, Jingyuan; CPMO staff, Director Mr. Wang Yi, Vice-Director Mr. Guan Shangqing, interpreter Mr. Wang Dongxu, Accountants Ms. Liu Peifen and Ms. Gao Guoxia, volunteer graduate Mr. Jing Zhonghui, and Mr. Zhao Changjiang.</td>
</tr>
<tr>
<td></td>
<td>14:30</td>
<td>MSC: PowerPoint report on the project and written report (Appendix 3) Mr. Mou Yichao: Introduced project monitoring and evaluation theory and tools</td>
</tr>
<tr>
<td>15, Fri.</td>
<td>09:00</td>
<td>Dr. John McKinnon: Conducted PLA training with project staff in preparation for Trends field exercise with beneficiaries. Checked Jingyuan CPMO Office and equipment.</td>
</tr>
<tr>
<td></td>
<td>15: 00</td>
<td>Mr. Dennis Ingemann and Ms. Jiang travel to Lanzhou airport Review team collects information on the project</td>
</tr>
<tr>
<td>16, Sat.</td>
<td>09:00</td>
<td>Travel to Beitan township. CPC township Secretary Mr. Wang Jiannong and head of township Zhu Yangdong provided a briefing on the township. Met Ms. Wan Mingqin, vice head of township.</td>
</tr>
</tbody>
</table>
11:00  Travelled to Liangjiao village (VRF).
Visit Liangjiao primary school. Met teachers Mr. Zhang Zengsheng and Ms. Wu Yongfan. Talked about outcomes and impacts of teacher training courses. Looked at books and equipment presented by project. Visited homes of Ms Zhou Zhengoing and Ms. Wang Xinyuan, both recipients of water harvesting yards and water tanks. Visited Mr. Li Shengquan, father of disabled children to see how their water requirements have been met by the project under a special arrangement including water tank and harvest yard.
Village Revolving Loan Fund (VRF). Committee reported on training and on-going work. Discussed outcome and impact of setting up committee and effect of subsequent loans
Visited Yongjin hamlet where in the past, ground water used for domestic consumption contaminated by salts and high fluoride counts constituted a health hazard. Situation greatly improved by 21 water collection facilities set up by the project for 25 householders. Visited Ms. Xin Ke’s house as a representative beneficiary.

14:00  PLA Trends exercise on changes over the past five years. More than 30 people joined the exercise. Those attending divided into five focus groups. Each group gave a score out of five for each area in which work has been undertaken by the project. Results concatenate and presented in Appendix 2
Visit loan fund clients: Ms. Zhang Guoxia, Ms. Xu Zifeng, Ms. Jiao (teacher, Wan Jincheng’s wife), and Ms. Liu Yongrui (pig breeding enterprise). Visited elderly Mr. Zhou Zhaojun, a family of three on state relief with two disabled sons.

17, Sun.  09:00  Travelled to Yongxin Township. Mr. Dang Yongye, head of township and Mr. Lui Jianming, township project coordinator provided a statistical profile on Yongxin township.

11:30  Travelled to Woniu village (no VRF). CPC village secretary Mr. Liu Wenbang and the head of the village Mr. Ma Shengjiang acted as guides.
Visited water harvesting beneficiaries: Mr. Lu Zuogong, Mr. Du Kuan, village sheep expert Mr. Liu Wenguang, Mr. Du Li (old formal head of village), and Mr. Liu Deyin,
Visited Woniu primal school, and new centre school. To see equipment and books presented by the project.

14:00  – 16:00  PLA Trends exercise. More than 30 people joined the exercise, divided into five focus groups. Each group gave a score out of five for each area in which work has been undertaken by the project. Results concatenated and presented in Appendix 2

18, Mon.  09:00  Travelled to Jiudui village (VRF), Yongxin township. Met CPC village secretary Mr. Wang Shengcang, head of village Mr. Sen Qinglin.
Met VRF committee, ladies Sen Yan, Wang Shengfang, Ma Xiaoguo, Liu Zhongcui. Meet village garlic expert Mr. Wu Cao.
Visited School to see books and facilities presented by project.
Visit loan clients: Ms. Liu Zhongcui (garlic), Ms. Sen Yan (sheep raising), Ms. Gao Yuanmei (shop/stock).
Lunch at secretary’s house.

14:00  Visited Yongxin township clinic. Met Mr. Gao Binghui, head of the clinic. Looked at equipment and listened to verbal report on medical training.
Visited Yongxin township Family Planning Clinic to hear about training, see donated medical equipment and motorcycles used for house visits.
<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>16:00</td>
<td>Visited Luanyao village, Beitan township. Mr. Wang Xingdong, CPC village secretary, and head of village Mr. Wang Xingguang, head of sub-village Mr. Wang Ziming provided an evaluation of training provided, water resource investigation, drilling of wells, and outlined further work they would like to see undertaken. They have a good supply of ground water they would like to tap and use for agriculture. Visited chicken battery farm and pig farm supported with the help of training provided by the project (no funding involved). Visited primary school to see equipment and books made available through the project.</td>
</tr>
<tr>
<td>10:30</td>
<td>Travelled to Jingtai county. Checked into Jingdian Hotel.</td>
</tr>
<tr>
<td>14:00</td>
<td>Met with CPMO staff: vice director Mr. Hu Bingsheng, (In fact the Acting Director. We did not meet the Director until a hurried pre-breakfast greeting on the last morning of our visit), interpreter Mr. Ma Wangfu, CD coordinator Ms. Zhang Jingyin, Accountant Ms. Wang Guijun. Mr. Hu provided a PowerPoint report and written report on project progress (Appendix 4).</td>
</tr>
<tr>
<td>09:00</td>
<td>Travelled to Kuangou village (no VRF), Sitan township.Visited primary school. Headmaster Mr. Xiao Shengjun showed NZAID presented books and equipment. Looked at student dormitory. Joined in English teaching class. Visited village office. Met village CPC secretary Mr. Lin Xinde, and head of the village Mr. Zhang Caogui. Discussed the outcome of the many training sessions arranged by the project. According to both men: women got a lot out of the family management training and reproductive health tests; men were pleased with the increased melon seed harvest they got from fields into which they had introduced stone mulching and covered cultivated land with moisture trapping plastic film. Even in a relatively dry year returns reached 1000 yuan per mu. Twenty villagers joined the discussion (13 women, 7 men). The most outspoken people were Ms. Xue Fangzhong, Ms. Nian Yongfang, Ms. Zhang Yuelan, Mr. Wang Xinbang (both women have been nominated as likely VRF committee members). Visited the following householders: Mr. Quan Xingmin, Ms. Bai Jufang, Ms. Bai Hongying to inspect water harvesting systems. Lunch at Mr. Lin Xinde’s house.</td>
</tr>
<tr>
<td>13:00</td>
<td>Visited Sitan primary school. Headmaster Mr. Ma Zhongsan talked about how useful the teacher training had been, specially the computer training. As an outcome school administration and preparation of teaching materials had become so much easier. Visited room in which donated books were kept. Inspected system used for keeping track of book loans. Also sighted computer and other equipment provided by the project.</td>
</tr>
<tr>
<td>15:30</td>
<td>Visited Sitan township clinic. Head of clinic Ms. Wang Dexiang reports the doctor training is valuable. She showed us the equipment provided by NZAID. The equipment has enhanced the clinics capacity to rovide professional services.</td>
</tr>
<tr>
<td>09:00</td>
<td>Travelled to Sitan township. Met township Secretary Mr. Yang Cangguo, Vice Secretary Mr. Zhang Shengquan. Mr. Yang made a brief introduction on township development plan. Irrigation water from Huang He (Yellow) River and Datong He River will reach their town and how VRF will serve as a model to extend credit to farmers to enable them to make full use of their new irrigated lands. Plans are underway to drill deep wells to irrigate land in the foothills. Their goal is to provide 1.5 mu of irrigation land per person.</td>
</tr>
<tr>
<td>Time</td>
<td>Activity</td>
</tr>
<tr>
<td>-------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>11:30</td>
<td>Visited Sitan village. Given a lively musical welcome with song and dance on a beautiful sunny morning. Met village CPC Secretary Mr. Zheng Chengli, Vice Secretary Mr. Song Yanru. Visited loan client Ms. Wang Caixia who used money borrowed from the VRF to buy equipment to set up a small concrete block manufacturing enterprise. She has used capital gains to invest in a small scale block press. Met VRF committee: President Ms. Li Huabiao, Treasurer Ms. Zhang Meisan, Accountant Ms. Zeng Zhenfang, members Ms. Ma Jincai and Ms. Zhang Guizu. PLA Trends exercise. Fifty six people joined the exercise. Each group gave a score out of five for each area in which work has been undertaken by the project. Results have been collated and are presented in Appendix 2.</td>
</tr>
<tr>
<td>13:00</td>
<td>Lunch with the VRF committee and village leaders in Sitan village restaurant.</td>
</tr>
<tr>
<td>14:30</td>
<td>Visited historic walled village of Yongtai (Ming Dynasty). Met CPC village secretary Mr. Zhang Juhui. Visited primary school to see equipment and books presented by project. President (Head master) Mr. Ma Shenjun reported enthusiastically on the positive impact of teacher training.</td>
</tr>
<tr>
<td>19:00</td>
<td>Meeting with Mid Term Review Team to sort out data.</td>
</tr>
<tr>
<td>22, Fri. 09:00</td>
<td>Very brief meeting prior to breakfast with Vice Magistrate Mr. Wang Ziming, director of both county government office and CPMO Mr. Yan Peiqing. Unfortunately they had no time to extend their visit beyond a brief greeting. No substantial issues arising out of implementation were raised.</td>
</tr>
<tr>
<td>11:00</td>
<td>Travelled to Lanzhou. Check in to Legend Hotel.</td>
</tr>
<tr>
<td>23, Sat. 09:00</td>
<td>Meeting at DOFCOM. Mid-Term Review Team Leader summarized findings of the review to the Director of International Assistance Division, Mr. Lin Yonghong. The following people joined the meeting: Professor Gou Peiyu, Mr. Mou Yichao (Review team members), Ms. Zhang Lui (project officer of International Assistance Division, DOFCOM), Mr. Wang Yi, Mr. Hu Bingsheng, Mr. Wang Xudong and Mr. Wang Dongxu</td>
</tr>
<tr>
<td>12:00</td>
<td>Lunch and discussion with Mr. Ren Fukang, Director of General Office, DOFCOM Gansu.</td>
</tr>
<tr>
<td>15:00</td>
<td>Professor Guo Peiyu and Dr John McKinnon travel to airport with Mr. Hu Bingsheng</td>
</tr>
<tr>
<td>18:30</td>
<td>Professor Guo Peiyu departed for Beijing, John McKinnon to Shanghai.</td>
</tr>
<tr>
<td>25, Mon. 07:00</td>
<td>Arrived Auckland.</td>
</tr>
<tr>
<td>09:00</td>
<td>Departed for Wellington.</td>
</tr>
<tr>
<td>10:00</td>
<td>Arrived Wellington.</td>
</tr>
</tbody>
</table>
Appendix 4: PLA exercises: Trend and Spider Web

Three sets of PLA Spider Web and Trend exercises were carried out to get an idea of how men and women recipients have experienced the project, get a measure of how project work fitted into their lives, what they thought had been achieved and what they would like to see being done in the remaining 18 months.

The Spider Web Target exercise pictured below (left) asked participants to give a response to each of eight questions by making a mark close to the bulls-eye if they were pleased with the way things had gone and further away in proportion to the degree of dissatisfaction they felt.

In the Trend exercise participants (below right) were asked to give a score out of five to 11 issues relating to community and project activities. The form was set up in a manner that enabled villagers to score the situation as it was five years ago and how it appeared to them now.

Ideally the best way of learning from an exercise like this in the **first place** is to focus neither on work undertaken by the project nor, in the **second place** accept the scores as the most important outcome of the exercise.

In the **first place** if the focus is solely on project work, especially when discussion is led by project staff, the prompt for recipients is quite clear, “Say something nice about the project”. Like a leading question recipients feel they are being asked to say what they think the donor or government authority wants to hear rather than what they really think. In Liangjiao (pictured above) participants placed their responses on the Spider web in front of everybody else. What should have been decided in a small group in relative privacy became a public performance. Because villagers felt they had to please the authorities by being positive, the responses all clustered closely around the smiling bulls-eye.
In the spider web exercise the best way of avoiding this is to form focus groups and allow people to discuss the matters under consideration in relative privacy. Each participant should be provided with their own score sheet as was done immediately below in Sitan Village (21 December 2006)

The process is one thing but the tool itself should be set up in such a way as to serve the purpose in hand. If the objective is to specifically learn about issues relating to forecourt water harvesting and storage in underground tanks then this is clearly a project task and the details of the water harvesting system take centre stage. However, in an evaluation exercise it is best to avoid direct reference to the specific categories in which project work has been organized and carried out. In this case it is best to opt for generic fields. For example, if specific work has been undertaken in children and women’s health don’t ask about this but ask about health provisions in general, don’t ask about tanks for storing water but provisions made for domestic water supply and so forth. Don’t use project staff as group facilitators. Train local villagers to do the job or use an approach that is as neutral as possible.

This is easier said than done. In the course of the Mid Term Review, before it was finalized a draft outline of the Trend matrix prepared in English was quickly translated into Chinese. When the draft was translated back into English it was clear the consultant had only been partly successful in neutralizing the translation of the project specific categories and vocabulary. Health care for women and children remained as a distinct category. A column set aside by the consultant to show trends with an up or down arrow to unambiguously indicate whether conditions were seen to be improving or not had been converted into a Future wish list\textsuperscript{15}. The Jingyuan project team building enthusiastically on a brief training session made it clear that they would like to run the exercise. In doing so they displaced the relatively neutral visiting review team and replaced them with project personnel who had a clear interest in an outcome that supported what the project had done. In the interests of collegiality and because it would provide an opportunity for project personnel to try out their skills as facilitators the consultant decided to go along with this compromised approach. The role of project personnel as facilitators, observers, interlocutors, recorders, learners and so forth was worth encouraging. Since one of the objectives of the project is about participatory methods it was decided that in this way the Review could make a contribution to on-going work.

In the \textbf{second place} Participatory Learning and Action (PLA) exercises are not mounted just to collect what is widely thought of as objective data. Although the results in the form of scores, rates and ranking are extremely useful, and usually

\textsuperscript{15} It is mostly quite obvious what the direction of the trend is. Only occasionally is their any doubt. Eg. Attitudes towards migration remain unclear. Is it a good thing or not? What does the scoring provided by Woniu mean? Here the text helps. The trend is to more seasonal migration to find work.
as reliable as figures based on strictly objective methodology; it is observations
made on the existential nature of the process, and post exercise reflection on the
results, that makes them so valuable. In other words the data does not exist in the
magical domain constructed by positivist thinkers as hard scientific facts to be held
in sterilized isolation: the information continues to exist in the relativity of its
existential place of origin. Intelligent monitoring of the process, what participants
say to each other about what they are being asked, how constrained they feel, how
honestly they express their opinions is a perspective that only comes with training.
The discussion that follows or accompanies the formal briefing at the end of the
exercise when results are presented provides an opportunity for further questions
and another opportunity for people to say what they think and so add another
whole layer of reflections. What do women think? What is their position? What is
brought up in discussion that might be relevant to, but not currently included in
project work? What are the conditions under which villagers participate in the
project that might not be appreciated by township and county project managers?
For instance is there a need for life skills training relating to migratory labour?
What are the rights and obligations of workers? What happens if people fall ill
while they are away? Who will take care of them? How can they get home?

The exercises conducted in the course of the Review were faulted in many ways.
They were too rushed. Too many leading questions were asked. The exercise was
dominated by the presence of Project staff with an interest in a positive outcome.
Where exercises were too public, as in the first Spider Web exercise in Liangjiao
village, the results were so biased they could not be used. Project personnel did
not participate as facilitators but stepped back and behaved as observers or
withdrew completely. No notes were kept by facilitators on the process and what
was discussed among participants so there is neither a record of what the village
participants were saying nor evidence that the facilitators were paying enough
attention to learn anything. In the Spider Web exercise this was critical. Why did
participants place marks as they did? The request to divide groups by gender was
ignored much of the time and/or the gender composition of the group was not
indicated on the result sheets. Most of the results were presented in a rush and
did not allow enough time for comment and discussion. No results from different
groups and different sources were collated and explored at leisure by the
participants in a special meeting called for this purpose.

Despite the shortcomings of some of the information a lot of it is both useful and
interesting. A brief commentary is provided in the text of the report but given more
time the Project might to look at the information in greater detail.

Overall the responses provide a very positive view of work undertaken by the
Project. This is entirely consistent with:

- the casual, more idiosyncratic observations made by individual members of the
  Review in the course of the ten day visit;
- special reports prepared by both CPMO for the Review; and,
- the contents of both quarterly and Annual Reports prepared by the MSC.

The Spider Web diagram shows village recipients are generally mostly pleased or
very pleased with what the Project has done. They are not altogether happy with
conditions in their local schools. Although most think the changes that have
occurred in their village since the Project started have been useful the quality of life
has not changed that much. The Project has not turned everybody’s lives around.

The Spider Web diagram on the VRF for Sitan village indicated strong overall
support for Project work but people are less enthusiastic about having to be trained
before they are allowed to take out loans. A lot more work needs to be done before farmers can be convinced that the VRF will continue after the Project ends.

The Trend diagrams show an overall improvement in village life over the past five years. For most irrigation remains a problem. The human environment has improved but for the most part natural conditions remain poor. Despite the lack of irrigation farmer income has increased. Central government subsidies for planting trees and growing grain crops has helped with this. For villages like Woniu in the absence of a VRF credit remains difficult. Villagers want a Fund to be set up. The presence of the VRF in Sitan is cited as a reason why agricultural production including livestock and grain production has improved. The need to enter into migrant labour is recorded as problematic, a matter of necessity to meet the increased costs of education. Children are now obliged to complete nine years of schooling and although more subsidies are available they remain out of the work force longer and the cost of schooling is extended over a longer period. The cost of schooling is still a burden for low income families.

In the future villagers would like to see more water collection areas and tanks built, and where people as in Sitan have access to piped water they would like the reticulation system extended to their houses. Some farmers would like to see water harvesting systems extended to their fields so they could use the water to irrigate crops. Many felt the availability of credit should be extended so that loans could be given to more people. They expressed a wish for more training and in particular the following topics were mentioned: how to select the best feed for fattening livestock, increase our income, improve our lives, make better use of credit, better hygiene, child care and reproductive health and health and safety for migrant workers.

Unfortunately there was not enough time available to talk about written responses. As it was villagers had far more to say about future work than there was time in which to write it down. An exercise conducted at a more leisurely pace would have yielded a lot more information.
### Spider Web diagram. Sitan Village: General Impact of Project

<table>
<thead>
<tr>
<th>Question</th>
<th>Group 1 (5 women)</th>
<th>Group 2 (5 mixed)</th>
<th>Group 3 (5 mixed)</th>
<th>Group 4 (7 mixed)</th>
<th>Group 5 (6 Women)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Have you acquired new knowledge from the Project?</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>2. Do your children now get a better education?</td>
<td>5</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>3. Do you think the conditions of your school have improved?</td>
<td>5</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>4. Do you think the VRF is useful?</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5. Do you want to get a loan from the VRF?</td>
<td>5</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>6. Have Project activities made a useful contribution to both productiveness &amp; quality of your daily life?</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>7. Are you happy with the changes that have occurred in the village since the Project started?</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>8. Has the daily life of your family improved or not?</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: PLA exercise in Sitan village 21 December 2006
### Spider Web diagram. Sitan Village: Village Revolving Loan Fund

<table>
<thead>
<tr>
<th>Question</th>
<th>Group 1 (5 women)</th>
<th>Group 2 (5 mixed)</th>
<th>Group 3 (5 mixed)</th>
<th>Group 4 (7 mixed)</th>
<th>Group 5 (6 Women)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Do you want to get a loan to increase household production?</td>
<td>5</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>2. Are you happy with your credit group?</td>
<td>5</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>3. Do you think it is necessary for people to be trained before they are allowed to take out a loan?</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>4. If you took out a loan would you discuss it beforehand with other members of the group?</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>5. Do you want to take out another loan?</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>6. Are you happy with your VRF committee?</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>7. How will you respond if your neighbours express an interest in becoming members?</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>8. After the project ends would you like to be able to continue taking out VRF loans?</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: PLA exercise in Sitan village 21 December 2006
**Spider Web diagram. Woniu Village. General Impact of Project (18-23 people)**

<table>
<thead>
<tr>
<th>1 Unhappy, 10 Very Happy</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Have you acquired new knowledge from the Project?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5 14</td>
</tr>
<tr>
<td>2. Do your children now get a better education?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4 14</td>
</tr>
<tr>
<td>3. Do you think the conditions of your school have improved?</td>
<td></td>
<td></td>
<td></td>
<td>4</td>
<td></td>
<td>6</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Do you think the VRF is useful?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>2</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>5. Do you want to get a loan from the VRF?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2 6</td>
</tr>
<tr>
<td>6. Have Project activities made a useful contribution to both productiveness &amp; quality of your daily life?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>9</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>7. Are you happy with the changes that have occurred in the village since the Project started?</td>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
<td>4</td>
<td></td>
<td></td>
<td>2</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>8. Has the daily life of your family improved or not?</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>8 1</td>
</tr>
</tbody>
</table>

Source: PLA exercise in Woniu Village 17 December 2006
### Summary of Recent Trends in Liangjiao Village, Jingyuan

(NB: These groups were divided along gender lines but a clear record was not kept and it subsequently proved to be too difficult to reconstruct gender by the names of the participants. Five groups took part. A line is given to the score volunteered by each group. The number in each group ranged from 5-8 people.)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Domestic Water supply</td>
<td>●</td>
<td>1. Supply poor, not enough.</td>
<td>●●●</td>
<td>1. Can fill ground water tank.</td>
<td>Want more tanks to be built</td>
</tr>
<tr>
<td></td>
<td>●</td>
<td>2. Long way away.</td>
<td>●●●</td>
<td>2. Water quality high, hygienic.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>●</td>
<td>3. Contaminated with salt and fluorides,</td>
<td>●●●</td>
<td>3. If normal rainfall enough for whole year.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>●</td>
<td>stained teeth.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Agricultural Water Supply</td>
<td>●</td>
<td>1. No money to pay for deepening well.</td>
<td>●●</td>
<td>No change. Still not enough water for farming</td>
<td>Would like to get assistance to drill deeper wells and have enough water for irrigation</td>
</tr>
<tr>
<td></td>
<td>●</td>
<td>2. Aquifer not enough water to recharge well.</td>
<td>●●●</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>●</td>
<td>3. Poor quality water</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Credit</td>
<td>●</td>
<td>1. Personal loans high rate of interest.</td>
<td>●●</td>
<td>1. Village has revolving loan fund committee</td>
<td>Would like to have access to more capital and get loans to more villagers.</td>
</tr>
<tr>
<td></td>
<td>●</td>
<td>2. Did not know where to get loans at reasonable rates of interest for production</td>
<td>●●●</td>
<td>2. Much easier to get loan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>●</td>
<td></td>
<td></td>
<td>3. Service is very good</td>
<td></td>
</tr>
<tr>
<td></td>
<td>●</td>
<td>2. Shortage of agricultural know how.</td>
<td>●●</td>
<td>2. Agricultural training has been stepped up.</td>
<td>2. Want training on how to select best feed</td>
</tr>
<tr>
<td></td>
<td>●</td>
<td>3. Poor access to information</td>
<td>●●●</td>
<td>3. Much more information, can select new crops and varieties.</td>
<td></td>
</tr>
<tr>
<td>5. Livestock Production</td>
<td>●</td>
<td>1. Shortage of capital</td>
<td>●●</td>
<td>1. Microcredit provided access to enough capital to buy livestock and build small shelters</td>
<td></td>
</tr>
<tr>
<td></td>
<td>●</td>
<td>2. Knowledge of modern agricultural technology poor.</td>
<td>●●●</td>
<td>2. Training gave people access to modern knowledge.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>●</td>
<td>3. Insufficient shelter in which to keep animals</td>
<td>●●●</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>●</td>
<td>2. Few facilities for either teachers or pupils</td>
<td>●●●</td>
<td>2. More equipment and facilities than before eg. library.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>●</td>
<td>3. Quality of teachers not very good.</td>
<td>●●●</td>
<td>3. Teachers given training became more active.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>●</td>
<td>4. Some children did not go to school</td>
<td>●●●</td>
<td>4. Policy of charging tuition fee and money for text books dropped.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>●</td>
<td></td>
<td></td>
<td>5. Children staying as boarders given support subsidy</td>
<td></td>
</tr>
<tr>
<td>7. Health Care for Women and Children</td>
<td>● ● ● ● ● ● ● ●</td>
<td>1. Difficult to get access to doctor and treatments very expensive. 2. Township clinic had poor facilities. 3. doctors lacked training</td>
<td>● ● ● ● ● ● ● ●</td>
<td>1. Greatly improved medical care for women and children. Potential problems diagnosed earlier and quickly cured. 2. Clinics better equipped. 3. Overall capability of clinics upgraded and staff better trained.</td>
<td>More equipment and further training would help.</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>-----------------</td>
<td>-------------------------------------------------</td>
<td>-----------------</td>
<td>------------------------------------------</td>
<td>-----------------------------------------</td>
</tr>
<tr>
<td>8. Farmers Income</td>
<td>● ● ● ● ● ● ● ●</td>
<td>1. Droughts resulted in poor harvests. 2. No savings/capital to invest and expand in productive capabilities.</td>
<td>● ● ● ● ● ● ● ●</td>
<td>1. End of agricultural tax has improved farmers position. 2. New subsidies of ¥2/ mu from government for planting grain crop. 3. Workers employed on industrial sites away from the village now get paid their proper wage on time. 4. Training provided farmers with more knowledge, new scientific skills for crop cultivation. 5. Inputs purchased from VRF resulted in higher yields</td>
<td></td>
</tr>
<tr>
<td>9. Grain Production</td>
<td>● ● ● ● ● ● ● ●</td>
<td>1. Rainfall was more reliable. Enough to grow a crop of maize 2. Output was normal, not good but enough</td>
<td>● ● ● ● ● ● ● ●</td>
<td>1. Drought. Not enough water available to grow a good crop. 2. Government provided emergency relief 3. Training helped and loans from VRF also helped off set lack of rain.</td>
<td></td>
</tr>
<tr>
<td>10. Status of Environment</td>
<td>● ● ● ● ● ● ● ●</td>
<td>1. Strong dry winds, sandy and stony soils. 2. Frequent dry periods.</td>
<td>● ● ● ● ● ● ● ●</td>
<td>Conditions have not improved</td>
<td>Hope to get better access to water</td>
</tr>
<tr>
<td>11. Migration (People leave village in search of work)</td>
<td>● ● ● ● ● ● ● ●</td>
<td>1. Difficult to find work. Cotton harvesting in Xinjiang mechanized. 2. Men left for work unwillingly. Forced to go to earn a living 2. Sometimes not paid agreed amounts and money slow in coming.</td>
<td>● ● ● ● ● ● ● ●</td>
<td>1. Central government has introduced labour laws that impose heavy fines on poor employers who do not pay on time. 2. Workers covered by insurance. Those who fall ill or have accidents get compensation in proportion to injury (¥200,000 for death) 3. Central government recruits and runs placement service for those looking for work.</td>
<td></td>
</tr>
</tbody>
</table>

Source: PLA exercise in Liangjiao village, 16 December 2006
## Summary of Recent Trends in Woniu Village, Jingyuan
(Five groups divided by gender, each of 6-9 people)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Domestic Water supply</td>
<td>♂♂♀♂♂</td>
<td>1. Shortage rain. Few ground water tanks. 2. Harvesting yards small.</td>
<td>♂♂♀♂♂♂</td>
<td>1. Project has increased size of yard and size and quality of tank. 2. Enough good water for household and animals.</td>
<td>Want more yards and tanks built</td>
</tr>
<tr>
<td>3. Credit</td>
<td>♂♂♀♂♂</td>
<td>1. Economic life difficult. Difficult to apply for loans. 2. No capacity to guarantee or return loans</td>
<td>♂♂♀♂♂</td>
<td>1. Situation unchanged. 2. No VRF</td>
<td>Would like project to extend VRF to our village.</td>
</tr>
<tr>
<td>4. Support for Agricultural Production</td>
<td>♂♂♀♂♂</td>
<td>1. Shortage of agricultural know-how. 3. Poor access to information, farmers not well educated</td>
<td>♂♂♀♂♂</td>
<td>1. Agricultural training has enhanced farmers knowledge, ability and skill.</td>
<td>Hope to get more training</td>
</tr>
<tr>
<td>5. Livestock Production</td>
<td>♂♂♀♂♂</td>
<td>1. No knowledge of modern agricultural techniques. 2. Nobody trained in animal husbandry</td>
<td>♂♂♀♂♂♂</td>
<td>Project has provided a lot of training. Farmers knowledge increased.</td>
<td>1. Need access to better water for livestock. 2. Want training on how to select best feed</td>
</tr>
<tr>
<td>6. Primary Schooling</td>
<td>♂♂♀♂♂</td>
<td>1. Rural education poor. 2. Quality of teachers not very good.</td>
<td>♂♂♀♂♂♂</td>
<td>1. More equipment and facilities than before eg. library. 2. Teachers ability enhanced</td>
<td></td>
</tr>
</tbody>
</table>
### Mid Term Review of Gansu: Jingyuan and Jingtai Sustainable Rural Livelihoods Project

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Farmers Income</td>
<td>♂ ♂ ♂ ♂</td>
<td>1. Four year drought resulted in poor harvests.</td>
<td>♂ ♂ ♂ ♂</td>
<td>1. No big changes</td>
<td>Project has introduced a lot of ideas about how to farm more successfully.</td>
</tr>
<tr>
<td></td>
<td>♂ ♂ ♂ ♂</td>
<td>2. No off farm employment available in mines and etc.</td>
<td>1.</td>
<td>2. More opportunities for earning money now available</td>
<td></td>
</tr>
<tr>
<td>9. Grain Production</td>
<td>♂ ♂ ♂ ♂</td>
<td>1. Drought. Too dry to get reasonable harvests.</td>
<td></td>
<td>No seeds</td>
<td></td>
</tr>
<tr>
<td>10. Status of Environment</td>
<td>♂ ♂ ♂ ♂ ♂</td>
<td>1. Weather is poor..</td>
<td>♂ ♂ ♂ ♂</td>
<td>1. Weather has not improved.</td>
<td>Project will introduce more knowledge about how we can continue to improve our lives</td>
</tr>
<tr>
<td></td>
<td>♂ ♂ ♂ ♂ ♂</td>
<td>2. Not enough water. Crops will not grow.</td>
<td></td>
<td>2. Village streets cleaner, better hygiene, more attention to the quality of our lives</td>
<td></td>
</tr>
<tr>
<td>11. Migration (People leave village in search of work)</td>
<td>♂ ♂ ♂ ♂ ♂</td>
<td>1. On-going drought forced us to look for work elsewhere.</td>
<td>♂ ♂ ♂ ♂</td>
<td>No big change but now even more people go in search of work than before.</td>
<td>Want project to give us more training on livestock raising. Less influenced by weather and can raise income.</td>
</tr>
<tr>
<td></td>
<td>♂ ♂ ♂ ♂ ♂</td>
<td>2. Number leaving increased. Up to 80% of households have somebody away.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: PLA exercise in Woniu village, 17 December 2006
### Summary of Recent Trends in Sitan Village, Jingtai

(Five focus groups. Three women's groups, two men, each of 6-8 people)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Domestic Water Supply</td>
<td>♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂</td>
<td>1. Salty water. 2. Poisons in water that damaged health.</td>
<td>♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂</td>
<td>1. Plenty of sweet water now available. Ground water is pumped from another village. Do not have to rely directly on rainfall.</td>
<td>Would like to have water reticulated and available from tap</td>
</tr>
<tr>
<td>2. Agricultural Water Supply</td>
<td>♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂</td>
<td>1. Salty water. 2. No rain. 3. Land damaged</td>
<td>♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂</td>
<td>Have supply of good water but not enough for agriculture. Outlook is promising. Area will benefit from central government irrigation system</td>
<td>Water from either the Huang He or Datong He river will reach this village</td>
</tr>
<tr>
<td>3. Credit</td>
<td>♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂</td>
<td>Loans from rural Credit Corporation difficult to access. Administrative costs high. Borrower ended up with less than applied for. Legitimacy of transaction fee questionable</td>
<td>♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂</td>
<td>VRF has made it easy to get small loans</td>
<td>Would like to extend reach of VRF to more clients.</td>
</tr>
<tr>
<td>4. Support for Agricultural Production</td>
<td>♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂</td>
<td>Success of farming relied on the weather and the gods</td>
<td>♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂</td>
<td>VRF has helped increase production. Would like this extended so that more farmers can take advantage of it.</td>
<td>Hope to make better use of credit as irrigation system extended</td>
</tr>
<tr>
<td>5. Livestock Production</td>
<td>♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂</td>
<td>1. No knowledge of modern livestock production techniques. 2. Nobody trained in animal husbandry</td>
<td>♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂</td>
<td>Project has provided a lot of training. Farmers knowledge has improved and VRF has made it possible for farmers to launch new enterprises based on this knowledge.</td>
<td>More training would be useful.</td>
</tr>
<tr>
<td>6. Primary Schooling</td>
<td>♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂</td>
<td>1. Teacher qualifications and standard of teaching poor. 2. Little equipment.</td>
<td>♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂</td>
<td>Quality of teaching has improved</td>
<td>Further up grade training of teachers and introduce the use of advanced equipment.</td>
</tr>
<tr>
<td>7. Health Care for Women and Children</td>
<td>♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂</td>
<td>Women’s health was poor. Women felt shy about raising matters to do with reproductive health.</td>
<td>♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂ ♂</td>
<td>1. Project support has improved medical care for women and children and made women more aware of own health problems. 2. Women now have more confidence, express more opinions as a result of running</td>
<td>More training on hygiene, child care and reproductive health would be welcomed.</td>
</tr>
</tbody>
</table>
### Mid Term Review of Gansu: Jingyuan and Jingtai Sustainable Rural Livelihoods Project

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Farmers Income</td>
<td>♂</td>
<td>1. Low agricultural production owing to shortage of water and poor environmental conditions</td>
<td>♀♀♂♂♀♀♂♀</td>
<td>VRF has helped to raise production by financing diversification.</td>
<td>Access to more capital would enable farmers to earn more money.</td>
</tr>
<tr>
<td>9. Grain Production</td>
<td>♀♂</td>
<td>1. Drought. Too dry to get good harvests.</td>
<td>♀♀♂♂♀♀♂♀♂♀</td>
<td>VRF has helped by providing money for stone mulching and using plastic covers to retain moisture</td>
<td>Access to new water resources will make a big difference</td>
</tr>
<tr>
<td>10. Status of Environment</td>
<td>♀♂</td>
<td>1. Drought conditions. 2. Not enough water.</td>
<td>♀♀♂♂♀♀♂♀♂♀♂♀</td>
<td>If we had enough water we could greatly increase range of crops including setting up tree nurseries.</td>
<td>Irrigation will make a huge difference to our lives.</td>
</tr>
<tr>
<td>11. Migration (People leave village in search of work)</td>
<td>♀♂♂</td>
<td>Didn’t know how to find work outside our own district</td>
<td>♀♀♂♂♀♀♂♀♂♀</td>
<td>Increase in number of children going to school and staying on to middle school has made it necessary for parents to find work to pay for education</td>
<td>Want migrant workers to be safe and get paid on time.</td>
</tr>
</tbody>
</table>

Source: PLA exercise in Sitan village, 21 December 2006
Appendix 5: Mid Term Review Report of Jingyuan CPMO

The NZAID SRL Project has been running for more than two years. Since it commenced in Jingyuan County in September 2004 the project has run smoothly and achieved a great deal. Basic education and health has improved greatly. The CPMO of Jingyuan County has carried out a mid-term M&E exercise. The aim has been to gather information on project outcomes and impact, search for problems encountered, and find out what project householders want us to do, to help determine the focus of our work in the next stage.

A. Brief introduction of the project townships

Beitan Township is located in northeast Jingyuan County 105 km from the county center. It falls under the irrigation area of Xingdian. The average altitude is 1750 meters and the average rainfall 240 mms/annum. The average temperature is 10.4 °C. The climate is dry. It is windy, dusty and sandy. The total area is 565 square km. It has 18 administrative villages, 8685 households and 44,300 people. Five villages are in the arid mountainous areas and consist of 1573 households and 7,200 people. The project villages of Liangjiao, Lugou, Luanyao and Tianshui are all in these arid areas. The average income is less than 1100 Yuan per capita. The total area of agricultural land is 165,700 mu of which 90,200 mu can be irrigated and 75,500 mu cannot be irrigated. Currently, animal husbandry has been developed into a core industry, which could increase in farmer incomes.

Yongxing Township is located in the northeast part of Jingyuan County and is 130 km from the county centre. It has 11 administrative villages, 2860 households and a population of 11,900. The total land area is 68,900 mu of which 4,100 mu can be irrigated and 64,800 cannot. The average rainfall is 200 mm, and farming on dry land relies entirely rainfall. In 2005 the farmers’ average cash income was 1100 yuan per capita. The project has been implemented in the three villages of Jiudui, Woniu and Songbai. These are extremely arid and receive less rainfall than adjoining areas. Only Songbai has 9,217 mu of cultivated land of which 460 mu can be irrigated. Currently, people grow wolfberry, garlic and sundry, arid tolerant coarse grains.

B. Basic M&E approaches

The methodology used in this review relies on secondary data collected using a questionnaire (§). The secondary data provides a brief introduction to each village and a summary of the work undertaken. Interviews with village level cadres are also included.

The questionnaire was the main research instrument. Prior to field research, the staff of the CPMO designed a set of questionnaires to collect information from beneficiaries. Fieldwork was carried out in the five villages of Liangjiao, Luanyao, Lugou, Jiudui and Songbai. In each village 30 sets of questionnaires were prepared and information was eventually gathered from 146 households. 97.3% of those asked provided information. The information collected was summarized as percentages. We did not carryout any cross checks to test reliability.

Of the total number of respondents 65 were male, 44.5% of the total and 81 were female, 55.5% of the total.
The average age of the informants was 43, the oldest 67 and the youngest 22. Of the male informants, the oldest was 56 and the youngest 28. Of the female informants the oldest was 55 and the youngest 22 with an average of 39 years. Most of the informants hold primary and junior high school level qualifications which accounts for 40.4% and 39.7% respectively. 16 or 11.0% of the total number of informants hold senior high school level certificates. Thirteen or 8.9% are illiterate. None of the informants had a junior college level or above. Females made up the greater number of those with both a primary school education and the number who are illiterate. The education levels of male and female informants is showed below:

<table>
<thead>
<tr>
<th>Illiterate</th>
<th>Primary School</th>
<th>Junior high school</th>
<th>Senior high/technical secondary school</th>
<th>Junior college</th>
<th>College and above</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>3</td>
<td>8</td>
<td>32</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td>F</td>
<td>10</td>
<td>4</td>
<td>25</td>
<td>5</td>
<td>0</td>
</tr>
</tbody>
</table>

C. Analysis of the impact of the project on the community

The impact of the project can be divided into two types, economic and social. Generally, the most direct outcome of the project is seen in the economic aspect; however, a great deal of emphasis was put on community development and other aspects of livelihood enhancement. This report explores the economic and social impacts and how these have influenced each other.

1. Economic impact

The water harvesting project, establishment of micro credit fund, training classes on health, cropping, animal husbandry, water resource management and other activities have provided households with critical economic and technical support.

(1) Increase farmers’ income, improve their life conditions and upgrade the quality of their life.

The search shows that 62.3% of informants think that the project has contributed a great deal to economic development and poverty-reduction. The remaining 36.3% think that the project has provided some help. The number of those households interviewed that think the project was helpful for increasing farmers’ cash income made up 98.6% of the total. In response to the question “Has your income increased since the project commenced?” 99.3% of project households answered that their income level had increased. The average increase is 114 Yuan and the highest 300 Yuan.

Income increase has also helped improve the standard of living. Since project implementation many farmers have acquired appliances such as fixed line
telephones and mobile phones. Mostly informants think their standard of living has increased over the life of the project.

The project has provided 28 training classes in 7 villages on public health, general family health knowledge and life skills involving 1120 participants, released 1400 material pieces of information in the form of broadsheets and manuals. Training activities have helped farmers get to know the impact on their health of common rural pollutants and they have been give basic information on how to maintain family hygiene and keep to good health habits. At the same time, the project has provided township hospitals, family planning clinics and village level barefoot doctors in two townships with necessary medical equipment. This has improved medical treatment. Farmers can seek treatment in their villages for minor indispositions and get referrals for checks and examinations within their townships for more serious illnesses. Nearly 70% of those interviewed believe they have increased their awareness of health issues and their medical conditions have been improved. The water harvesting project has solved their water problems for drinking and they can enjoy natural purified water as never before. All of these activities have helped to improve farmers’ living conditions.

(2) Create new opportunities of employment and improve use and transfer of rural surplus labor.

A number of project activities are connected with farmers’ everyday life such as micro credit. In the course of the research many women stated that in the past they had little to do and making loans available has made it possible for them to buy piglets or lambs to fatten which has increased their cash income.

Project implementation has also provided direct employment for some farmers such as community workers and project management group members. These positions were all specially created to meet demands of the project. While providing project services, they not only resolve their employment problems but also help to improve their knowledge and capabilities.

The project has also generated local employment. Increases of cash income and the rise in the standard of living have indirectly boosted the development of commercialization and service industries. When householders get more money they make more purchases including children’s educational materials, household construction and the like which in turn stimulates rural markets. The labor market has flourished. More opportunities are available for work and this has improved unemployment rate (rural surplus labor has declined).

2. Social benefit

For a project with the aim of getting rid of poverty, the economic benefits are not the only goal. Project implementation can uplift poor farmers’ production techniques and life skills, update their ideas and consciousness, connect their thinking to the outside world, enable them to shift from a need for “blood transfusions” to “blood making”.

(1) The project has reduced their vulnerability to sickness and disease by building their capacity, especially that of poorer households.

"Comprehensive participation, bottom up, self decision making, democratic management" is the tenet of the project. In the past two years, a great deal of time, manpower, materials and finance has gone into related
project activities. Many training classes for cadre technicians and cadre farmers have been combined with classes in which experts have trained trainers in the villages. Information on farmer participation in project activities is shown in the table below.

Table 2: Participation rate of surveyed farmers in percent

<table>
<thead>
<tr>
<th>Activity</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal husbandry training</td>
<td>73.8</td>
</tr>
<tr>
<td>Establishment of VRF committee</td>
<td>48.0</td>
</tr>
<tr>
<td>Establishment of VRF leading group</td>
<td>30.1</td>
</tr>
<tr>
<td>Visit other project sites</td>
<td>14.4</td>
</tr>
<tr>
<td>Water resource management</td>
<td>29.5</td>
</tr>
<tr>
<td>Agricultural technology pilot and demonstration</td>
<td>19.5</td>
</tr>
<tr>
<td>Health training</td>
<td>65.1</td>
</tr>
<tr>
<td>Woman's health check</td>
<td>52.7</td>
</tr>
<tr>
<td>Water harvesting project</td>
<td>56.2</td>
</tr>
<tr>
<td>Agricultural technology training</td>
<td>80.1</td>
</tr>
<tr>
<td>Live skill training</td>
<td>59.6</td>
</tr>
<tr>
<td>Micro credit training</td>
<td>42.5</td>
</tr>
<tr>
<td>Teachers' Training</td>
<td>11.0</td>
</tr>
<tr>
<td>Non activate to be participated</td>
<td>0</td>
</tr>
</tbody>
</table>

It can be seen in Table 2 that participation in project activities is very high. More than 70% of those interviewed had participated in training classes on animal husbandry and improved agricultural technologies, half of them participated in the training classes on health, women's reproductive health, water harvesting project and life skill training, and those who attended the activities that resulting in setting up township/ village project leading groups and micro–credit training account for nearly 50%.

A participatory approach was widely used in the training process, training contents and technologies were determined according to the demand of the farmers, the topics were chosen for the appropriateness of the technology, practical application and operating ease. The training classes, to a large extent, have been built on the farmers' passion and positive attitude. The training effect is very obviously.
Table 3: What benefit has the project given you?

<table>
<thead>
<tr>
<th>Increase in agricultural technology</th>
<th>Upgrading in planting and animal husbandry production</th>
<th>Awareness of health care</th>
<th>Life skills improved</th>
<th>Teachers’ quality improved</th>
<th>Drinking water improved</th>
<th>No benefit</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>124</td>
<td>120</td>
<td>96</td>
<td>117</td>
<td>26</td>
<td>60</td>
<td>1</td>
<td>25</td>
</tr>
<tr>
<td>Percent</td>
<td>84.9</td>
<td>82.2</td>
<td>65.8</td>
<td>80.1</td>
<td>17.8</td>
<td>41.1</td>
<td>0.7</td>
</tr>
</tbody>
</table>

The output of the research shows that more than 80% of those interviewed believe they have increased their knowledge of agricultural science and technology, improved their cultivation and animal raising skills as well as their life skills; nearly 70% have enhanced their awareness of health, techniques of production. The quality of the farmers daily lives in the project areas has been greatly improved.

Due to economic constraints, poor families in the Project area live in unfavorable conditions. To improve poor households condition and bring them up to scratch with other villagers requires that they be given special attention. According to a random sampling method poor household’s make up more than 65% of the total. The table below provides supplementary information which supports this estimate.

Table 4: Do you know what kind of help the Project has provided to poor families?

<table>
<thead>
<tr>
<th>Do not know</th>
<th>Give priority entry to participation in training classes</th>
<th>Provides technical consultation on cropping and animal husbandry</th>
<th>Given priority access to micro-credit loans</th>
<th>Given priority consideration for installation of water harvesting</th>
<th>Other</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>1</td>
<td>135</td>
<td>98</td>
<td>95</td>
<td>95</td>
<td>11</td>
</tr>
<tr>
<td>Percent</td>
<td>0.7</td>
<td>92.5</td>
<td>67.1</td>
<td>65.1</td>
<td>65.1</td>
<td>7.5</td>
</tr>
</tbody>
</table>

The information showed in the table above shows that villagers are aware that project policy favours poorer households. More than 90% of those interviewed knew that poor households get priority entry to training classes and well over 60% knew that poor households are privileged when it comes to training classes on technology consultation, getting access to micro-credit loans and the installation of water harvesting facilities.

These classes and matching project activities have opened the farmers’ eyes to new opportunities, nurtured their organizational capabilities, strengthened their decision making confidence and ability to respond to emergencies. Overall their awareness of the world around them has been enhanced, they are more willing to participate in community affairs, compete with others; have increased their self reliance and willingness to work their way out of poverty.
(2) Women’s quality and status have been uplifted.

Women in the countryside are in a difficult and weakened position. Owing to traditional concepts their social reality has included little education, poor knowledge and low capability. At the same time, because of their low economic position, bad health condition and heavy burden of household chores and farm work, they have had no time and have lacked the energy to change their situation. They have remained subordinate in their families. Project implementation especially the promotion of micro-credit loans for women has greatly improved this situation. The micro credit Fund can only be accessed by women. They directly carry the responsibility and risks of running the Fund. To do so they have to be assertive and make thoughtful decisions on how to make best use of the opportunity. In the process they have strengthened their role in making decisions about the production process. Where they come across shortfalls in knowledge and skills they study to bring themselves up to standard. They enter a virtuous circle of self improvement, feel empowered to extend their achievements and in doing so further enhance their confidence.

Women enjoy priority entry to technical training, loans and health checks, they also share benefits from other activities. Through their participation in project training and other activities they have comprehensively improved their qualifications and capacity.

<table>
<thead>
<tr>
<th>Table 5: Condition of women beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased agricultural knowledge</td>
</tr>
<tr>
<td>people</td>
</tr>
<tr>
<td>Percent</td>
</tr>
</tbody>
</table>

80% of women entered courses to increase their knowledge and understanding of agricultural production science and technologies. As a consequence their capacity as farmers has been upgraded as well as their life skills. Statistics show that more than 90% of women in the Project area have taken advantage of the opportunity to have a gynecological, reproductive health check which indicates that their awareness of health issues has greatly increased.

Women have increased their income by growing crops, purchasing livestock for fattening and set up small businesses. Their understanding of the world around them has also been enhanced in training classes, and more women have become “half the sky” for their family. Their position and status has been substantially uplifted.

(3) Building up farmer self-help organizations.

The project has connected farmers in the project area which has helped promote better communications and created a situation in which they can exchange information and learn from each other. Farmers are now more likely to share their experience, and help one another when it comes to buying agricultural inputs and looking for market outlets. What started as a loose interactive association has evolved into a rudimentary farmers’ economic self help organization. It has also enabled them to form bigger scale production units. This in turn has enhanced their understanding of the market, the nature of competition, commercialization and how self help combined with working with others can generate mutual benefits. All this is helping them to become modern farmers.
Needs of households in project areas
As indicated by the statistics generated by the M&E research households want to see the Project make several changes:

1. Extend micro-credit activities to non-pilot villages, increase the number of participating households, increase the amount of the capital available for loans and release it along established lines as appropriate.

2. Organize more training classes on cropping and animal husbandry as requested by farmers. This should include cross county and cross village visits to see what other farmers are doing.

3. Increase the pool of available information and resources on women’s health and provide related training. Also schedule further medical examinations for women.

4. Strengthen the changes that have occurred in village development thinking and culture by providing further training and events that will encourage farmers to accept new ways of doing things and accepting change.

Owing to the time available and our limited experience this M&E work itself may require upgrading. The design of the questionnaire may not be up to a professional standard but the exercise took us halfway towards a reasonable result. A more comprehensive approach that would have allowed for in-depth analysis may have enabled us to do a better job but such an exercise must await further expert input. We hope in the future to be able to conduct better M&E, identify development challenges, resolve problems and make for an even better project.
Appendix 6: Mid Term Review Report of Jingtai CPMO  
(December, 2006)

Dear Mr. John Mckinnon and Mr. Guo Peiyu, welcome to Jingtai for checking and guiding project work. Next, I would like to make a report on the overall progress in Gansu Sustainable Rural Livelihoods Project in Jingtai; it would be appreciated if you show us some recommendations.

1. Brief Introduction of NZ-aided Project:


The Sustainable Rural Livelihoods Project design comprises of three major components: Sustainable Rural Livelihoods, Education and Health and Community Participation, Capacity Building and Institutional Strengthening. The three principles of the project are to attain integration, sustainability and replication through a “bottom-up” participatory approach to management. The aim of the project is to achieve sustainable rural livelihoods through demonstration of a sustainable, integrated rural development approach to poverty alleviation. The project is jointly funded by NZAID and the Government (Gansu Province, Baiyin Prefecture, Jingtai County and Jingyuan County). The NZ contribution is NZD2,264,721 over 5 years, the value of the Chinese contribution is RMB9,552,590 (equivalent to NZD1,910,518 based on a exchange rate of NZD1=RMB5).

In Jingtai County, the four villages, including Sitan, Yongtai, Kuangou and Xindongwan in Sitan Township, have been chosen for project implementation. There are 7195 beneficiaries from 1600 households. The four villages are located in drought mountainous areas; local climate is characteristic of sandstorm and scarce rainfall (180mm per year). A saying goes that there is a sandstorm per year and nine-year drought out of ten years. The fragile ecological environment and harsh natural environment passively restrain the local economic development.

2. Project Progress:

(1) Project Activities in Sustainable Rural Livelihoods

In Activity 1.1.1 for verification of amount, quality and sustainability of water resources, the hydrology team of Gansu Geological Prospecting Bureau has been entrusted by county’s Water Resources Bureau to verify the amount, quality and sustainability of water resources in Sitan Basin.

In Activity 1.1.2 for water allocation and management procedures agreed and implemented, the Water Resources Bureau (WRB) is regularly monitoring water levels in wells as well as water quality and soil salinity in project areas.

In Activity 1.1.3 for design and construction of new wells and water distribution systems, registered engineers have completed designs and developed new wells;
water distribution systems and spring water conducting project have been completed.

In Activity 1.1.4 for rehabilitation of well and distribution systems in Yongtai village, in 2004, Sitan Township Government invested RMB50,000 on rehabilitation of spring water and distribution systems, the local spring water seepage has been settled.

In Activity 1.1.5 for integrated water development in Kuangou and Xindongwan village in Jingtai, in 2004, the poverty relief bureau of Jingtai county invested RMB600,000 for spring water conducting project, a 12-kilometer tube was laid, a harvesting pool was built and two dams were constructed. In 2004, Water Resources Bureau of Jingtai County invested RMB2,200,000 for two water-pumped wells in Kuangou village, some farmland over 1000 mu was developed. In 2005, Sitan township Government invested RMB150,000 for building a harvesting pool in Kuangou village.

In Activity 1.1.7 for upgrading drinking water supplies for 600 households in Sitan village, Water Resources Bureau invested RMB1,200,000 for drinking water supply project in 2001, one water-pumped well and one water supply station put an end to the rainwater-relying history in Sitan village.

In Activity 1.1.8 for developing and implementing an operation and maintenance for water supply, one person is in charge to regulate water supply, users are charged as electricity is needed and some other fees for maintenance and staff salaries, this conduces the sustainable supply of water resources.

In Activity 1.2.2 for improving crop production systems, the international water resources specialist, Mr. Phinis came to Jingtai for mission in Oct, 2004 and held discussions with technicians from WRB, then he paid field visits to project villages and got informed of water resource situations and requirements of monitoring and management approaches, he showed us recommendations concerned and conducted training courses for trainers (TOT) on water resources. In Nov, 2004, international meteorologist Peter Jerry, together with national crop and water specialist Shen Peizen came to Jingtai for Mission, they took water and soil examples in 4 villages and made analysis. They paid field visits to households and Meteorological Bureau, then held discussions with key staff of Agricultural Bureau and Meteorological Bureau, they also conducted training courses for trainers on agricultural technologies.

In 2005, Jingtai CPMO, together with crop specialist Mr. Shen Peizen, conducted maize plantation demonstrations in Sitan village, 5 varieties of maize were introduced for yields comparison and demonstrations through plastic-covered and on-the-air methods. In 2006, Mr. Shen Peizen conducted demonstrations on wheat, wheat plus pea, potato and maize, its aim was to choose the best crops and plantation methods suitable to project areas; meanwhile, we conducted TOT training courses in agricultural technologies. We have trained on crops and water resources management for 120 members (persons/times) at county and township levels.

In Activity 1.3.1 for improving fodder production, the international fodder and animal specialists, David Michalk and Randal Jones, together with national fodder and animal specialist Wu Jianpin came to Jingtai in July, 2005, the team visited project villages and demonstration households of animal husbandry, a survey on training requirements was conducted, a TOT training course was conducted by
them on animal husbandry technologies for technicians and key farmers at county’s center. In Nov, 2005, the MSC specialist, Mr. Chye Teoh, together with national fodder and animal specialist Wu Jianpin, agricultural expansion specialist Lu Linzhi and crop & water specialist Shen Peizhen came to Jingtai and held discussions on recommendations in agriculture, animal husbandry and extension approaches, TOT training courses were conducted on agricultural technologies and animal husbandry.

In September, 2006, the MSC specialist, Mr. Chye Teoh, together with national fodder and animal specialist Wu Jianpin, agricultural expansion specialist Lu Linzhi and crop & water specialist Shen Peizhen came to Jingtai and took a general wrap-up check on crop extension and progress related, they arranged working schedules and project mid-term review and audit. Jingtai CPMO, with the assistance of specialists, has trained 43 technicians and 120 farmers in terms of animal husbandry for 2 years.

In Activity 1.3.2 for improving animal production and health, we took the chance of NZ specialists’ stay in Jingtai to conduct TOT training for animal husbandry technicians in July, Sept, 2005 and April, 2006. Around 43 technical members were trained for several times in 9 days. The technicians in animal husbandry have a better understanding of development prospects of animal husbandry through this training, and their business skills have been enhanced, this has laid a solid foundation for further training to farmers on animal husbandry.

In Activity 1.3.3 for rangeland monitoring, the Agriculture and Animal Husbandry Bureau has established two monitoring sites in Kuangou village and Xindongwan village.

In Activity 1.4.1 for review of existing access to credit, the MSC members, Dennis, Jiang Aiqun, together with international Mic-finance specialist Chen Enjiang and national specialist Liu Dongwen, came to Jingtai making surveys on credit procedures and designs, they checked and made comments on progress in Mic-finance activities.

In March, 2005, national specialists Jiang Aiqun (community and gender), Liu Dongwen, and account specialist Sun Yujie held operation training workshop on Mic-credit in Jingtai and conducted training in project villages, this facilitated the election of VRFC members.

In December, 2005, Jiang Aiqun and Liu Dongwen came to Jingtai checking Mic-credit work.

In February, 2006, Liu Dongwen and Song Yujie came to Jingtai to make assessments on Mic-credit.

In Activity 1.4.2 for designing and establishing revolving fund, we have been conducting Mic-credit in pilot Sitan village ever since June, 2006. The VRFC has been formed and key members and credit coordinator of VRFC smoothly elected by means of publicity, mobilization and training. 9-month performance of Mic-credit has proved smooth; the return rate achieves 100%, without any delay and overdue repayment. Currently, there is a membership of 94 (66 are in effect, among whom, 42 belong to first-grade membership, 24 belong to second-grade membership); we have established 16 credit groups and totally disbursed RMB173,500 for 105 times, RMB9,533 has taken as interest, and RMB3,500 has been paid as salaries to members of VRFC.
In Activity 1.4.4 for training on credit fund procedures and loan management, Jiang Aiqun and Liu Dongwen and Song Yujie jointly held training workshops on credit operation in Jingyuan in March, 2005, eight members (3 male and 5 female) from Jingtai CPMO and Sitan Township participated in the training and got well-informed of credit operation procedures, thereafter, we, together with team members, organized villagers for training in Sitan village and formed VRFC in the pilot village. 180 publicity materials were distributed to 150 participants in the credit training.

In Activity 1.4.6 for conducting review of revolving fund operation and performance, in March, 2006, we convened 25 credit customers, credit committee staff of Sitan village and members concerned from the township and the village for credit sum-up meeting, we made an analysis of existing issues in credit performance and summed up experience. In Sitan village, we also mobilized all the credit group members to select excellent project participants, outstanding credit workers, credit group leaders and credit customers, meanwhile, we availed of the opportunity of celebrating Women’s Day to reward them. By this means, Mic-credit mechanism was further favorably publicized, farmers’ participatory enthusiasm was motivated, and their dash was also stimulated. Through rewarding meeting, NZ-aided project and Mic-finance are well appraised in Sitan Township, especially in Sitan village.

In Activity 1.5.1 for TOT and training of technicians in new extension methods and materials, in May, 2004, three specialists Robert, Chye Teoh and Jiang Aiqun came to Jingtai checking the establishment of project leadership group at township and village levels as well as project management and project activities in agricultural extension, meanwhile, they showed some recommendations. In November, 2005, MSC specialist Chye Teoh and agricultural extension training specialist Lu Linzhi came to Jingtai discussing and exchanging advice on extension activities with Jingtai CPMO.

In Activity 1.5.2 to develop, implement extension plans for transfer of technology and approach to other townships, the extension training specialist Lu Linzhi visited the project villages in November, 2005 for a survey on villagers’ requirements on technology extension. In January, 2006, Lu Linzhi discussed with Jingtai CPMO to carry out annual extension plans for agriculture and animal husbandry.

In Activity 1.5.5 for training on participatory management approaches to technicians and farmers, we have trained 227 technicians (persons/times) at county level in fields of water resources, crops and fodders, animal production, participatory approaches and access to Mic-credit, we have engaged technical staff from WRB, Agriculture and Animal Husbandry Bureau, Agricultural Technological Center to conduct training for 1014 villagers (persons/times), training materials, such as, water resources management and crop production, animal production and fodder supply, have been compiled and printed for 3900 sets for distribution.

In Activity 1.5.6 for study visits, the Department of Commerce (DOC) of Gansu Province convened a 6-person delegation, includes project officers from Department of Commerce of Gansu Province and the New Zealand Aided Project implementation counties of Jingyuan and Jingtai, visited New Zealand and Australia to learn about poverty relief oriented project management, crop and animal production technologies. The delegation learned advanced knowledge in crop production, animal husbandry, agricultural irrigation and Mic-credit financed
Mic-enterprises in the two countries, they have obtained a deep understanding of New Zealand and Australia, the new concepts and ideas received will be very meaningful to the two years’ project summarization and to try to make it a model project.

(2) Project activities in education and health

In Activity 2.1.1 for improved teaching/training materials, Jingtai cpmo has provided with books, sports equipments, desks and VCD discs to 7 primary schools. There are 448 library books and 60 sets of desks and chairs.

In Activity 2.1.2 for functional literacy programs, the activity has been completed.

In Activity 2.1.3 for improved teacher training and management courses, we have trained 65 teachers (persons/times) from project villages by holding 4 training courses, which include subject reform (one time), teaching skills(one time) and computer operation(two times).

In Activity 2.1.4 for reconstruction and repair of schools, the newly built classrooms and renovations in Sitan primary school was financed RMB270,000 by county and completed in 2002, the newly built classrooms and renovations in Yongtai primary school was financed RMB140,000 by county and completed in 2004, Kuangou primary school was invested RMB270,000 and completed in 2004.

In Activity 2.2.1 for implementing health programs, we have engaged staff from Hygiene Bureau and Disease Prevention and Treatment Center to conduct training for 1323 villagers on prevention and treatment against Iodine deficiency, TB, HIV/AIDS, bird flu and SARS; 8200 sets of publicity materials involved have been distributed to project villagers.

In Activity 2.2.2 for conducting health and hygiene training and awareness for women and men, 242 villagers have been trained, and 2230 sets of Public Health Knowledge have been distributed.

In Activity 2.2.3 for conducting training for health workers, 17 health workers in project areas have received a one-month short-term training course in Sitan Township clinic and county’s hospital; 5 members from Sitan Township clinic have took a one-year long-term training at county’s hospital, Chinese Herb hospital and Maternity and Child Health Care Hospital, two have completed the training and three are ongoing for training.

In Activity 2.2.4 for supply of health equipm ent for villages and township clinics, according to the requirements of project and township clinic, microwave treatment, Doppler foetal voice apparatus, sterilization, urine analyzing apparatus, blood sugar detectors and atomizers have been provided to Sitan Township clinic.

(3) Project activities in community participation, capacity building and institutional strengthening

In Activity 3.1.1 to set up and train CD project Management sub-group at township level, in May, 2004, NZ specialist Robert, Chye Teoh and community and gender specialist Jiang Aiqun came to Jingtai to check the establishment of CD project management sub-groups at township and village level and guide work
in project management and agricultural extension. In the same month, the project leading group of Sitan Township Government was established.

In Activity 3.1.2 for participatory approaches on community development, after inception meeting in 2004, through publicity and mobilization for project areas, the project villagers have been actively participating into the project. In Oct, 2004, the project leading groups at village level was established in four project villages. In May, 2005, 27 selected villagers were organized to conduct community exchanges in Jingyuan County; some good experience in project implementation has been learned.

In Activity 3.2.1 for training for project beneficiaries in life skills and health care for women and children, Jingtai CPMO arranged key members to take part in TOT training on life skills by Ms. Jiang Aiqun in Dec, 2004; we also invited staff from county’s Women Federation, Maternity & Child Care Center and Sitan Township Clinic to conduct activities in life skills, women’s disease check and maternity and child health care. In the two years, we have totally trained 947 villagers (persons/times) and checked women’s disease for 564 members, 2410 sets of training materials including life skills and maternity and child health care have been distributed.

In Activity 3.3.1 for PMO’s management, in order to ensure the smooth implementation of the project and accomplishment of the targeted goals and tasks in Jingtai, to make project villagers deeply feel the aids and supports by New Zealand Government and further consolidate the friendship between the two countries, Jingtai Government sets great store by the NZAID project, and establishes Jingtai NZAID Project Leadership Group, governor works as group leader and one deputy secretary and one deputy governor in charge of agriculture are as deputy group leaders, directors from Women’s Federation, WRB, Agricultural & Animal Husbandry, Education and hygiene work as group members, under conduct of the group is established Jingtai Foreign-aided Project Management Office.

To well implement the project and create a thick working atmosphere, Jingtai CPMO has developed working regulations, financial regulations, job descriptions, meanwhile, we have designed institutional charts, annual project charts, project management booklet, all these are conducive to institutionalizing and regulating project management. We are also strengthening study and training courses to accelerate business capacity, in the duration; the translator has accepted a 5-month intensive English training course and enhanced his listening and oral ability. The project office staffs are required to get familiar with Project Implementation Document and foreign-aided project procedures and working approaches; Jingtai cpmo regularly conducts exchanges with Jingyuan cpmo for mutual help and improvement in project management; office staffs actively participate in computer training in many forms to improve operation ability of office computers.

In Activity 3.3.2 for project monitoring and evaluation, we have conducted two times of self-evaluation ever since the project implementation, we have distributed 358 questionnaires, among which, 100 sets are for Mic-finance, the other 258 sets are for investigation on project activities, by analyzing feedbacks and recommendations from project villages, we timely find out some shortcomings in work and change working methods for improving working efficiency, and therefore some working experience could be accumulated for the future.
In Activity 3.3.3 to provide training and technical advice and project management support, staff members from CPMO participated in training courses on monitoring and evaluation by MSC specialists Dennis and Ms. Jiang Aiqun in June, 2006 in Lanzhou. Meanwhile, we conducted training on monitoring and evaluation for 20 project villagers. The project staff, through realizing the significance, impacts and methodology, comes to systematically study the knowledge in fields of project areas and could avail of the approaches of monitoring and assessment for physical management.

In Activity 3.3.4 to PMO staff training on participatory monitoring and evaluation system and language skills, the office translator took part in an English intensive training course at Lanzhou Commercial College from Sept to Dec, 2004, his translation capacity has been obviously enhanced, related statements, reports and materials could be timely translated, office efficiency is favorably improved.

In Activity 3.5 for project equipments, The NZAID has equipped with vehicles, computers, printers, photocopiers, cameras for CPMOs. Currently, all the equipments work well, and do a great favor to the project.

1. Benefits and impacts achieved:

Ever since the implementation in April, 2004, with the assistance and guide of MSC and PPMO as well as high priority by Jingtai Party’s Committee and Government, Jingtai CPMO, together with the intimate cooperation of some bureaus in sanitation, agriculture and animal husbandry, water resources, women’s Federation and Sitan Township Government, has strived to organize to facilitate the implementation of the project, the economic benefits and positive social impacts have been obtained. The project is also a spur to the surrounding non-project areas.

(1) The life standards in project areas are obviously enhanced.

The project villages in Jingtai are located in droughty mountainous areas, the remoteness to the county’s center, information blockages, harsh natural conditions and fragile ecological environment make it fall a victim to poverty and backwardness. The villagers in the areas rely on rainfalls, the per capita income is not over RMB1,000, they live in a dilemma. With the project implementation and further training, the villagers have been becoming open-minded, they no longer only depend on governmental relief, but actively participate into many income generation activities, such as, farming plantation, animal husbandry, transportation, commerce, labor provision, handicrafts. According to statistics by 2006, the per capita average income in project areas reaches RMB1,900 in Project areas, in which, RMB1,649 is for Sitan village, RMB1,847 for Yongtai village, RMB2,051 for Kuangou village, RMB1,937 for Xindongwan village.

(2) The hygiene awareness and health standards are obviously improved

In the two years, we have invited specialists and staff in hygiene fields to conduct training on public health, disease prevention and treatment, maternity and child health care, women disease check for project areas, the hygiene awareness in the villages has been improved, good health habits has been formed. The phenomenon “one pool for people and animals and outdoor animal raising methods” doesn’t exist any more. The rate of pregnant women’s stay home for birth giving gradually falls, the death rate of babies falls obviously, according to the data, the rate for pregnant women’s stay in hospital for birth giving touches 80%, and it tends upwards, the death rate of babies decreases to 0.003%. In
2006, Sitan village is appraised as demonstration village of iodine deficiency prevention and treatment.

(3) Project villagers bear colorful activities

With the improvement of material conditions, the mental lives of the villagers are changing too, the cultural exchange rooms have been established with the motivation of VRFC, villagers have many newspapers and books provided by the project for circulation, they show a great need of knowledge and information; women’s performance teams and Qingqiang Opera teams gather together singing and dancing for their happy lives and the project in duration of festivals. The implementations of the project not only better people’s material conditions but enrich their mental lives.

(4) Teaching staff forces have been strengthened, teaching quality is continuously improved

With the project implementation, the project schools have been provided with library materials and parts of teaching materials; school teachers have participated into training courses in new subject reform, teaching skills, school management, their general competency has been strengthened, the teachers over college levels account for 87% of all, local private-financed teachers gradually quit; the entrance rate, the proportion of students' entering schools of a higher grade and graduation rate in the project primary schools obtain 100% without any dropout.

(5) The scientific consciousness has been enhanced in project areas

Crops plantation and animal husbandry have changed a lot through training and agricultural demonstration, the structures of crops plantation tend to be appropriate, villagers' capacity of scientific management of crops plantation has been accelerated. In 2006, the yield of maize in irrigated lands obtains 750 kilograms, and potato for 2000 kilograms, wheat 400 kilograms. There are 25 households for animal husbandry at a large scale; villagers gradually transform outdoor grazing to green-house production. This year, Xindongwan village is confirmed as a “breed protection and selection of sheep” demonstration site in Jingtai county.

(6) Participatory capacity of women in economic activities

The majority of the project participants are women; related training courses have made them realize they should go into community for economic production and fortune generation if they heighten their status in family and society. Some have come to take part in economic constructions, such as, open shops, set factories, crops plantation, animal husbandry, handicrafts and embroidery, especially with the release of mic-credit funds, women have conducted many income generation activities and got great returns, they are acknowledged by family and community. Good behaviors ensure food positions, one woman says “it is the NZAID project that awakens her self-awareness and courage to start business, so I can earn money and expend by myself without extending hands to my husbands for help, I feel at ease”.
(7) Infrastructure constructions have been improved

With the project implementation and Chinese counterpart activities, infrastructure constructions have been improved. Chinese government has invested large amounts in road, water resources, education, health, communication for upgrade, and the infrastructures have greatly satisfied the demands of villagers. Currently, the 4 villages except Xindongwan have been provided with cable TV signals and telecommunication service, there are a cable TV coverage of 60% and a phone set coverage of 40% in project areas, their production and lives are changing. In one word, project villagers have a better and deeper understanding of the project in the two years, the great changes happened around them have made them realized the sincerity and aid from the people in New Zealand, this will help consolidate the friendship between the two countries, and ensure the sustainability and steadiness of project implementation.

2. Shortcomings and issues encountered:

According to the review of project work conducted, we have made some achievements, but there still exist some shortcomings and issues which affect the project progress. Firstly, the postponed release of NZ funds negatively effect project progress; secondly, staff members of Jingtai cpmo need to be further trained though their operation levels and capacity have been accelerated. We suggest hereby that NZAID reply an immediate response to PMOs, e.g. the adjustment to annual budget; NZAID ensure sufficient amount for funding release for project implementation as schedules; staff members of PMOs should be further trained especially in the fields of monitoring & evaluation of project and management of Mic-finance.