



**International Federation of Red
Cross and Red Crescent
Societies**



**IMPACT EVALUATION OF THE SMALL LOAN
COMPONENT OF IFRC/RCSC LIVELIHOOD
RECOVERY PROJECT IN SICHUAN**

FINAL REPORT

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Executive Summary

The International Federation of Red Cross and Red Crescent Societies (IFRC) and the Red Cross Society of China (RCSC) jointly launched a five-year livelihood recovery project in January 2010, in association with Deyang Prefecture Branch of the RCSC (Deyang Red Cross, DYRC) and Mianzhu Red Cross (MZRC). The project consists of two components: training and small loans. The training component was completed in December 2010-2011, and the small loans component started in April 2011. It will be completed in April 2015, providing the vulnerable people with small start-up capital in a form of loss-making subsidized loan. A total of 7,47,7300 CNY for small loans was budgeted, along with another three budget items for project partner expenses (see Table 1.1 Microfinance Project Budget Chart). The project plans to target at least 1,213 and possibly as many as 1,669 beneficiary families. The goal of the project is to increase the income and employment opportunities of relocated farmers and disabled people in Mianzhu County; as well as to build and enhance RCSC's institutional capacity to plan and implement employment promotion projects, especially in vocational training and small loans.

This report evaluates the design and implementation of the livelihood recovery project's small loan component in Mianzhu county of Sichuan Province. The main objectives of the evaluation are: (1) to analyze the validity of the project design, relevance and strategy; (2) to determine if the project has made progress in achieving its stated objectives; (3) to assess the effectiveness and efficiency of the project implementation process, with emphasis on how this project impacts the targeted beneficiaries' livelihood recovery; (4) to summarize the experiences and lessons learned regarding the future use of micro-finance as a mechanism to support livelihood recovery both in China and across the wider RCSC movement.

The evaluation combined qualitative and quantitative methods of data collection and analysis. Quantitative data was collected by a questionnaire survey of 160 households among four townships in Mianzhu, including both relocated and disabled farmers, beneficiaries and non-beneficiaries. The quantitative analysis is based on descriptive statistics, calculation of income growth and comparison between beneficiary households and non-beneficiary households. Qualitative analysis is mainly based on focus group interview with representatives from all parties of this project, individual interviews, individual case studies, SWOT analysis and secondary document reviewed.

First, by analyzing the validity of the project design, its relevance and strategy, it has been found that the small loans project started only nine months before the training program was complete, targeting the potential loan beneficiaries' training needs. The partnership among the project stakeholders worked well during the implementation to achieve the objectives of the

small loans project:

- The statistical analysis performed by this study indicates that the training component and small loan component made significant positive impacts towards increasing beneficiary households' income.
- The statistics indicate that RCSC has enhanced its institutional capacity to plan and implement employment promotion projects, especially in vocational training and small loans.
- The statistics indicate that 84.72% of beneficiary households felt satisfied with the small loans they received, 95.83% would like to borrow money from RC again, and 93.06% would love to recommend the RC small loan project to their friends and relatives.
- The statistics demonstrate that 95.83% of households spent the small loans directly on income generation activities, and that beneficiaries genuinely need the small loan to (re)start their agriculture or business activities. The small loan resources are efficiently and effectively used by beneficiary households.
- The statistics indicate that 88.9% of households paid more attention to family financial management, 88.9% paid more attention to market changes and participation, 87.5% households increased their working hours, 50% increased their participation in community activities, and 33.3% formed groups and associations to help each other, including beneficiaries obtaining group loans and individual loans.

Second, by assessing the effectiveness and efficiency of the project and the impact on beneficiaries' livelihood recovery, we found that the small loan program had a positive effect on increasing beneficiaries' incomes:

- The statistics show that the gross income *per capita* of a beneficiary household was 20,010.65 CNY in 2012. In comparison, the gross income *per capita* of the non-beneficiary was 11,114.69 CNY. The gap in gross income *per capita* between beneficiaries and non-beneficiaries in 2012 is significant; therefore, the small loans have significant positive impact on a household's income.
- At the end of year 2012, the mean annual savings was 12,028.17 CNY for small loan beneficiaries, while it was 1,520.69 CNY for non-beneficiaries, demonstrating that beneficiaries save much more than non-beneficiaries.
- The statistics also indicate that the beneficiary's income from wages, agriculture and businesses grew fast after receiving small loans. The *per capita* income from agriculture and business activities increased by 83.55%, from 7,152.57 CNY in 2010 to 13,128.77 CNY in 2012. The *per capita* wage growth increased from 5124.56 CNY in 2010 to 5573.65 CNY in 2012.

Third, after summarizing the experiences and lessons in the implementation of the livelihood project, the following recommendations for the following years' implementation or for future replications were made:

1. **Accelerate loan disbursement.** The new work plan sets a loan disbursement objective of at least 1,213 and as many as 1,669 households by 2015, while allowing one full year to recollect all loans. As of the evaluation date, a total of 407 households received loans by the end of 2012. The loan disbursement speed is 203.5 households per year so far. Therefore, the remaining 806 to 1,262 households will have to be fulfilled in the remaining days, with a much quicker speed of 268 to 421 households per year from 2013 to 2015. This poses a big challenge to the project partners. It is suggested that effective measures be taken to accelerate loan disbursement, with the prerequisite that the beneficiary selection criteria continues to be strictly followed.
2. **Link the training with small loans.** The training component was designed to be linked with the small loans so that the beneficiaries would have the right skills for livelihood improvement purposes, however, we found some farmers who were confronted with difficulties and applied what they had learned in their real livelihood recovery activities. It is very important to conduct training follow-up services more thoroughly in order to find out what further training or technical support the beneficiaries need to ensure successful production. For the few failed cases, we found that they had not received any training about what they did, nor did they obtain further help throughout their livelihood improvement efforts.
3. **Encourage more practices of cooperative development.** The evaluation identified a creative practice of loan use—cooperative development. Some of the loan borrowers joined village cooperatives to develop their products and improve market power. The questionnaire survey and the farmer small group discussions both showed that the loan beneficiaries were very excited about the development of their cooperatives. Even though their business—walnut trees and kiwi fruit trees—have not started to make a profit because the trees have not yet borne fruit, all the cooperative members and the village leaders are quite confident about their promising future. It is recommended that such cooperative practices be encouraged among new loan borrowers in the future.
4. **Improve technical support for the beneficiaries.** The project goal states clearly that the beneficiary will increase income by using the loans for small business development. Therefore, to ensure income increase, constant monitoring of the beneficiary families needs to be done to identify their new development needs. Based on these needs, the project team needs to provide the beneficiary families with technical support accordingly. For example, the project team can coordinate with the local bureau of animal husbandry and agricultural

extension bureau to provide technical support and services for families using the loan to raise animals or grow cash crops; and for those dealing with the small trading business, the project team can coordinate with local commercial, industrial and trading associations so that the families can get preferential treatment and technical services from these associations. The evaluation data shows that the project team did monitor the families, but focused more on finding out the changes and improvements that the beneficiaries had made after the loans and it identified failed cases that were not helped by such monitoring process. Therefore, it is suggested that the project team coordinate with related organizations more thoroughly to identify technical assistance needs of the beneficiaries and thus minimize failed cases.

5. **Improve loan distribution mechanism.** The beneficiary criteria agreed upon by the IFRC and RCSC says that all loans must be distributed to poor, earthquake-affected families. A Wealth Matrix was then developed and agreed upon by all parties and was then used as an important tool to select beneficiary families in 2011-2012. While almost all the visited families met the beneficiary selection criteria, the evaluation team found five extraordinary loan cases, in which families with high income successfully obtained the small loans. We later found out that, of the five high income families, three ran small enterprises, in which many poor beneficiaries were employed, and that these enterprises had promoted the economic development in the communities. It is suggested that the beneficiary criteria be strictly followed once it is agreed upon by all parties.
6. **Improve the flexibility of loans.** The small loans were distributed at a fixed loan size and repayment length—Individual loans are no more than 20,000 CNY and the maximum size of a group loan is 50,000 CYN. All loans need to be repaid within 12 months. The evaluation found that a good number of visited beneficiaries and non-beneficiaries wished that the repayment time was longer and the size of the loan bigger. Most of those who wanted bigger sized loans were in larger businesses, while those who wanted longer repayment periods were in smaller businesses. This result indicates to the evaluation team that it might better serve the objective of income increase if the loan mechanism is adjusted to meet both needs—different size for the beneficiaries' different scales of business, and longer repayment periods for the small, poorest beneficiary families. To ensure efficient use of loans and maximize beneficiary income, the evaluation team suggests that the small loan scheme be adjusted to meet the flexible needs of the beneficiaries. However, the evaluation team suggests extra caution in implementing this recommendation (See paragraph 2 in "6.2 Relevance and Strategy")
7. **Keep project information consistent for all stakeholders.** While the organization of project resources, loan scheme and implementation strategies were kept consistent most of

the time for all stakeholders, the evaluation found out that the slight change of work plan and loan scheme in 2011 did not reach all of the project partners. A few beneficiaries who were visited were also confused by the interest rate repayment plan. It is the suggestion of the evaluation team that all project information be kept consistent with clear document records for all project stakeholders, including each and every one of the beneficiaries.

All in all, by assessing the whole project's implementation and the impact of the small loans on beneficial farmers compared with the control group, the evaluation concludes that the project achieved the goal of recovering the beneficiaries' livelihoods; both the training and small loans components of this project are efficient approaches to assisting the earthquake affected farmers in restoring their production and livelihoods. The lessons, knowledge and models learned from this project could be replicated in future IFRC/RCSC's projects.

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Glossary of Acronyms and Terms

IFRC	International Federation of the Red Cross and Red Crescent Societies
RCSC	Red Cross Society of China
DYRC	Deyang Red Cross
MZRC	Mianzhu Red Cross
ILO	International Labor Organization
PSBC	Postal Savings Bank of China
FGI	Focus Group Interview
RHS	Rural Household Survey
WF	Women's Federation
RC	Red Cross

1 Background and Project Description

On May 12, 2008, a deadly earthquake measuring 8.0 on the Richter Scale occurred in Sichuan Province, China. According to Chinese state officials, the quake caused 69,180 known deaths, with 18,498 people missing and 374,176 injured. The earthquake left at least five million people homeless, nearly two million people lost their livelihoods (more than half of those two million were in agriculture), and many people had to be relocated.

Mianzhu was one of the 18 most devastated counties by the earthquake. The individual livelihoods; local economy; and main industries, including agriculture, forestry, tourism and other businesses, were all significantly damaged by the disaster. In the rural area, the farmers suffered the most severe damages. They lost their farmlands and other means of production, their main income sources and many farmers were also disabled. They have since been relocated to new areas, and have become one of the most vulnerable groups because of this change in their livelihoods. Most of the farmers wanted to restart income generation activities, however, they did not have enough skills or education to find employment after the relocation, nor did they have access to capital resources to (re)start their business. Therefore, the key to livelihood recovery in Mianzhu lies in the teaching of economic and vocational skills, as well as providing starting-up funds.

In January 2010, the International Federation of Red Cross and Red Crescent Societies (IFRC), jointly with Red Cross Society of China (RCSC), in association with Deyang Red Cross (DYRC) and Mianzhu Red Cross (MYRC), launched a five-year livelihood recovery project.

The project consists of two components: training and microfinance. Implementation will be done in a phased manner to ensure that the needs of the targeted groups are met to a maximum extent. The goal of the project is to increase income and employment viability of relocated farmers and disabled people in Mianzhu County; and to build and enhance RCSC institutional capacity to plan and implement employment promotion projects, especially in vocational training and microfinance.

In the training component, ILO provides technical support, through cooperating with Mianzhu Human Resource and Social Security Bureau (HRSSB). The training component trained 6,676 farmers (2,704 male and 3,972 female) in total, from March 23, 2010 to December 31, 2011. Among them 5,197 came from relocated families, 1,031 were disabled and 448 were from families with disabled members.

In the microfinance component, according to the Microfinance work plan, the project objective is to assist between 1,213 to 1,669 earthquake-affected, vulnerable, relocated farmers and disabled people to receive funds for the purpose of resuming and establishing businesses. The RCSC and IFRC, associated with DYRC and MYRC, implemented the microfinance component through cooperating with the Postal Savings Bank of China (PSBC) Mianzhu Branch beginning in April 2011. The total budget for microfinance and details are shown in Table 1.1.

Table 1.1 Microfinance Project Budget Chart

Budget Items	Amount (CNY)
Total budget	8,481,400.00
Microfinance for beneficiaries and subsidies to PSBC	7,47,7300.00
DYRC operational fund	270,000.00
MZRC operational fund	631,800.00
PSBC transportation supporting fee	102,300.00

The PSBC Mianzhu uses its existing credit system to distribute loans to eligible beneficiaries, charging the same interest rate (15.66%), of which the beneficiaries only need to pay 4% and the rest is covered by the project budget as interest subsidy. Each beneficiary can get a loan of up to 20,000 CNY or form a group of at least three for a group loan of 50,000 CNY. The loan needs to be repaid by the end of the 12th month after the borrowing date, with interest paid by monthly installment. In Year 1 through 5, all loans repaid will be redistributed to new beneficiaries and the accumulated repaid loans will be used for community construction, such as infrastructure and livelihood facilities. According to the Microfinance work plan developed and agreed upon by the stakeholders, 1, 213 to 1,669 beneficiaries will be assisted in five years with each year serving a different number of families (See Table 1.2).

Table 1.2 Original Planned Assistance of Beneficiaries in 2011-2015

Project Period	# of families served Objective of struggle	# of families served Objective of bottom line
In the first year - March 2011-February 2012	516	173
In the second year March 2011-February 2012	488	248
In the third year March 2012-February 2013	391	342
In the fourth –fifth year	274	309
After–fifth year		141
Total	1,669	1213

The loans are distributed following the procedures below (a diagram chart is attached in Appendix 8.2 – Microfinance Operation - Process).

1. The PSBC staff disseminates the loan information during the training and in the villages. All potential clients must be informed of the loan criteria through all appropriate means.
2. Potential families prepare for the loan applications either per family or as a group. MZRC will assist the potential families with their business plan. PSBC will help those who want to get group loans with forming groups.
3. The PSBC staff meets with the potential clients, verifies all the documents and establishes the basic eligibility of the applicants by using the Red Cross's Wealth Assessment Matrix (See Appendix 8.4) before approving applications following the loan criteria.
4. The RCSC financial controller reviews the process and, together with other RC project staff, makes the final decision if the loans can be approved. Then, the PSBC notifies the potential clients of approval and asks them to sign the loan agreement at the PSBC office.
5. The loan is distributed and the interest is collected monthly over a period of 12 months.
6. The borrowers pay the loan and interest. Loan repayment is flexible and the borrowers can choose to pay monthly installments of principal and interest or from the six months on to pay the installment instead. Or they can choose to pay interest only every month, and pay off the principal in the last two months.
7. The RCSC monitors the whole process and compensates any PSBC loan losses.

For detailed information about the major Roles and Responsibilities of IFRC/ RCSC, and PSBC, please see appendix 8.3 – Structure and Human resources.

IFRC / RCSC

- Shall provide the resources to PSBC and provide the results of the well-being analysis for the purpose of targeting the poorest households in Mianzhu County
- Shall disseminate the small loans opportunity to all potential families in Mianzhu, while making it clear what qualifications they must have to secure the loans.
- Shall monitor the project through livelihood team and RCSC Micro-Finance Officers (to be recruited and supported by the project for the project timeframe of five years from October 10 to June 2015).

PSBC

- Shall manage the funds as per the project agreement.
- Shall use the IFRC well-being analysis results for targeting the poorest households.
- Shall provide reporting to RCSC/IFRC – both narrative (performance) and financial. These reports will be submitted by PSBC through RCSC Mianzhu and Deyang branches to IFRC on a monthly basis as outlined in the Project Agreement.

- Shall allow RCSC/IFRC full access to the project for monitoring purposes including providing copies of all business / income generation plans and training materials.
- Shall support RCSC/IFRC with conducting an external evaluation of the project at any time during the period of the Agreement or thereafter.

The criteria for small loan beneficiary selection were developed by IFRC and RCSC after market surveys and interviews with potential beneficiaries.

Criteria for applicants who were devastated in Wenchuan Earthquake:

1. Farmers who were relocated because of the earthquake and willing to become a qualified laborer or (re)start their small income generation activity or farming
2. Those who became disabled because of the earthquake or their family members (aimed at the category of people with disabilities required also for poverty eradication and improvement of the quality of life. The Project's aim will also contribute towards narrowing economic disparities and solving physical and mental barriers to the social participation of people with disabilities). This will be closely coordinated with local branches of the Disabled People's Federation of China.
3. Community participation in selection, whenever possible, has been ensured through involvement of local leaders (village natural and/or political leaders) to spot and identify those who are in the most need. IFRC and RCSC have to launch information dissemination (through the distribution and display of printed materials). This will also include community meetings, mainly with village leaders and whenever possible with project beneficiaries.
4. The project has to ensure that at least 30 % of direct beneficiary of each component are women.

To carry out the criteria, IFRC/RCSC designed a Wealth Matrix, which was used to select beneficiaries. The matrix uses a five-score scheme to score each of eight indexes—Income Source, Transport, farm machinery, House Condition, Access to Agriculture inputs, Livestock, Access to Education, Access to Health Facilities, and Household Appliances. The five-score scheme is Rich (5), Well-to-Do (4), Poor (3), Very Poor (2) and Destitute (1). The total score for each applicant is added. Only applicants scoring no more than 32 can be treated as eligible (See Appendix 8.4 – Beneficiary Wealth Assessment Matrix).

2 Purpose of Evaluation

The purpose of this external impact evaluation is to assess the overall impact, relevance, effectiveness and sustainability of small loans and the differences it made on the beneficiary households economic status in Mianzhu, especially in terms of the project design, implementation, monitoring and delivering outcomes of the small loans component.

The evaluation will assess/evaluate strengths and weaknesses in project impact and provide recommendations to IFRC and RCSC. Specifically, the evaluation will:

- Determine if the project has made progress in achieving its stated objectives
- Evaluate the effectiveness, efficiency and relevance of impact accrued to target groups, implementation status, project management and performance monitoring;
- Evaluate the extent of coherence between the micro-finance component and the training component
- Recommend adjustments that can be made in the light of the review regarding microfinance management and architecture.
- Provide lessons that can be learned regarding future use of micro-finance as a mechanism to support livelihood recovery both in China and across the wider IFRC movement.

At the end of the evaluation, conclusions will be made which clearly state whether progress has been made towards achieving stated objectives; the strengths and weaknesses of design; the experiences of partnership modeling, and the possibility of future replication in similar situations as needed.

3 Data Sources and Evaluation Methodology

3.1 Data Sources

Regarding the purpose of this report, quantitative and qualitative data were collected from various sources: desktop studies on secondary information, the focus group interview (FGI), individual interview, case studies, SWOT analysis, and the rural household survey (RHS).

The evaluation is to be quasi-experimental, including microfinance beneficiaries and non-microfinance beneficiaries. The survey was conducted by asking sampled farmers questions on the basis of questionnaires. In order to make a comparative analysis, a group of farmers who received microfinance and training were selected (microfinance + training), a group of farmers who only received microfinance without training were selected (microfinance + non-training); the control group include a group of farmers who only received training without microfinance were selected (non-microfinance + training), and their neighbors who had no access to either microfinance or training but suffered from the earthquake and were relocated were selected (non-microfinance + non-training). The non-beneficiary families' economic and social status before the launch of the small loans was similar to that of the beneficiary families. They live in the same area and practice similar economic activities, with one exception that they did not receive the small loans. Therefore, we can compare the survey findings from the control group with that of the beneficiary families.

The FGI was carried out by interviewing the informants from different partners of this project including representatives from IFRC, MRC, DRC, PSBC and project townships.

Up to December, 2012, the Livelihood Recovery Program microfinance component was being implemented in 19 townships in Mianzhu County, Sichuan province. It includes the townships named Tumen, Guangji, Jinhua, Zundao, Gongxing, Hanwang, Mianyuan, Yuquan, Jiulong, Qitian, Banqiao, Shidi, Xinshi, Dongbei, Xiaode, Fuxin, Xinglong, Qingping and Xinan.

Considering the time and budget constraints and distribution of beneficiaries, the evaluator investigated 72 microfinance beneficiaries and 88 non-microfinance farmers which were chosen through random sampling. Without losing the representativeness, the evaluator would conduct surveys in one mountainous township, Jinhua, and three foothill townships, Hanwang, Tumen and Zundao, following the random sampling rule.

Operationally, the microfinance beneficiaries' name list in excel sheet was opened and an equal-distance sampling method was deployed. Given the large number of microfinance

beneficiaries (407, of which 157 had paid up the loans), 72 beneficiaries were randomly selected for the questionnaire survey. For the purpose of comparative analysis between microfinance beneficiaries and non-microfinance farmers, 88 farmers were interviewed, including 47 livelihoods recovery trainees and 41 non-training neighbors as the control group, both with similar family economic and social status to that of the 72 families who had borrowed the loans. In sum, the total sample was comprised of 160 farmers. The distribution of the sampled households in each village is shown in Table 3.1.

Table 3.1 Rural Households Survey Sample Distribution by Townships

Variety of the surveyed households	Hanwang	Jinhua	Tumen	Zundao	Total
Microfinance + training households	6	19	10	6	41
Microfinance + non-training households	10	10	5	6	31
Non-microfinance + training households	14	10	9	14	47
Non-microfinance + non-training households	15	12	8	6	41
Total	45	51	32	32	160

The main contents of rural household survey include the basic characteristics of the households, annual income of the households(wages, agricultural production, business operation, income from assets, transferred income and others), basic characteristics of the trainings and skills, basic characteristics of microfinance, and interviewee's feedback on microfinance project.

However, it should be noted that the field trips to the sample townships and interviews with key informants were limited and only for 4 days (Jan.15th-18th). It is possible that the evaluation may not have captured all the relevant information on this project.

The evaluation team was led by Ms. Meng Zeng, a professional consultant with more than 10 years of experience in evaluation. The team members include Mr. Qisan Zhang, an expert in evaluation and three other graduate students (Mr. Biaohang Ma, Ms. Yimei Zheng, and Ms. Shihua Li).

3.2 Methodology

The evaluation is a combination of qualitative and quantitative analytical methods. Quantitative data was collected by a questionnaire survey of 160 households in four involved townships, including both relocated and disabled farmers and beneficiaries and non-beneficiaries. The quantitative analysis is based on descriptive statistics, calculation of income growth and group comparison. Qualitative analysis was mainly based on desk studies of secondary information, case studies, SWOT analysis, individual interviews and the focus group interview with the representatives from all parties of this project.

A method of comparative analysis is widely used in this evaluation. It is assumed that beneficiary households have the same productive conditions as the control group, so the difference in income *per capita* can be attributed to the livelihood recovery project's microfinance component. Meanwhile, all the conditions of beneficiary households are unchanged throughout the project, except the receipt of microfinance, therefore the income growth of the beneficiary households can also be attributed to the microfinance.

Still, the comparative analysis requires linking each point in the argument. Based on the data of the household survey, the evaluation will (1) compare microfinance beneficiaries' livelihood changes pre and post microfinance, and (2) compare microfinance farmers with control group, who were neighbors of microfinance farmers and believed to have livelihoods similar to that of the microfinance farmers. Some statistical test methods will be adopted to test the significance level of the difference among different groups.

The evaluator collected the relevant information about microfinance and made a qualitative analysis of the project by reviewing the following documents: project documents, periodical report, work plans, existing studies, and other project papers. The key informants interviewed include: RCSC, Prefecture and County level staff; IFRC staff involved in the operation; PSBC staff involved in the operation, township leaders' representatives and randomly selected microfinance beneficiaries of the affected population with whom the Sichuan Earthquake operation has worked at community level.



Focus Group Interview



Rural Household Survey

4 Project Status

The RCSC project holder, DYRC, and MZRC implemented the microfinance component of this project through cooperating with the PSBC Mianzhu Branch, and, through the process, improved its capacity to manage and monitor small loans. The microfinance component targeted earthquake affected households and disabled people in April 2011 and was open to anyone vulnerable in Mianzhu County beginning in the next half of 2011. Positive changes have been seen in the communities where small loans were distributed. Challenges that affect the project implementation are also identified.

4.1 Microfinance

The microfinance project started in April 2011. Up to December 2012, the total in loans released to beneficiaries is 6,902,000 CNY; the total repayment from beneficiaries is 2,920,000 CNY; the total loan interest subsidy to PSBC is 780,000 CNY, and there is 2,720,000 CNY available. Totally, there are 407 families in 19 townships that have received loans from this project and among them are 114 female borrowers and 35 households with disabled people. The database indicates that 97 households participated in business or vocational training before, representing 23.34%, and 312 households did not participate the training, representing 76.66%. The microfinance households' distribution details are shown in the Figure 4.1 below.

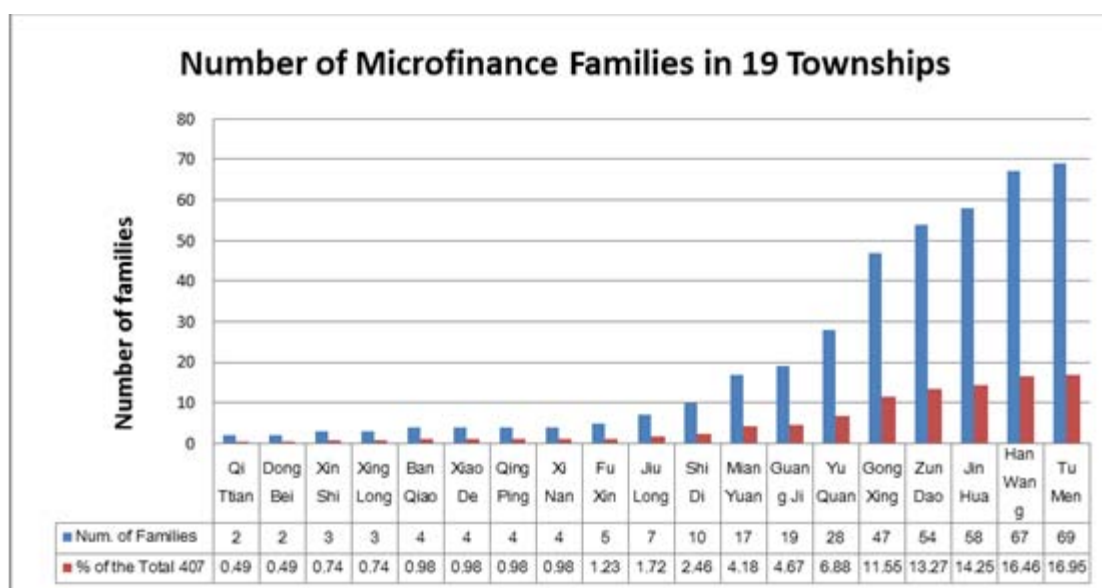


Figure 4.1 – Number of Microfinance Families in 19 Townships

Up to December 2012, 157 families have paid off their loans; 25 are repaying, and 201 families' loans are not due yet; 15 families are partly overdue with a total payable amount of 114,610 CNY; 9 families are totally overdue, with a total payable amount of 145,000 CNY. Figure 4.2 shows, out of the total 407 families, what percentage of families have paid off the

loans and what percentage is overdue, along with other repaying status.

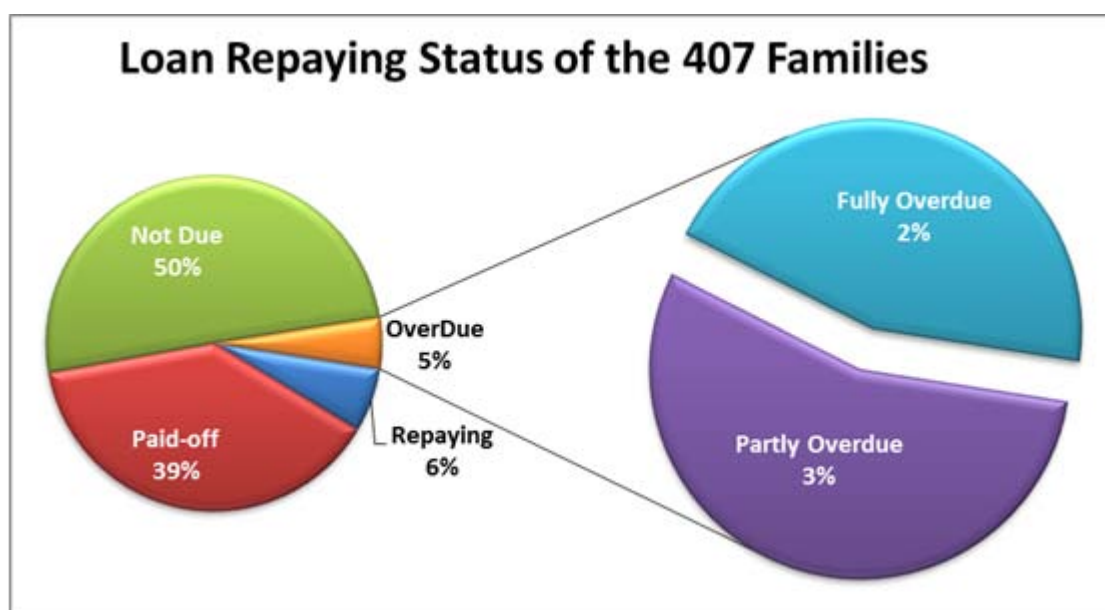


Figure 4.2– Loan Repaying Status of the 407 Families

The project objective has been adjusted a couple of times during the implementation process. According to the Microfinance Agreement between RCSC/IFRC and PSBC, the project aims to deliver loans to 3,617 households originally. Because it was very difficult to select beneficiary families that must meet the selection criteria, and because the actual loan length and amount are greater than the original plan, the objective has been adjusted in the work plan from 3,617 households to at least 1,213 and up to 1,669 households. Up to the evaluation date, the project had totally served 407 households with small loans by the end of 2012.

The selection criteria of small loan farmers have been adjusted, too. The original plan was to include earthquake affected families who had received business training; however, it turned out to be quite difficult to select enough families. Meanwhile, considering the principle of fairness and providing development opportunities to all poor families, the criteria were changed to include all vulnerable families in the Mianzhu rural area. The loan disbursement was first piloted in three townships, and then changed to include another nine foothill townships and then expanded to 19 rural townships in Mianzhu.

The MZRC and PSBC Mianzhu staffs conduct regular monitoring of the loan repayment and business development progress of the beneficiary families. The PSBC lending officer conducts household surveys and collects baseline data. After one farmer receives the loan, the lending officer will have an interview with the farmer within one month. In three months, the lending officer will visit the farmer again. During the field visit, the PSBC lending officer will fill out a Microfinance Clients Household Economic Situation Questionnaire. The questionnaire includes

three parts: the first part is the basic characteristic of household, including basic household characteristics and credit history; the second part is the information on crop planting and aquaculture; and the last part is profit and loss statement, including incomes from agriculture, industry, business or wages and household expenditures. MZRC and DYRC supervise the process by reviewing the monthly reports submitted by PSBC Mianzhu. In 2011 when the LLH team was based in Chengdu, the LLH staff visited the project sites twice a month. From 2012 on, as the LLH office was moved to Beijing, DYRC and MZRC took over project site visits, while IFRC provided technical support and advices, and visit the project sites every 1 to 2 months.

The small loan component has a comprehensive microfinance database of the basic client's name, address, and contact information; small loan amount, length, and purpose; and loan disbursement date and maturity, which is an effective tool for monitoring and evaluation. In addition, the microfinance database is linked to the training database, which makes it easier to identify beneficiaries who have attended training. The database is currently being managed by DYRC. This database helps each of the IFRC project partners, such as Deyang Red Cross, Mianzhu Red Cross, and PSBC to access and obtain the project information at the same time and keep different partners on the same page about project progress and problems. Another direct benefit is shortening the application period and making the project more transparent. The evaluation data shows that the database did help shorten the application process, as the project partner was able to directly retrieve data about the potential families from the database, without having to do field investigation to collect data. This database will continue to be used for the remaining loan disbursements.

Before the commencement of the small loans in April 2011, a training program was conducted (2010- 2011) based on a training needs assessment of the potential training recipient families. During the training, information about the small loans and the loan beneficiary selection criteria were disseminated to all training attendants, encouraging them to apply for the loan. After each of the training programs were completed, the project team conducted follow-up services to study how the trainees used what they had learned in their small business development. Technical support was then provided as necessary. After the small loans were disbursed, the follow-up services then focused on how the beneficiaries used the loans.

4.2 Capacity Building

To fully achieve the purpose of the microfinance element under the Livelihood Project and to implement microfinance activities with respect for and adaptation to the local context, an operational guide and toolkit was prepared for the DYRC, MZRC and PSBC staff under the guidance of the IFRC. They followed this manual closely in the project implementation and, by so doing, were better organized and prepared for the loan activities.

MZRC and the partnering training institutions in Mianzhu attended workshops on community-based training and project implementation, and then participated in the development of an Internet-based database to manage the training data, which MZRC has been using to monitor the small loan families. This database has helped all the project partners, including MZRC, to access project information at any time and from any place, and has kept all parties informed about project progress and problems. MZRC learned how to develop these Internet-based databases and can replicate them for future projects.

This project has built up the capacity of MZRC to facilitate similar projects in the future substantially. MZRC has rarely sponsored international projects before this IFRC livelihood recovery project as its usual duty is to distribute relief aid materials where needed, without any business or vocational training, or microfinance services for the beneficiaries. The MZRC staff was reluctant to manage this project at the beginning as they had limited capacity and resources, but, through the three-year operation of this project, they have become much more confident in carrying out this project. These international project operation strategies and procedures have greatly improved MZRC's level of project development. For similar future assistance to people affected by disasters, MZRC is ready to use its now well-established project development procedures and experience.

4.3 Partnership Development

RCSC and the IFRC have established a mutually beneficial partnership with the PSBC and the optimal microfinance institutional model has been defined, discussed, and approved by the project stakeholders. They worked together to develop the "Sichuan Recovery and Livelihood Program Microfinance Component Standard Operating Procedure".

In order to develop an effective communication and coordination channel, RCSC/IFRC and PSBC formed a project management committee, which, at the beginning, held meetings once a month. Later, they met when needed, which was about once every quarter. MZRC recruited two staff members for the project coordination—one project coordinator and one micro-enterprise counselor. DYRC recruited a microfinance controller for efficient monitoring oversight functions, and financial management. PSBC appointed one focal person to coordinate the microfinance project. IFRC delivered training to these officers to ensure that the project was well understood. DYRC and MZRC staff were also trained throughout the project implementation and their capabilities were greatly improved.

4.4 Community Development

Besides releasing loans to the beneficiaries, this project has fostered positive change in the community through cooperative development. Farmers joined the village cooperative voluntarily through investing the IFRC/RCSC loans into the cooperative (some even invested more money borrowed from other sources). The cooperative takes care of planting, management, harvesting, and, finally, marketing the products with simple product processing and branding development. The income is divided among the cooperative and the families at a ratio of 40% and 60%. The 40% part of the cooperative income will be used for the benefit of all member families, and all of its expenses and income information will be posted on the walls of the village office. The planting, management, harvesting and processing of products will be systemically coordinated by the cooperative, which asks its members to contribute labor and pays every person 50 CNY a day. The fruit trees will continue to produce fruit every year, thus creating a sustainable income for the cooperative members. The processing and branding of the products will increase market competitiveness and the income from the sale of the final products. This model brings farmers together to develop as a group.

5 SWOT and Data Analysis

5.1 SWOT Analysis

5.1.1 Project SWOT Analysis

A SWOT analysis was done on the project itself, detailing the strengths, weaknesses, opportunities, and threats of the Livelihood Recovery Project microfinance component, following a further comparison with Women's Federation's small loan project.

Strengths:

- Improved access to grass-roots micro finance provider (PSBC) for poorest households
- Works through, and strengthens, existing MYRC's community based structures, and through cooperating with PSBC Mianzhu Office, the project took advantage of the PSBC's established credit system, thus minimizing loan overdue risks. The evaluation data shows that only nine out of 407 loans were overdue
- Easy loan delivery: credit guarantees for both individual and group loans. Failure of loan repayment will be compensated by MZRC as agreed upon with IFRC; no mortgage or proof of stable income needed; easy and simple loan delivery process; monthly installment payments of interest reducing the borrowers' repaying pressure
- Follow-up survey: The project conducted a follow-up survey of the beneficiaries, learning of their progress with their small business development
- Cooperative development: Some of the project beneficiaries joined cooperatives to start small enterprise operations, creating more sustainable and greater income opportunities
- The local farmers have a strong willingness to start small businesses
- MZRC has a well-developed organizational structure and the capacity at village levels to implement projects in the local community. MZRC is in the top three branches of county-level Red Cross agencies in Sichuan Province.

Weaknesses:

- Poorest households are un-willing or unable to participate due to their literacy or self-exclusion based on a lack of confidence and/or knowledge
- Overdue loan repayment is likely to happen
- Local farmers' education and skill level is very low
- Local farmers do not apply training and financial skills in actual activities

- Lack of technical support for some of the beneficiaries' business operations. The RCSC staff does not have knowledge and skills in agriculture development, rural industrial structure, and agricultural products which were the main income generation activities that beneficiaries were involved in
- Increasing likelihood of overdue and even failed loans, causing the seed fund to shrink with each passing year.

Opportunities:

- A large amount of government resources and preferential policies were flooding into the quake area
- Active participation and assistance from RCSC at different levels in Mianzhu's post-quake reconstruction
- International organization's assistance in funding, technical support, and capacity building helps DYRC and MZRC to cope with international project management standards
- The MZRC is greatly respected across the rural area in Mianzhu. The project provides experience for the Red Cross in China in working with local micro-finance providers (PSBC)
- PSBC/RCSC have a pilot model that it can promote to other international agencies and donors including governments
- All levels of government in Mianzhu have been actively involved in post-quake rehabilitation.

Threats:

- A lack of market understanding leads people to strengthen livelihoods for which there is no more market demand. After the earthquake, the economic structure of local market changed. The partners and farmers have found it very challenging to follow these changes
- Competition from peer organizations doing the same job but delivering more attractive services
- Oversupply to the market of a narrow set of goods and services
- Secondary natural disasters following the quake, such as landslides

5.1.2 Comparison with WF Microfinance

For a better understanding of the project, a comparison study was conducted to analyze the differences between the Red Cross Livelihood Recovery Project Microfinance Component with the Mianzhu County Women's Federation Microfinance Project, which has similar microfinance components. The differences lie mainly in target population, loan size, loan length, interest rate, and others, detailed in the following table:

	Red Cross (RC)	Women's Federation (WF)
Target Population	Vulnerable poor earthquake affected farm families; disabled due to earthquake;	Female farmers only;
Loan Size	Cap 20,000 CNY for individuals; 50,000 CNY for a group	Cap 80,000 CNY for individuals; 300,000 CNY for a group
Term	1 year. Loan can be re-applied after repayment.	Maximum 2 years. If a loan is only applied for as a loan with a term of 1 year or shorter, it can be extended for another year if the extension application is approved.
Interest Rate	15.66% (RC subsidizes PSBC 11.66%, and so the borrower only pays 4%. If the borrower pays in time then the actual interest rate is 3.67%)	Different rates for different banks. Actual rate is negotiated between the beneficiary and the bank. The central government provides the beneficiaries with an interest subsidy of the "national bank benchmark interest rate" + 3%. If the negotiated rate is lower than the benchmark+3%, the subsidy is the negotiated rate; otherwise, the beneficiary pays the balance. For example, the current benchmark rate is 7%. If the negotiated rate is 4.8%, the actual rate for the beneficiary families will be 4.8%. But if the negotiated rate is 13.6%, the actual rate will be 3.6% $13.6\% - (7\% + 3\%)>.$
Guarantee	Credit guarantees for both individual and group loans. Individuals need to find 1 person to act as the guarantor. For group loans, the three people forming the group guarantee each other. The MZRC compensates the bank in case of repayment failure.	1-2 guarantors needed, with stable job and income—usually public officials); Funds guarantee, mortgage guarantee, pledge guarantee, credit guarantee, group guarantee.
Documents needed for application	ID card, Household Registration Book, Marriage certificate.	ID Card, Business Operation Registration License, Family Registration Certificate, Marriage Certificate, Village Proof Document, Room Rent Agreement, Proof document of the location of the business operation
Subsidy	The subsidized interest will immediately (within 1-2 working days) be transferred to the bank once the loan is disbursed.	Twice a year. Involved banks submit the subsidy request to the county Bureau of Finance in the last 10 days of February and August every year. After verification and approval by the county WF and Bureau of Finance, subsidy funds can be granted to the bank and then the bank can return part of it to the beneficiaries.
Banks Involved	PSBC Mianzhu Branch	Agriculture Bank of China, Rural Credit Union, Bank of Deyang, PSBC Mianzhu Branch
Government Organizations or NGOs	Red Cross from all levels	Women's Federation, Bureau of Finance, BHRSS, China Banking Regulatory Commission, Poverty alleviation and Resettlement Work Bureau, Federation of Labor Unions, county Youth League Committee
Organizational responsibilities	fully involved with beneficiary criteria, loan delivery policy, monitoring and evaluation	Interest subsidy only. Loan details are coordinated by beneficiaries with different banks on their own

Target Population: The comparison shows that RC has a broader target population than WF. RC's applicants can be women or men who are poor and affected by the earthquake. WF's applicants are only female, who were not necessarily vulnerable or earthquake affected. It is likely that banks may prefer to disburse the loan to borrowers with relatively better financial conditions, whereas RC has the vulnerability restriction.

Microfinance loan size and interests: WF has a larger loan size than RC, and therefore could be more attractive to most families who are both capable and willing to start small businesses. WF's loan has a longer term and can be extended, while RC's loan has a shorter term and cannot be extended. RC implements a fixed rate of 4% for all the beneficiaries, and can reduce it to 3.67% if loans are repaid on time (within 12 months), and the interest is collected on monthly installment. WF does not fix the interest rate but asks the beneficiaries to negotiate a rate with the bank they select, and the rate is therefore different because there are four banks involved and each bank has its own policy. The subsidy interest that WF beneficiaries get is "the national benchmark rate"+3%. They actually pay zero interest rate if the negotiated rate is lower than the subsidy rate, or only need to pay the balance if it is higher. Borrowers of RC's loan do not need to pay full interest first since the bank can immediately receive the subsidy from the project, but WF banks require beneficiaries to pay full interest first, and then return the subsidized part to the beneficiaries when the banks get the subsidy from the central government.

Loan access: The RC loan procedure is simple and easy, very attractive to vulnerable groups, but has overdue risks while the WF loan procedure is more complex and difficult to secure, which minimizes overdue risks but excludes the vulnerable groups. RC's loans need one guarantor for each individual loan; in terms of group loan, the three people who formed the group can guarantee each other. WF's loans require certain assets such as a mortgage or pledge, or a 3rd party's guarantee; WF's loan process is more complicated and takes a longer time than RC's.

Project Partners: RC works with one financial project partner, the PSBC Mianzhu Branch, while WF developed partnerships with four banks in Mianzhu County and many more across the country. It is easy and convenient for RC to make decisions about loan details, but RC is subject to demands for high subsidies of interest rate from PSBC because there are no competing partners; WF works with four banks, which makes it difficult for unifying loan details across the banks.

As the microfinance project holder, RC and WF play different roles. RC is fully involved with the loan design, delivery policy, monitoring, and evaluation. It subsidizes the bank (PSBC Mianzhu) immediately once the loan is disbursed. WF is not involved in the loan details. Its main function is interest subsidy. It subsidizes the banks twice a year. After a series of approval procedures, the banks then return part of the interest subsidy to beneficiaries. Therefore, WF's loan is basically impossible for low-income family to apply for, and isn't suitable for vulnerable, earthquake-affected families.

Overall, RC loans target a wider group of people, are easier to secure, and fit the needs of the

genuinely poor and vulnerable people, while WF loans target only women, are difficult to secure and are more tailored to families that are not poor, and are already on their way to bigger development.

5.2 Data analysis

5.2.1 Basic Characteristics of the Beneficiaries

Of the 160 families visited, 72 are microfinance beneficiaries and 88 are non-microfinance beneficiaries. The statistics of the Rural Household Survey show that the average age of the head of a beneficiary household is 43.34, and the average number of years of education is 8.13. There is, on average, 3.5 people in each family. In contrast, the average age of the non-beneficiary household heads is 44.30, and the average number of years of education is 7.80, while each household has 3.3 people. Therefore, the beneficiaries are younger, better educated, and have larger families than the non-beneficiaries.

It is useful to analyze the vocation and major sources of income of the displaced farmers since the evaluation found that local farmers did not rely solely on agro-production for their income. As shown in Figure 5.1, 11 microfinance beneficiaries earned monthly wage, six worked outside Mianzhu, six stayed home taking care of housework, 28 were engaged in agricultural production, and 12 managed their own businesses, while nine had other sources of income.

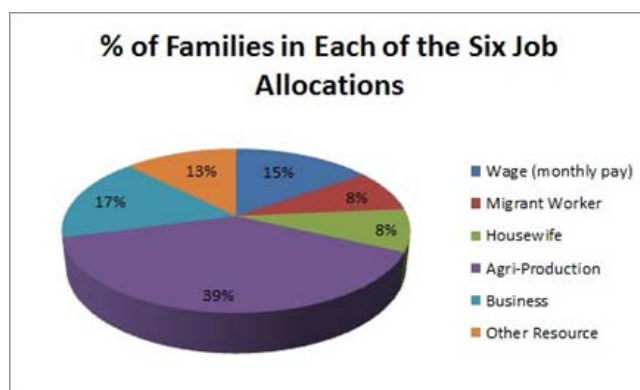


Figure 5.1 Job Allocation of the Surveyed Microfinance Beneficiaries Job

Of the 72 surveyed beneficiaries, the average farming land is 3.20 mu¹. The statistics indicate that 12 households (16.67%) have disabled members. Among them, eight are interviewees themselves and four are family members of disabled people. In terms of types of defects, there are two visual disabilities and ten physical disabilities. Among the 12 disabled people, five were devastated by the earthquake.

¹ Metric unit: one mu is equal to 0.16 acre.

In terms of other loans in 2012, the statistics indicate that 39 beneficiaries (54.17%) have other loans besides the Red Cross's small loans, while the rest, 33 (45.83%), claim that they do not have any other loans. The loan sizes from other sources range from 10,000 to 140,000 CNY. As the following chart indicates, 30 families (76.92%) borrowed the money for house reconstruction; eight families used the loan for business start-up or expansion, including businesses in the agriculture production and tourism industries; and one used it for employee salaries. The loan length ranges from eight to 48 months. The annual loan interest rate ranges from 4% to 9%. Twelve beneficiaries claim that they paid up the loan at the end of 2012, and 27 are still paying. From the statistical analysis, we found that more than half of the beneficiaries have other loans besides RC's small loans, which could add extra pressures to their loan repayment and likely cause cases of overdue payments.

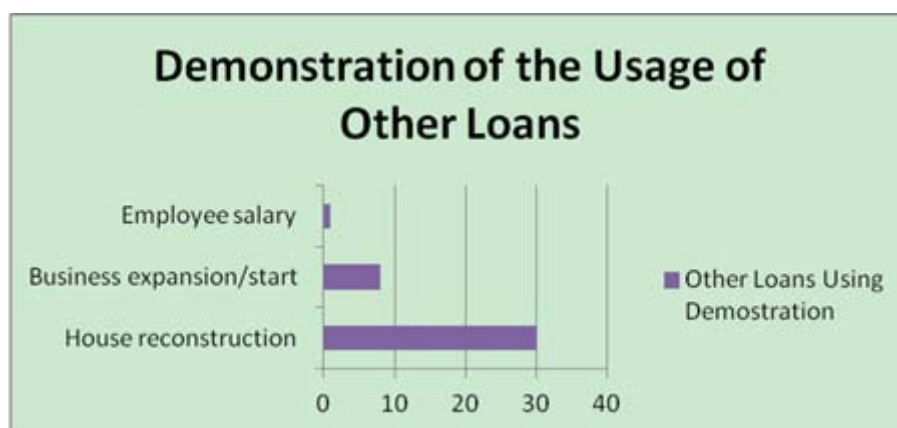


Figure 5.2 – Loan Repaying Status of the 407 Families

5.2.2 Training Component Description of the Beneficiaries

After the earthquake, most of the relocated and disabled farmers lacked the needed skills for livelihood recovery, so the skill training delivered by IFRC and RCSC was both timely and necessary. Of 72 surveyed small loan beneficiaries, statistics indicate that 41 beneficiaries (56.94%) or their family members received business or vocational training before getting the small loans, while the rest of the 31 beneficiaries (43.06%) did not attend the training. The types of training included crop planting, Chinese cuisine, running a business, embroidery, welding, construction, animal husbandry and training to become an electrician. In total, 37 (90.24%) beneficiaries believed that the training helped them enhance their skills and four (9.76%) did not think that the training was useful; 34 (82.93%) beneficiaries thought the training helped them to increase their access to job opportunities, while seven did not think it helpful; 21 (51.22%) shared that their income increased after taking the training, while 19 did not have any income changes. One person did not answer. 27 beneficiaries claimed that the training had helped them become more involved in community activities, while 13 thought that there was no difference, and one did not answer.

The evaluation team further found out that some beneficiaries did not think the training had helped them and came up with the following reason: a large portion of female trainees are housewives and have to stay at home to take care of their children. Some trainees shared that they could not apply the skills they learned from the training program, because they did not have start-up capital. Some trainees did business that was not related to what they had learned in the training. For example, we visited two female trainees who were trained in embroidery, but both worked as shop attendants in the Mianzhu county later on, earning monthly wages. We understand that this is reasonable because the training project did not require that trainees should use what they learned from the program, but instead helped them to expand their horizons, so that they could find the confidence to choose what they preferred in income generating activities following the training.

5.2.3 Small Loan Implementation Description

In terms of RC's small loan amount, the statistics indicate that the minimum loan is 10,000 CNY, the maximum loan is 50,000 CNY, and the average loan size for each beneficiary is 18,000 CNY. In terms of loan receiving time, 59 beneficiaries got the loan in 2011, 12 in 2012, one is not sure. It was difficult to select suitable beneficiaries at the early stage of the small loan component, therefore, the team had to adjust the beneficiary selection criteria towards providing financial assistance to all vulnerable households in rural Mianzhu, and so, after the adjustment, the number of beneficiaries soared in the later stages in 2011. According to the statistics, we can say that the selection criteria adjustment is positively correlated with the increased number of beneficiaries (See Figure 5.3).

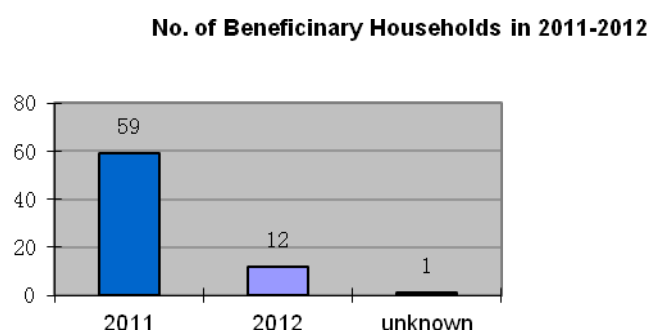


Figure 5.3 Number of Beneficiary Households Each Year

In terms of loan type, 42 beneficiaries got individual loans and 30 group loans. The following chart demonstrates that individual loan accounts for 58.33% and group loan 41.67% (See Figure 5.4). Among the 30 group loan beneficiaries, 23 (76.67%) said that each of their groups are composed of three households, 6 (20%) said that it is composed of more than 20 households (with non-beneficiaries joining the group), and 1 (3.33%) was not sure.

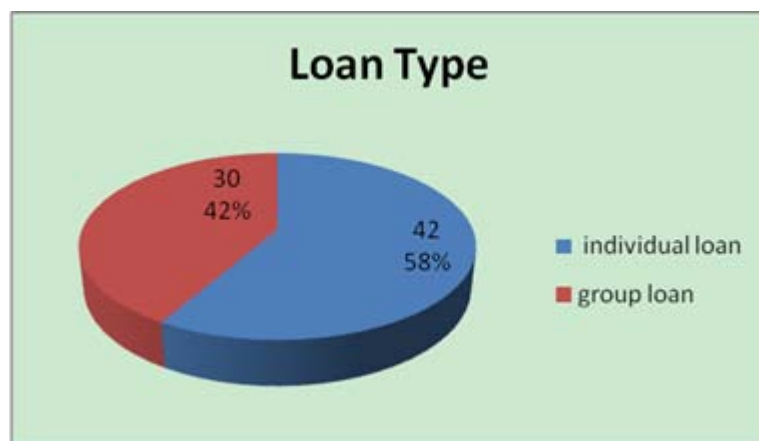


Figure 5.4 Loan Types of the Beneficiary Families

The statistics demonstrate that 69 households spent the loan in agriculture or business, one household lent it to his relative for livestock development, one used it to purchase a car and one does not know how exactly he spent the money. It is obvious that 95.83% households spent the small loans directly on income generation activities to improve their livelihoods. From this analysis, we found that the small loan is a genuine need for farmers to (re)start their agriculture or business activities. Meanwhile, the small loan resources are efficiently and effectively used by the beneficiaries. The detailed investment activities of small loans are demonstrated in Figure 5.5.

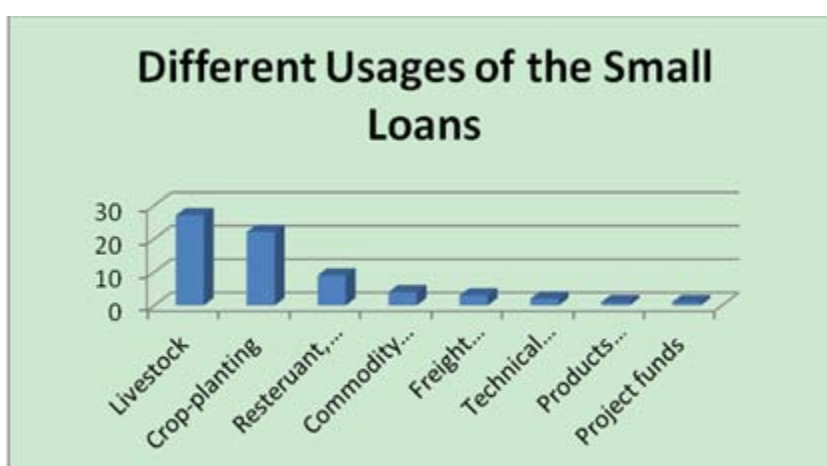


Figure 5.5 Different Usages of the Small Loans

5.2.4 Effectiveness and Satisfaction

The statistics capture the beneficiaries' self-assessment on their household income level compared with that of their neighbors; three people claim that they are rich, 55 medium and 14 poor. At the end of 2012, the average annual savings was 12,028.17 CNY for beneficiaries, while it was 1,520.69 CNY for non-beneficiaries. Beneficiaries had much higher savings than non-beneficiaries.

The statistics show that the per capita gross income of the beneficiary households was 20,010.65 CNY in 2012. In comparison, the per capita gross income of the non-beneficiary households was 11,114.69 CNY. The gap of gross income per capita between beneficiaries and non-beneficiaries in 2012 is significant. Therefore, the small loans have had a significant positive impact on the relocated farmers' household income (See figure 5.6).

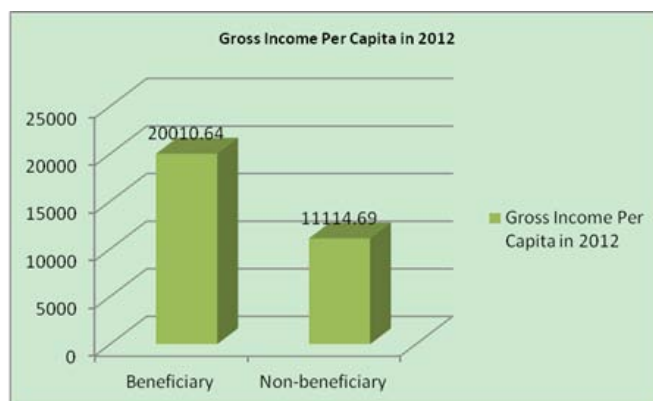


Figure 5.5 Per Capita Gross Income in 2012

The statistics also demonstrate that the beneficiary's income from wages, agricultural pursuits, and businesses grew fast after receiving the small loans. However, the growth rate of income from different sources varied. The per capita income from agriculture and businesses went up faster than that from wages. As can be seen in Table 5.6, in 2010, the per capita wage income of the surveyed small loans beneficiaries was 5,214.56 CNY. With a growth rate of 6.89%, it reached 5,573.65 CNY in 2012. The statistics also indicate that the per capita income from agriculture and business activities increased by 83.55%, from 7,152.57 CNY in 2010 to 13,128.77 CNY in 2012. Details of the income change are summarized in Figure 5.7.

Table 5.6 Per capita Household Income of Microfinance Beneficiaries in the year 2010 and 2012

	Wage income per capita (CNY)	Income from agriculture and business per capita (CNY)
2010	5,214.56	7,152.57
2012	5,573.65	13,128.77
Change rate	6.89%	83.55%

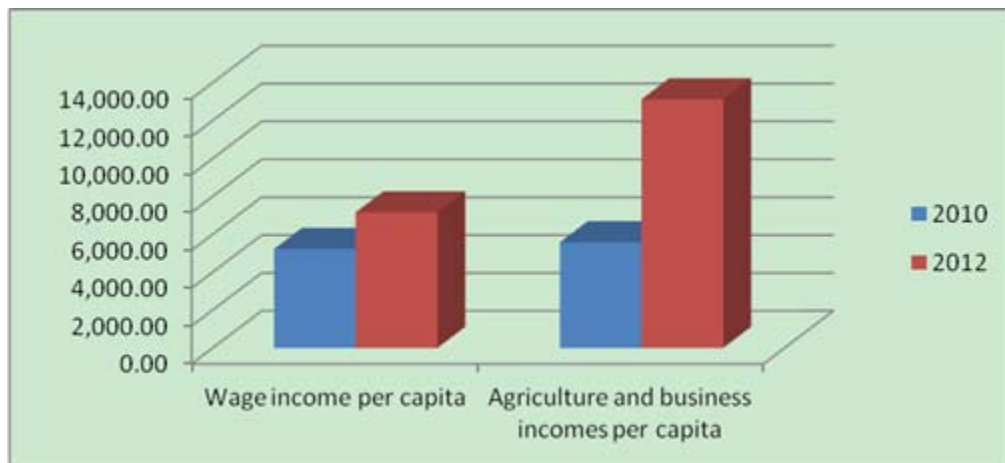


Figure 5.7 Incomes Change in the year 2010 and 2012

5.2.5 Relation between Income and Microfinance

The ANOVA test was adopted to analyze whether or not the income was affected by microfinance. Within the survey, each household was an independent random sample. An assumption made was that the beneficiaries' income was not influenced by the environment and policy, and the only difference was whether or not they had received microfinance aid. In that case, the income was only affected by microfinance. Using the database, the mean income of each household from 2010 to 2012 can be calculated. Based on the calculations made using SPSS² software program, the statistics indicate that the per capita gross income was not significantly different between beneficiaries and non-beneficiaries in 2010 ($P=0.095>0.05$). However, one year after implementation of the microfinance project, the per capita gross income was significantly different between beneficiaries and non-beneficiaries ($P=0.007<0.05$). Furthermore, the per capita gross income was very different in 2012 ($P=0.002<0.05$). All in all, the statistics prove that the small loans had positive impact on household income through comparing the per capita gross income of the beneficiaries with that of the non-beneficiaries through the years of 2010 to 2012.

5.2.6 Relation between Income and Training

The ANOVA test was also adopted to analyze whether or not the small loans beneficiaries' household income was affected by training. Of the 72 surveyed beneficiaries, 41 had attended the project-designed business or vocational training before receiving the small loans, while 31 had not. One assumption made is that the beneficiaries' income was not influenced by the environment and policy, and the only difference was whether or not they had received training. In that case, the income was only affected by the training. Based on the calculation using SPSS software program, the statistics indicate that the per capita gross income was not significantly different between microfinance +training beneficiaries and microfinance+ non-training

²SPSS stands for Statistical Package for the Social Sciences. It was designed to perform statistical analysis on quantitative data.

beneficiaries in 2010 ($P=0.064>0.05$). However, after one year of the training project implementation, the per capita gross income was significantly different between microfinance +training beneficiaries and microfinance+ non-training beneficiaries ($P=0.0031<0.05$). Meanwhile, the per capita gross income was very different in 2012 ($P=0.034<0.05$). All in all, the statistics demonstrate the training has had significant impact on household income. The combination of microfinance and training had the most significant impact on the beneficiaries' household income.

5.2.7 The Beneficiaries' Satisfaction with the Small Loans

The statistics indicate that 50 (69.44%) surveyed households felt that the small loans had helped them increase family income. Twenty did not feel that it had helped them. Through the small loans, 87.53% households increased their working hours, 88.92% paid more attention to family financial management, 88.92% paid more attention to market changes and participation, 50.14% increased their participation in community activities, and 33.33% formed groups and associations to help each other. The sources of repayment are monthly wages, migrant work, borrowed money, agriculture, self-owned business and other sources. 86.11% households have only one source of repayment, while 13.89% have multiple sources. Of all these sources, we have found that agriculture production, migrant work, business, monthly wages and borrowed money are the major sources.

Overall, 61 surveyed households (84.72%) felt satisfied with the small loans they received and six (8.33%) were unsatisfied. The lending interest rate of the loan was accepted by most surveyed beneficiaries. 67 (93.06%) spoke highly of the small loan interest, while only three (4.17%) thought the lending rate was not satisfying. As far as the loan length is concerned, 58 (80.56%) expressed their satisfaction; ten (13.89%) indicated medium satisfaction. In terms of the pressure of repaying the loans, 46 (63.89%) expressed no pressure at all, nine (12.5%) indicated medium pressure, while 17 (23.61%) had a little pressure. 69 surveyed beneficiaries (95.83%) would like to borrow money from the Red Cross again. 67 (93.06%) would love to recommend the RC small loans to their friends and relatives. From the statistical analysis, we have found that the small loan component has helped the vulnerable households in Mianzhu to increase their family income generation activities, enhance their financial and marketing management capacity and form community associations to help each other. The beneficiary households are highly satisfied with the small loans project, particularly the size, length and interest rate. The high quality of the project won the beneficiaries' high satisfaction. They would love to work with the RC again and promote the RC's project in their neighborhoods and communities.

6 Findings

6.1 Validity of Project Design

The massive earthquake and landslide caused a majority of farmers who lived in the mountains or foothills to lose their farmland, and forced them to change their traditional way of production and to seek new income generating activities. Income from cash crops and livestock breeding were also seriously affected due to damages to cash crop facilities and animal barns, coupled with the fact that many animals were either killed or missing. The cash crop and livestock breeding industries, which had grown in size before the earthquake, became paralyzed for a long time. Furthermore, many people became disabled during the disaster. They needed to change their livelihood activities due to their disabilities. At the same time, their family members had the additional responsibility of providing them with intensive care and paying extra medical costs.

Lacking skills and very poorly educated, the relocated farmers could not find jobs in the post-quake environment, in which most jobs required a certain skill. Migrant work is not the first choice for many people, and has become increasingly difficult because of the intensive competition among the large troops of idle laborers in the quake area. Raising animals or doing small trading businesses is the best choice, however, almost all the quake affected families were already in debt after they completed rebuilding their houses in 2009-2010. Therefore, they were badly in need of skills training and a start-up fund to make a living.

This project was established on the basis of livelihood recovery after a disaster to provide relocated farmers who had lost their farmland and the disabled who were devastated by the disaster with basic skills to either re-gain employment or to launch their own businesses. A small loans program followed a training program, to provide the vulnerable trainees with the start-up fund that they need.

The IFRC with the DYRC and the MZRC formed a partnership to ensure that the project working team would have adequate technical, financial, local knowledge and the farmers in urgent need of the microfinance would be covered. The IFRC and the RCSC were in charge of the overall strategic management and monitoring of this project to ensure that the project would be implemented in a fair, justified and transparent manner. This collaborative mechanism enabled the project to take advantage of each party's strengths and experiences, and, therefore, to maximize the chance of success.

The IFRC also worked with the DYRC and the MZRC to select a small loan service provider in Mianzhu.

Planet Finance was involved in the early stage of the screening process to evaluate the capacity and coverage of local financial institutions and to provide suggestions of different models that could be adopted in the project design. Through careful evaluation, they decided to work with the PSBC Mianzhu Branch. Collectively, they designed a small loan operation plan to make relevant modifications on the basis of the existing PSBC Mianzhu credit system, to distribute loans to clients that the PSBC Mianzhu usually would have excluded. The small loans were distributed to those who had received the skills training designed at the early stage of the project (early 2011), and then to all poor households in rural Mianzhu (late 2011). The evaluation data shows that, out of the 72 beneficiary families, 58 (80.56%) have increased income. The income increase proves that the project design is effective and successful.

However, as of the evaluation date, this project has encountered a few challenges, which are crucial to identify for all stakeholders:

- A. It is a big challenge to arrive at, and maintain, a balance between the RCSC and the PSBC. The Red Cross advocates that they should try every way possible for the humanitarian cause, while the PSBC bank as a commercial bank needs to have profit and financial security as their priority. Moreover, it is also a big challenge to help the poorest to change their way of thinking (by helping them learn how to fish rather than wait for fish), so that the project could better serve the poorest of the poor.
- B. It is hard to select enough beneficiaries in the originally selected townships. The 407 beneficiary families were then scattered in 19 Townships. Given the fact that the PSBC and the RCSC have limited staff members, it was difficult to monitor and evaluate the loan repayment and business development progress of such scattered families.
- C. The project beneficiaries used the small loans for various income generating activities, such as animal rearing, tourist services, product trading and cargo transportation, which have gone far beyond the capacity and technical expertise of the MZRC and the PSBC Mianzhu Branch. Therefore, the beneficiaries are likely to fail when they can't obtain technical support.

6.2 Relevance and Strategy

The cooperation with the PSBC Mianzhu Branch was decided after a careful assessment of five potential candidates of small loans service providers. Data was collected and analyzed to give each of the candidates a score. PSBC Mianzhu scored the highest and was then decided as the small loan service provider. The size and length of loans were discussed between the IFRC, DYRC, MZRC and the PSBC Mianzhu Branch, based on the local needs and research and interview with potential beneficiaries before the launching of the project. As of the evaluation date, 407 families have received the small loan of 10,000-50,000 CNY. Of the loan receivers, 114 were female and 293 were male.

Our evaluation analysis results indicate that most of the 72 beneficiary families were satisfied with the loan design. However, some of them complained that the loan was not big enough for them, and a wider group said that it would have been better if they had had a longer period of time to repay the loan. It is worth mentioning that most of those who wanted bigger loans are in larger businesses, while those who wanted a longer repayment period are in smaller businesses. This result alerts the evaluation team that it might better serve the objective of income increase if the loan mechanism is adjusted to meet both needs—different sizes for the beneficiaries' different scales of businesses, and longer repaying periods for the small, poorest beneficiary families. This, of course, needs to be thoroughly investigated and analyzed by all parties. For example, it is debatable whether the adoption of this suggestion will truly play a positive impact on income increase. First, the IFRC needs to use the loans efficiently and effectively, which means the loans should be repaid within a reasonably short period of time so that more eligible beneficiary families could be covered. Second, it is difficult to define the scale of businesses that the beneficiary families conduct. Too large of businesses might disqualify them as beneficiaries. Third, different repayment periods might cause injustice and confusion among the beneficiaries. There has to be a policy clearly defining the loan repayment mechanism. Therefore, a clear policy should be made to define the most suitable amount and length of loans in terms of different type and scale of businesses.

It is necessary to note that while almost all of the 72 beneficiary families meet the criteria of being poor and vulnerable, the evaluation team interviewed five extraordinary loan cases in which families with high income successfully obtained the small loans. For example, one family in Hanwang Township, Mr. Liu Hao, reported very high family income. His *per capita* family income was 100,000, 88,000, and 70,000 respectively in 2010, 2011 and 2012. He saved 130,000 CNY cash in his bank in 2012. The PSBC Mianzhu loan officer Mr. Deng Lali told the evaluator that Liu Hao must have thought that the evaluator was connected with the bank, and that he must be boast about his income, for fear that he would get no more commercial loans for his business in the future. We also identified similar figures in the other four cases. We later found out that, of the five high income families, three ran small enterprises, in which many poor beneficiaries were employed, and that these enterprises had promoted the economic development in the communities. For example, one fish farming enterprise has 20 people working together to breed cold water fish, which has been quite profitable since 2011. Therefore, it might be better to adjust the loan mechanism to ensure that the vulnerable families who applied and qualified for the loan could be granted the assistance. However, it is confirmed that the current, overwhelmingly vast majority of the beneficiaries met the selection criteria.

6.3 Project Progress and Effectiveness

In general, the project implementation was smooth and successful. An overwhelming majority of the 72 beneficiary families increased their income through small businesses using the small loans. However, the original planned number of beneficiaries could not be fulfilled because it was difficult to select beneficiaries and many chose to have a full-amount of assistance, which is 20,000 CNY rather than the planned 10,000-20,000 CNY. The plan was then adjusted to accommodate the real situation. As of the evaluation date, 407 families have received loans.

The small loans component proved a great assistance to farmers in need of livelihood recovery. Most of the beneficiaries were satisfied. The subsequent support to the small loan recipients and the regular monitoring work conducted by the MZRC and PSBC Mianzhu Branch should also be regarded as a highlight of the project, as it should work towards the project's sustainability. There are, however, a few cases of failure, which the evaluation team especially noted. The team interviewed three families that failed their businesses and hadn't repaid the loan by the evaluation date. One used the loan to make lighters to sell, the other raised chickens and the last used the loan to purchase antiques advertised on the commercial channel, which turned out to be a scam. None of them had attended the training and got no technical support during their business operation. The lighters were not competitive to existing brands in the market, while an epidemic broke out on the chicken farm, wiping out almost all the chickens, along with a loan investment of 19,000 CNY. In the third case of failure, the loan borrower used up all the money from the loan to buy fake antiques. He reported the scam to the police. His wife was crying and losing her hope for life as she shared the story with us when we visited her family. This alerts the evaluators that training follow-up and small loan beneficiary monitoring have not been conducted thoroughly.

The planned loss-making strategy proved very attractive to farmers in rural Mianzhu. The policy made it possible for the local credit bank, PSBC Mianzhu Branch, to serve the poor. It also provided a loan interest (4%) that was affordable for the poor farmers. What needs to be mentioned is the incentive policy that this program adopts – to allow a beneficiary to pay only 3.75% of the interest if s/he pays off the loan within 12 months. This policy greatly stimulates the repayment and is widely welcomed and appreciated by the beneficiaries, as shown by the evaluation data.

Besides small businesses of their own, some beneficiaries used the loan to join the village cooperatives to grow long-term production plants, such as kiwi fruit trees and walnut trees. The labor is shared among the members, so that a larger plantation can be achieved. The loans were put to greater developmental potential by cooperative development, which is an innovation of this small loan component. No profit has been made as of the evaluation date because the trees

have not yet born fruit. Once they start to produce, a yearly production will be ensured for many years, with little further investment. Therefore, the cooperative development is another highlight of effective usage of the small loans (see 4.4 for details).

Over the two years' small loan operation, the partnering organizations had a precious opportunity to build their organizational and management capacity to deal with post-disaster restoration and to improve poverty alleviation. It needs to be mentioned that such experience is also new to the IFRC, and that they also increased their capacity in terms of designing and implementing training and small loans programs for affected people of similar natural disasters.

6.4 Efficiency of Resource Use

The microfinance component took advantage of the existing credit system of the PSBC Mianzhu Branch, which contributed its comprehensive database for microfinance, against which modifications were made to fit in with the IFRC project requirements. PSBC Mianzhu designated one loan officer to take care of all the beneficiary families. MZRC had broad and excellent connections with the village committee of all the townships in Mianzhu, which made it convenient for the work to be accomplished throughout the span of the project.

The PSBC used its own credit database to visit all the selected beneficiaries to collect the baseline data, which would have been of great value for this final evaluation. However, this database can't be provided to outsiders according to the PSBC credit policy.

6.5 Effectiveness of Management

The IFRC partnered with DYRC and MZRC, while MZRC closely worked with the PSBC Mianzhu Branch to implement this project. DYRC supervises the progress and work performance of the MZRC staff. The IFRC regularly visited the project to collect feedback from all stakeholders and beneficiary families.

MZRC and DYRC recruited staff members specifically for this project. Over the two years' implementation, the staff members have greatly increased their capabilities, and both organizations have gained the expertise in facilitating such international assistance project. The evaluation team noted an obvious increase of confidence in MZRC about their current implementation and possible future cooperation with IFRC, and other international aid agencies, if possible.

Based on the documentation provided and the focus group discussion, potential beneficiaries were well informed about the small loan opportunity through word of mouth, brochures and leaflets, as well as the TV programs made by the local TV Broadcast station. Work plans,

meeting minutes, and action plans were kept up to date, and a mid-term and final internal evaluation of the training component were also carried out before the microfinance component was launched. The results of these two evaluations summarized lessons learnt and adjustments required in order to achieve better efficiency and to help guide the strategy and management of the small loan distribution and repayment.

6.6 Impact and Sustainability

From analysis of the data gathered in our evaluation, we can confidently say that the IFRC/RCSC is consistently and substantially helping the earthquake victims re-establish their livelihoods. It was clear for us that the RCSC partners in Mianzhu have a strong system to implement this project, and demonstrate the ability to manage the microfinance distribution and recollection.

The IFRC/RCSC's work shines in many ways. During our systematic search for impacts we were able to identify substantial positive impacts of this project:

- improved skills
- increased income
- improved project management capacity
- gender equity
- cohesive community

The DYRC and MZRC staff and the PSBC Mianzhu staff we had the opportunity to work with seemed to be capable professionals and very committed to the RCSC values. One peculiar characteristic that made quite an impression on us was a positive attitude towards evaluation demonstrated not only by RCSC and PSBC staff, but also by virtually all project partners and community leaders. Besides the warm welcome, at the end of every visit, the local partners and community leaders wanted to know our impressions of their project, especially of the aspects we thought were not working very well so that they could improve them. This is a clear demonstration of the level of maturity, intelligence, and commitment these people have to their work. They want to learn as much as possible in order to do the best they can.

The loss-making interest subsidy provided by the IFRC proved an effective and practical approach for carrying out the objective of assisting earthquake-affected, vulnerable, relocated farmers and disabled people to receive funds for the purpose of resuming and establishing businesses. The earthquake-affected families are extremely poor and vulnerable, especially after being relocated and losing land. They can't obtain loans from the bank because the bank, different from the IFRC project, does not consider charitable assistance in their financial operations. Therefore, the families would not have had startup funds to do any business if it were not for the RCSC small loans. The partner bank that this project chose charged an interest

rate of no less than 15.66%, which is too high for the vulnerable families. In light of this, the subsidy of the interest rate that this project provides, as high as 11.66%, greatly reduces the financial burden of the families. The evaluation found that the beneficiaries all appreciate the 4% rate that they actually take. The questionnaire survey found that most of the families paid off the loans on time, thought that the 4% rate was reasonable for them, and confirmed with the evaluators that they would recommend the loan to their relatives and friends. Some of them did wish to have longer term and larger loans, but none had any opinion against the interest rate. We identified only nine overdue cases, which all happened because of business failure. The current subsidy plan will safeguard the seeds fund, and, if allowed by the IFRC, can keep revolving among the vulnerable people, without great risks of fund loss. Furthermore, the IFRC agreed to compensate the unpaid loans, which are not only small but also have not occurred as of the evaluation date (the PSBC will continue to collect the nine overdue loans). Also, the families that have used the loans reported very good and sustainable income, especially those who joined village cooperatives. Therefore, we believe that the project can use the same subsidy plan for the remaining loan borrowers, and that this scheme can be sustainable.

6.6.1 Improved skills

Having got the loan, all the beneficiaries were more concerned with saving costs and earning income. They made more appropriate arrangements concerning family labor division and family earnings and expenses. Through extensive communications with the bank before and after the loan, they gradually learned more about family finance management. They also changed their traditional way of always waiting for external assistance. The loans mobilized them to be proactive in the market. They not only tried to increase the value of their agricultural products, they started small trading activities, and closely watched market changes to buy and sell on time. Consequently, they increased their market competitiveness.

The small loan project integrated resources from the DYRC, MZRC, and the PSBC Mianzhu Branch. The beneficiaries not only benefited from the start-up loans, they learned a lot through the project implementation, which gave full play to their producing and marketing potential. Best practices within and beyond their townships helped strengthen the learning process. Through interactions with the project implementation team and their loan counterparts, they gradually built up social capital and were empowered in their skills with small business development.

The small loans also helped foster a lot of crop farming, animal raising and business development associations, which played important roles in organizing the farmers to save cost, increase productivity and improve their marketing strategy. The project implementation has promoted public self-service systems in the communities and townships, which were united financially to take part in market competition and, by so doing, became more competitive in the

market. Therefore, the small loan project has enabled the communities to develop sustainable development skills for future growth.

6.6.2 Increased Income

The small loan project reached 407 earthquake-affected families. The evaluation team interviewed 160 families, of which 72 had received loans. The statistics indicates that the small loan beneficiary's income from wages, agriculture, and business grew fast after receiving the loan. Their average *per capita* income in 2010, 2011, and 2012 was 12,934.68, 15,700.86, and 20,010.64 CNY, respectively, up by 21% in 2011 as compared with 2010, and 27.45% in 2012 as compared with 2011.

Participants of this livelihood recovery project used the loans for a variety of purposes, including raising animals, growing regular and cash crops, buying and selling commercial products (such as bathroom facilities and light bulbs), manufacturing products, opening shops/restaurants, providing technical services, and other various purposes. These activities have significantly increased their income. For better understanding of how the small loan played a positive impact on the beneficiary's income, a comparison analysis of the income data was conducted using the income of non-beneficiaries as the Control Group. At the end of 2012, the average annual savings was 1,520.69 CNY for non-beneficiaries, while it was 12,028.17 CNY for beneficiaries. The statistics show that the *per capita* gross income of the beneficiary households was 20,010.65 CNY in 2012. In comparison, the *per capita* gross income of the non-beneficiary households was 11,114.69 CNY. Beneficiaries' *per capita* income in 2012 was overwhelmingly higher than that of non-beneficiaries.

6.6.3 Improved Project Management Capacity

The MZRC was established shortly after the earthquake and was limited in human resources and technical expertise. The IFRC/RCSC livelihood recovery project was the first internationally-funded project that MZRC has ever implemented. Plus, this project was different from its usual projects, because of money loans to and from poor earthquake-affected families. From the very beginning of the operation, MZRC was very cautious about how to use the money. It cooperated closely with the project partner, PSBC Mianzhu, in selecting beneficiary families.

Besides microfinances, the RCSC has also cooperated with other government agencies to deliver the training component. It has learned to efficiently coordinate government departments for the project goal, and became experienced in communicating with project partners and managing project resources. Its cooperation with PSBC has created a strong base for similar future projects.

This project is the first loan and return project that PSBC Mianzhu has ever conducted that had both an international background and a focus on the vulnerable impoverished. It was a challenge for the PSBC staff, because their usual work is with large and rich producers who have no problem returning loans. To work with the vulnerable, earthquake-affected families has substantially improved their ability to work with those whom they usually exclude in their credit system, and through the process, they improved their views of poverty alleviation and gained prestige from society. Of the total 407 borrowers, only nine are overdue, which is quite a big achievement already among similar livelihood improvement projects. As the project continues, the PSBC Mianzhu will keep learning how to best approach delivering and recollecting loans, and has the potential for further growth in handling the IFRC livelihood recovery project.

6.6.4 Gender Equity

Gender equity is usually not a problem in the Han³ area of China, but, as urbanization accelerates, more and more men go to cities for migrant work, leaving children, women, and the elderly at home. In the earthquake-affected area in particular, women cannot perform viable and sustainable income generating activities because they have lost their farmland due to relocation, and they don't have any startup capital. Even though farmer interviews and small group discussions did not prove proof of women being treated poorly in families, the stable source of income from the IFRC livelihood project has noticeably empowered women and improved their spirits. This has been proved through farmer interviews and small group discussions. "We feel much better after getting the loans and making income," Said Ding Yunfang, a borrower in Hanwang Township. "When you have money in your pocket, you will be more confident, even though others don't mind if you have no money."

The small businesses that the beneficiary families conducted after having secured the loans actually employed women who would otherwise not have the opportunity to earn income. The evaluation found that women were the major players in such businesses because their male relatives had mostly left to do migrant work. In the earthquake-affected area, and in other Chinese rural areas in general, it is the same case that men more often worked away from home doing migrant work, which earned more income, while women stayed home raising animals or doing other activities that they can manage. This created a new issue for rural villages—laborers migrate to urban areas leaving women, children, and the elderly behind. The small loans attracted some of the men to go back home to work with their women and, by doing so, were able to make their families more stable and their communities more cohesive. Therefore, positive impact was identified in the small loans in both women empowerment and community harmony.

³ The Han Ethnic Group is the largest among the 56 ethnic groups in China, making up 92 percent of the total population.

6.6.5 Cohesive Community

The evaluation team visited 11 communities in four townships. Besides questionnaire interviews, we conducted small group discussions and household visits. It was clear that the communities were viable and the people in high spirits. The relocation did cause land loss, but the livelihood recovery project was a relief to the community. People were able to attend training, start small businesses, and do other activities such as exchanging technical skills with one another. The newly-built, much clustered, residences made it much more convenient for such exchanges, and thus physically brought community members closer together. This is obvious in Jinhua Township where we saw community members joining the village cooperative (See 4.4 Community development).

7 Conclusions and Recommendations

7.1 Conclusions

The Sichuan Post-Earthquake Livelihood Recovery Project was implemented in March 2010 and is still in operation. By assessing the whole project's implementation and the impact of the small loans on beneficial farmers compared with the Control Group, the evaluation concludes that the project achieved the goal of recovering the beneficiaries' livelihoods; both the training and small loans components of this project are efficient approaches to assisting the earthquake-affected farmers in restoring their production and livelihoods; the project partners have built up their capability to manage this livelihood project, and are well established in their capacity for implementing similar projects in the future.

The design of the small loans well satisfied the needs of farmers for starting up a cash-generating business. The project partners, DYRC, MZRC and PSBC Mianzhu Branch were sophisticated in organizing and conducting the small loan distribution and repayment, and their designated staff is competent and qualified. The vast majority of the beneficiaries increased income and improved their skills for sustainable development of their businesses.

The project has so far produced an instant effect on the livelihoods of relocated and disabled farmers. Statistics indicate the *gross per capita* income of the households that have received the small loans was 20,010.65 Yuan in 2012, and that of the control group was 11,114.69 Yuan. The small loans had a significant positive effect on income generation. The focus group interview also confirmed that almost all the beneficiaries could increase income.

Generally speaking, the beneficiaries were quite satisfied with the small loans and the follow-up services provided by the project partners. Statistics demonstrate 84.72% of beneficiaries were satisfied with the small loans. 95.83% would like to borrow money from the RC again. 93.06% would love to recommend the RC small loan project to their friends and relatives.

The statistics demonstrate that 95.83% of households spent the small loans directly on income generation activities, and that the small loan was a genuine need for the beneficiaries to (re)start their agriculture or business activities. The small loan resources were efficiently and effectively used by beneficiary households.

The statistics indicate that 88.9% of households paid more attention to family financial management, 88.9% paid more attention to market changes and participation, 87.5% of

households increased their working hours, 50% increased their participation in community activities, and 33.3% formed groups and associations to help each other.

The evaluation data shows, out of the 72 beneficiary families visited, 31.94% joined village cooperatives to develop long-term cash generating activities, such as growing kiwi-fruit and walnut trees. Even though the trees had not generated income as of the evaluation date, the long-term potential of profit will be quite attractive. The continuous yield of products every year, along with the cooperative management of production and marketing, will foster a sustainable income for these beneficiaries.

However, there is room for better monitoring and technical services to ensure the beneficiaries' income increase, because several beneficiaries failed in their small business endeavors.

To sum up, the small loan component was successfully implemented. It has produced a positive effect on the beneficiaries' income growth and has enhanced RCSC's institutional capacity of livelihood project management. The program was widely welcomed by the beneficiaries since it had an enormous and sustainable effect on the farmers' livelihood recovery. The small loans project, associated with well-organized training beforehand, as a post-earthquake assistance methodology, is an innovative approach, but there were still shortcomings within the implementation of the program. However, the project has two more years to distribute loans to new families. There is great chance that such shortcomings could be overcome.

7.2 Recommendations

The following are several suggestions from the external evaluation team to be considered by IFRC/RCSC in their constant efforts to improve their work. There is, however, one very important caution. MZRC has clearly been very effective in managing essential activities such as training and loan distribution/collection. Those services are the basis for the great success achieved in helping the livelihood recovery project participants in all visited project sites to establish or re-establish their small income generating businesses. Therefore, as IFRC/RCSC staff considers the appropriateness of implementing any of these suggestions, they should keep in mind that it is important not to divert their focus from their current efforts dedicated to those key activities.

1. **Accelerate loan disbursement.** The new work plan sets a loan disbursement objective of at least 1,213 and as many as 1,669 households by 2015, allowing one full year to recollect all loans. 407 households had been achieved at the end of 2012 and the loan disbursement speed is 203.5 households per year so far. Therefore, the remaining 806 to 1,262 households will have to be fulfilled in the remaining days. A much improved speed of 268 to 421 households per year from 2013 to 2015 will be needed. This poses a big challenge to the

project partners. It is suggested that effective measures be taken to accelerate loan disbursement, with the prerequisite that the beneficiary selection criteria continues to be strictly followed.

2. **Link the training with small loans.** The training component was designed to be linked with the small loans so that the beneficiaries will have the right skills for livelihood improvement purposes, however, we found some farmers confronted with difficulties unable to apply what they had learned in their real livelihood recovery activities. It is very important to conduct training follow-up service more thoroughly to find out what further training or technical support the beneficiaries need to ensure successful production. For the few failed cases, we found that they had not received any training about what they did, nor did they obtain further help throughout their livelihood improvement efforts.
3. **Encourage more practices of cooperative development.** The evaluation identified a creative practice of loan use—cooperative development. Some of the loan borrowers joined village cooperatives to develop their products and improve market power. The questionnaire survey and the farmer small group discussions both showed that the loan beneficiaries are very excited about the development of their cooperatives. Even though their business—walnut trees and kiwi fruit trees—have not started to make profit because the trees have not borne fruit yet, all the cooperative members and the village leaders are quite confident about their promising future. It is recommended that such cooperative practices be encouraged among new loan borrowers in the future.
4. **Improve technical support for the beneficiaries.** The project goal states clearly that the beneficiary will increase income by using the loans for small business development. Therefore, to ensure income increase, constant monitoring of the beneficiary families needs to be done to identify their new development needs. Based on these needs, the project team needs to provide the beneficiary families with technical support accordingly. For example, the project team can coordinate with the local bureau of animal husbandry and agricultural extension bureau to provide technical support and services for families using the loan to raise animals or grow cash crops; and, for those dealing with small trading business, the project team can coordinate with local commercial, industrial and trading associations, so that the families can get preferential treatment and technical services from these associations. The evaluation data shows that the project team did monitor the families, but focused more on finding out the changes and improvements that the beneficiaries had made after the loans. But the evaluation identified failure cases that were not helped by such monitoring process. Therefore, it is suggested that the project team coordinate with related organizations more thoroughly to identify technical assistance needs of the beneficiaries and thus minimize failure cases.

5. **Improve loan distribution mechanism.** The beneficiary criteria agreed upon by the IFRC and RCSC says that all loans must be distributed to poor, earthquake-affected families. A Wealth Matrix was then developed and agreed upon by all parties. It was used as an important tool to select beneficiary families in 2011-2012. While almost all the visited families met the beneficiary selection criteria, the evaluation team found five extraordinary loan cases, in which families with high income successfully obtained the small loans. We later found out that, of the five high income families, three ran small enterprises, in which many poor beneficiaries were employed, and that these enterprises had promoted the economic development in the communities. It is suggested that the beneficiary criteria be strictly followed once it is agreed upon by all parties.

6. **Improve the flexibility of loans.** The small loans were distributed at a fixed loan size and repayment length—Individual loans are no more than 20,000 CNY and the maximum size of group loan is 50,000 CYN. All loans need to be repaid within 12 months. The evaluation found that a good number of visited beneficiaries and non-beneficiaries wished that the length was longer and size bigger. Most of those who wanted bigger sizes of loans were in larger businesses, while those who wanted longer repayment periods in smaller businesses. This result alerts the evaluation team that it might better serve the objective of income increase if the loan mechanism is adjusted to meet both needs—different sizes for the beneficiaries' different scales of business, and longer repayment periods for the small, poorest beneficiary families. To ensure efficient use of loans and to maximize the beneficiary's income, the evaluation team suggests that the small loan scheme be adjusted to meet the flexible needs of the beneficiaries. However, the evaluation team suggests extra caution in implementing this recommendation (See paragraph 2 in "6.2 Relevance and Strategy")

7. **Keep project information consistent for all stakeholders.** While the organization of project resources, loan scheme, and implementation strategies were kept consistent most of the time for all stakeholders, the evaluation found that the slight change of work plan and loan scheme in 2011 did not reach all of the project partners. A few beneficiaries visited were also confused about the interest rate repayment plan. It is the suggestion of the evaluation team that all project information be kept consistent with clear documents records for all project stakeholders, including each and every one of the beneficiaries.

Acknowledgement

This evaluation was carried out with the assistance of a large number of individuals and organizations. Without their help, it could not have been completed successfully. Taking this opportunity, we would like to firstly express our heartfelt gratitude to Mr. Ji Yongzhong, Chief Financial Officer, DYRC, Mr. Zhang Jun, Small Loan Coordinator, MZRC, and Mr. Deng Lali, Loan Officer, PSBC Mianzhu Branch, for coordinating the focus group interview and providing logistics support for the field work. We must express our sincere and enormous appreciation to them for their hard efforts in making sure every sampled beneficiary was visited. They took great trouble in locating the last few beneficiaries, and worked with us late to finally complete the questionnaire interview. We would like to acknowledge Mr. Baktiar Mambetov and Ms. Vicky Sun from the International Federation of Red Cross and Red Crescent Societies for providing a brief introduction of the project and project electronic documents, especially the microcredit component. We would also like to thank Ms. Wang Lijuan, Microenterprises Officer, MZRC, Mr. Wang Minghua, Training Officer of Livelihoods Program, MZRC, for helping us getting project information.

Mr. Wang Shigang, Director General of the PSBC Mianzhu Branch, should be appreciated for his systematic introduction of the project implementation in the focus group interview. Ms. Fu Dengping, Vice president of Women's Federation should also be appreciated for her introduction and explanation on WF's microfinance project. Our special thanks go to Mr. Zheng Zemin, vice president of Mianzhu Red Cross for his provision of valuable information. The four townships leaders we visited are also to be thanked for their discussions in the interviews and coordination in the field trip. Last but not the least, a more detailed list of people and organizations is seen in the following.

International Federation of Red Cross and Red Crescent Societies:

- Mr. Baktiar Mambetov, Livelihoods Delegate;
- Ms Vicky Sun, Livelihoods Programme Officer.

Red Cross Society of China:

- Mr. Mianshan Qiu, Deyang Red Cross Managing Deputy President;
- Mr. Zemin Zheng, Mianzhu Red Cross Managing Deputy President;
- Mr. Zhang Jun, Small Loan Coordinator, MZRC,
- Mr. Ji Yongzong, Chief Financial Officer, DYRC
- Mr. Deng Lali, Loan Officer, PSBC Mianzhu Branch

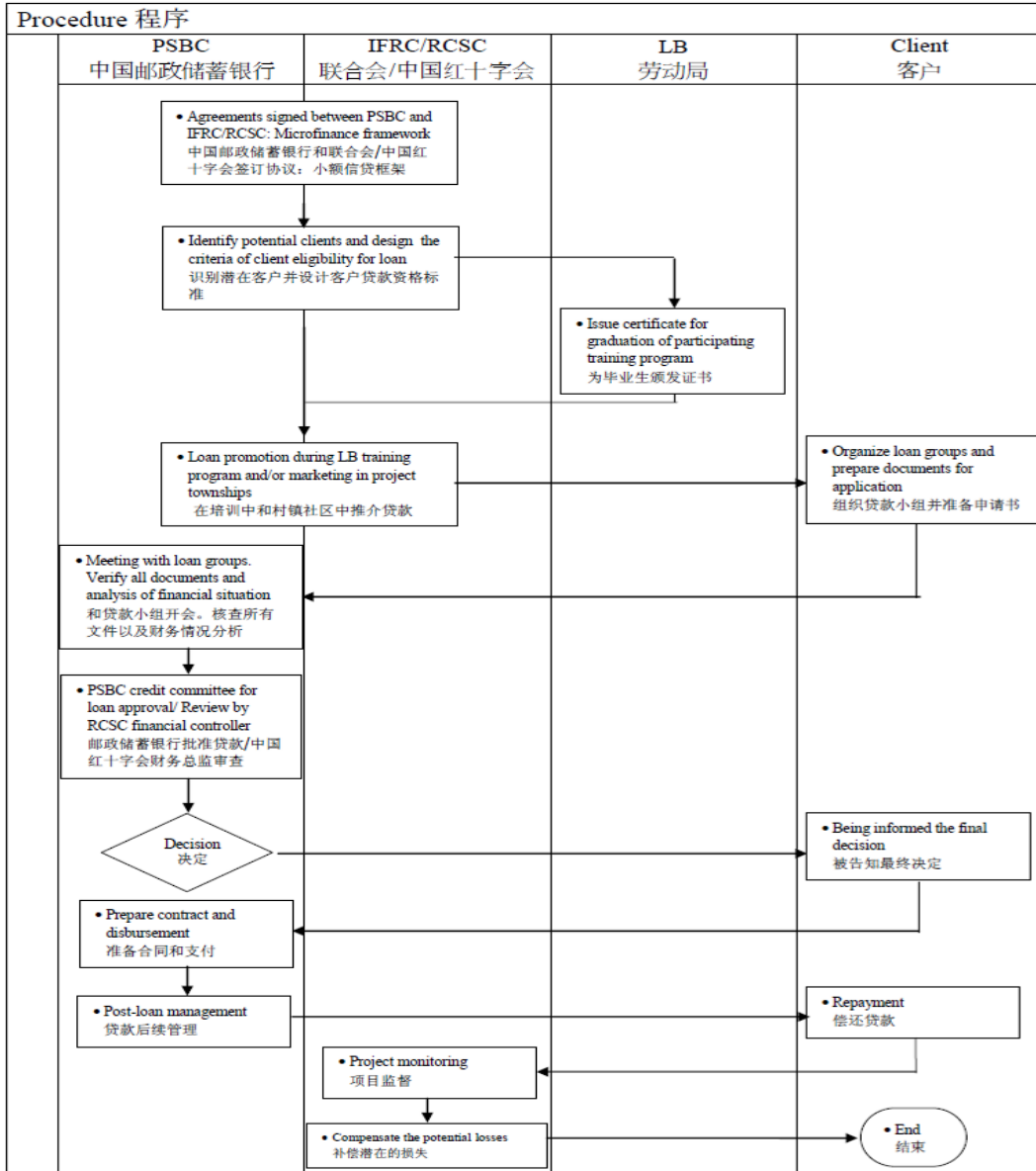
8 Appendices

8.1 List of project documentation reviewed

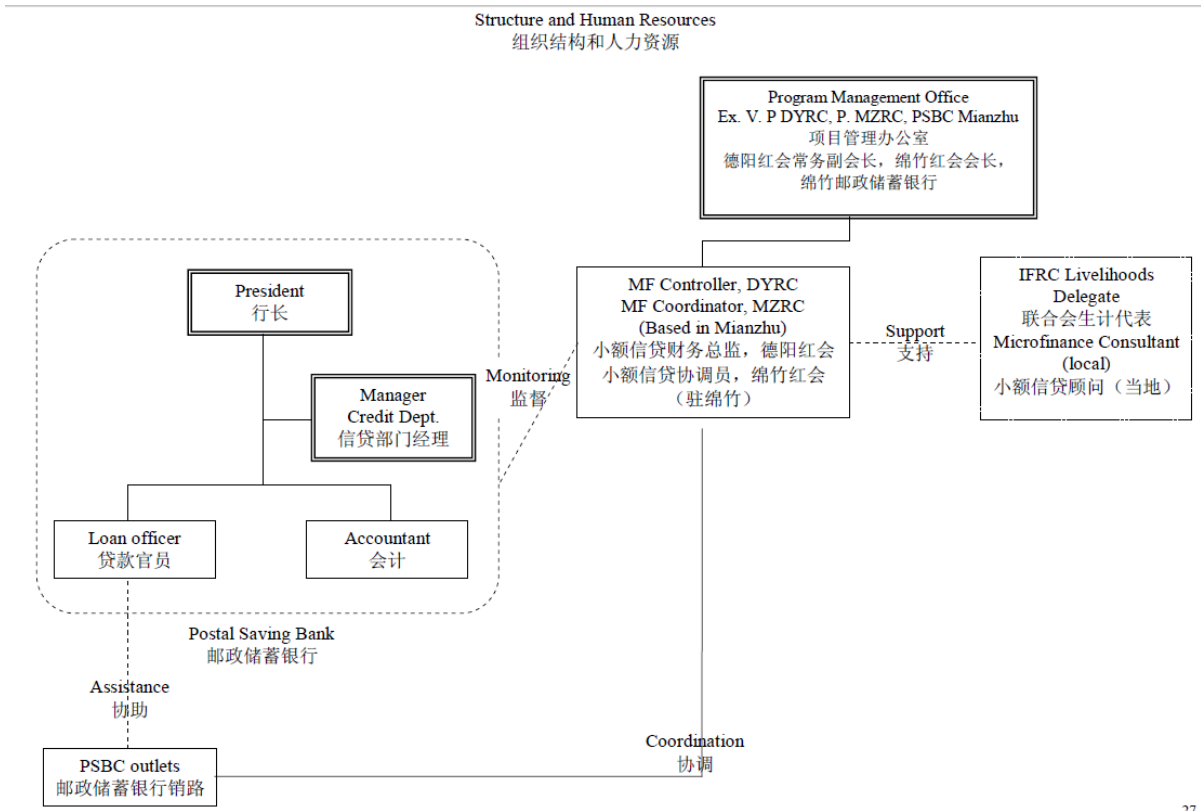
1. Microfinance Project Agreement
2. Small Loan Operational Guide and Toolkit
3. Microfinance Work plan
4. Description of Microfinance Operations
5. Microfinance statistics
6. Organizational structure and Human Resources
7. Information dissemination flow chart
8. Description of Loan Process
9. Fund Transfer and Utilization Flow Chart
10. Progress Report
11. Case studies
12. Field Monitoring reports
13. Project data analysis
14. Small Loan Household Economic Questionnaire from PSBC

8.2 Microfinance Operation - Process

Microfinance Operations – Process
小额信贷操作 – 流程



8.3 Structure and Human Resources



8.4 Beneficiary Wealth Assessment Matrix

编号 FORM No.: _____

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信息采集自个人面访，并可能通过邮储银行和/或红十字会的随机家访予以核实。

Information obtained through the personal interview subject to random verification through home visits by PBSC and/or RC.

受益人富裕程度评分表

Beneficiary Wealth Assessment Matrix

等级 Rating	富裕 Rich	小康 Well-to-Do	温饱 Poor	贫困 Very Poor	赤贫 Destitute	得分 Scored
分值 Score	5	4	3	2	1	
项目 Item						
收入来源 Income Source	中型业主 Medium-sized business owner	小型业主 Small-sized business owner	纯农户，有非农劳务收入 Pure peasant but has access to additional income	纯农户，无非农收入，家中只有一个劳动力 Pure peasant having no additional income; and one earner, many dependents	无任何稳定收入，依赖慈善和临时劳务维生 No stable income. Survives on charity and/or occasional labour	
交通、农用机具 Transport, farm machinery	拥有汽车和一部或多部农机具（如拖拉机、卡车、联合收割机等） Owns car and one or several pieces of farm machinery, such as tractor, truck, combine, etc.	拥有至少一部农机具，如拖拉机、卡车、联合收割机等。 Owns no more than one piece of farm machinery, such as tractor, truck, combine, etc.	拥有摩托车和/或电瓶车 Motorcycle and/or scooter	拥有自行车 Bicycle	无 None	
住房条件 House Condition	大型水泥建筑，有电力供应，卫生状况良好，有上下水系统 Big and cemented, electrified, proper sanitation (tap water, sewage, etc.)	中型水泥建筑，有电力供应，卫生状况良好，有上下水系统 Medium-sized and cemented, electrified, proper sanitation (tap water, sewage, etc.)	砖混，有电力供应，无良好上下水系统 Built with brick and wood, electrified but without proper sanitation (no tap water, no sewage, etc.)	砖混，状况不佳 Built with brick and wood, and physical condition not good	粘土房，稻草房 Small and clayed or straw-thatched	
农用资料 Access to Agricultural inputs	能够及时获得优质农用资料，无需赊购 Access to good quality agricultural inputs on time. No need credit for agricultural inputs.	一般能买到农用资料，偶尔赊购 Able to buy agricultural inputs, but occasionally need credit.	需要通过赊购方式购买农用资料 Accessible, but need to buy on credit.	仅能通过赊购方式购买农用资料，但赊购存在困难 Must buy on credit, but not always allowed by seller.	无。 Nil	
家畜 Livestock	数量超过 10 头 Over 10 animals	数量 5 到 10 头 5-10 animals	数量 2 到 4 头 2-4 animals	数量 1 到 2 头 1-2 animals	无 Nil	
教育 Access to	受过高等教育或有渠道资源获得高等教育	高中毕业	初等教育或更低	未受教育，子女上学难	无	

Education	High education or have resources and access to high education	High school education	Primary education or lower	No proper access to education; unable to afford sending children to school	Nil	
医疗卫生 Access to Health Facilities	享有优质的医疗卫生服务 Served by premium health facilities	享有良好的医疗服务 Served by quality health facilities	可获得全面的基 本医疗服务 Have full access to basic health facilities	能获得基本医 疗服务，但有一 定困难 Have difficulty in fully accessing basic health facilities	无法获得基本医 疗服务 Unable to avail basic health facilities	
家用电器 Household Appliances	家用电器符合主流配置，如大于 40 英寸的彩色电视机、自动洗衣机、容量大于 200 升(含)的冰箱、家用电脑和空调 Have mainstream household appliances, such as colour TV set larger than 40", automatic washing machine, refrigerator, laptop and air conditioner	有大于 25 英寸的彩色电视机、自动洗衣机、家用电脑和容量大于 180 升(含)的冰箱 Have colour TV set larger than 25", automatic washing machine, desktop and refrigerator	有彩色电视机、洗衣机和冰箱 Have colour TV set, washing machine and refrigerator	有黑白电视机和洗衣机 Have black and white TV set and washing machine	无电视、洗衣机，仅有收音机 Have no TV set, washing machine, etc., perhaps have radio receiver	
合计 Total						

注 (Note):

只有分值不超过 32 分的农户可进入合格资质的受益人范围。

Only applicant scored no more than 32 can be treated as eligible.

访谈人一(Interviewer A):

签字(Signature):

日期(Date):

访谈人二(Interviewer B):

签字(Signature):

日期(Date):

本人兹确认本人在上述面谈中提供的信息的真实性、正确性和完整性，本人充分知晓提供虚假信息将丧失申请生计项目小额信贷的资格。

I hereby testify that the information provided in the aforesaid interview is true, correct and complete, and I fully acknowledge that provision of false information will lead to disqualification of my application for micro-financing under the livelihood project.

家访情况说明(Home Visit Results):

家访人一(Visitor A):

签字(Signature):

日期(Date):

家访人二(Visitor B):

签字(Signature):

日期(Date):

8.5 Beneficiary Questionnaire Form

IFRC/RCSC Sichuan Post-Earthquake Recovery and Livelihoods Project

BENEFICIARY QUESTIONNAIRE FORM

Instructions:

- The enumerator interviews the small loan beneficiaries, training attendants or household heads, asking questions and recording their answers on this form;
- While writing numbers in the form, please note the difference between "zero" and "not clear"; if the answer is zero, please be sure to write "0", and leave it blank if the answer is "not clear";
- For multiple choice questions, write the number(s) on the line if available, otherwise please tick the right choices.

Enumerator: _____ Survey Date: _____ Form # _____

1 Basic Information

Family Address: _____ Village, _____ Township, Mianzhu
County, Sichuan Province. Interviewee Telephone number _____

Name	Relationship with the Interviewee	Gender	Age	Education Level	Profession	Household ? (Please tick)	Family Laborer (Please tick)
	Himself/Herself						

Education Level: (1) Primary school (2) Junior high school (3) high school (4) Vocation school (5) College (6) Illiterate (7) Not answered

Current profession: (1) Full-time job (2) Migrant work (3) Housewife (4) farming (Producing agricultural products for sale or for family consumption) (5) Full-time trading business (6) other

1.1 Marital status (1) Single (2) Married (3) Divorced (4) widowed (5) not answered

1.2 Family cultivated land _____ Mu.

- 1.3 Are you or is anyone in your family disabled? (1) Self (2) Family (3) None (4) Not answered
- 1.4 Was it caused by the earthquake? (1) Yes (2) No (3) Not answered
- 1.5 What type of disability is it? (1) Visual (2) Hearing (3) Verbal (4) limbs (5) Intellectual (6) Mental
- 1.6 What grade of disability is it? (1) Grade 1 (2) Grade 2 (3) Grade 3 (4) Grade 4 (5) Not answered

2 Family Financial Status

2.1 Tell us about your family income in 2010-2012 (Currency: Chinese RMB Yuan)

Year	Wages	Agricultural Production	Business Operation	Income from Assets	Transferred Income	Others (please describe)	Total Income
2010							
2011							
2012							

Notes: Agricultural Production: crop farming, animal husbandry, fishery, forestry; Business Operation: trading business, transportation; Income from assets: Leasing houses, interest from bank savings; Transferred Income: government subsidy, donations from relatives

2.2 What type of income status do you think your family falls into in your area? (1) Rich (2) Relatively Rich (3) Medium (4) Poor (5) Not answered

2.3 How much money did you save in the bank in 2012 _____ Yuan.

2.4 By the end of 2012, have you secured other loans besides the Red Cross small loan? (1) Yes (2) No (3) Currently not, but plans to.

2.5 If yes, please fill out the following table

Loan time	Source of loan	Amount (Yuan)	Usage of the loan	Length of Loan	Interest rate	Paid off?	Remarks

3 Training

3.1 Have you received vocational or business development training provided by the Red Cross Livelihood Recovery Project? (1) Yes (2) No (Cease work in the whole Training section)

3.2 If Yes, please tick where appropriate in the table below.

Topics of Training Courses	Tick if you have attended	Topics of Training Courses	Tick if you have attended
Office Related		Production, Transportation, and Equipment Operation	
Secretary		Lathe Operator	
Computer Operator		Milling Machine Operator	
Commercial and Services		Bench Worker	

Cashier		Product Processing Operator, Concrete worker	
Chinese Cuisine		Decorating Technician	
Waiter and waitress		Bricklayer	
Massage Technician		Automobile Repair	
Logistics Administrator		Vehicle Driver	
Beauty therapist		Chemical Inspector	
Domestic Appliances Repair		Security Guard	
Sewing Technician			
Rope Braiding			
Livestock and Poultry Breeding		Others, please specify	
Calendar Making			

- 3.3 Has the training helped improve your specialized skills? (1) Yes (2) No (3) Not answered;
- 3.4 Do you think that the training you attended improved your employment opportunity? (1) Yes (2) No (3) Not answered;
- 3.5 Do you think your income increased after the training? (1) Yes (2) No (3) Not answered;
- 3.6 If Yes, how much? Yuan;
- 3.7 If already engaged in small businesses or enterprises, what of the following best describes your enterprise?
(1) Retail (2) Whole-sale (3) Traditional Handicrafts (4) Service (5) Agriculture or agriculture-related (6) Others
- 3.8 After the training, as compared with before, has the sales income of your enterprise or business increased, stayed basically the same or dropped?
(1) Increased (2) Stayed basically the same (3) Dropped
- 3.9 Has the training helped improve your participation in community activities? (1) Yes (2) No (3) Not answered;

4 Technical Skills

- 4.1 Do you have any special professional skill? (1) Yes (2) No (Cease work for this whole section)
- 4.2 If Yes, what is it? _____
- 4.3 Is your skill certified? (1) Yes (2) No (Continue from 4.5)
- 4.4 What technical level do you have as shown your certificate? (1) Primary Mechanic (2) Intermediate Mechanic (3) Senior Mechanic (4) Technician (5) Senior Technician (6) Primary Professional Title (7) Intermediate Professional Title (8) Senior Professional Title
- 4.5 If you don't have any certificate of specialized skills, how do you assess your skill? (1) Technical Worker (2) Primary Mechanic (3) Intermediate Technician (4) Senior technician

5 Red Cross Small Loan

- 5.1 How much is the loan you obtained from the Red Cross small loan program? _____ Yuan; When did you get the loan? _____ (If the answer is "0 Yuan", cease work for this whole section)
- 5.2 Is it individual loan or group loan? (1) Individual Loan (2) Group Loan
- 5.3 If Group Loan, how many family were involved in the group?

Families;

5.4 How did you use the small loan?

Restaurant	Product Processing	Transportation	Technical Services	Trading Businesses	Animal Breeding	Crop Production	Others

5.5 Have the activities you selected above improved your family income? (1) Yes (2) No

5.6 How much f Yes, _____Yuan;

5.7 Did you have to work more hours after you have secured the small loan? (1) Yes (2) No (3) Not answered;

5.8 Did you attach more importance to household financial management after you have secured the small loan? (1) Yes (2) No (3) Not answered;

5.9 Did you attach more importance to market participation after you have secured the small loan? (1) Yes (2) No (3) Not answered;

5.10 Did you participate in more community activities and get better involved with the community after you have secured the small loan? ((1) Yes (2) No (3) Not answered;

5.11 Did you join any self-help group or association after you have secured the small loan? (1) Yes (2) No (3) Not answered;

5.12 From what source of income did you repay the loan (1) Full-time job (2) Migrant work (3) Borrowed money (4) Agricultural farming (Producing agricultural products for sale or for family consumption) (5) Full-time trading businesses (6) Others, please specify:

5.13 Are you satisfied with the loan delivery mechanism? (1) Very unsatisfied (2) Unsatisfied (3) Medium satisfied (4) satisfied (5) Very satisfied (6) Not answered

5.14 Are you satisfied with the loan rate? (1) Very unsatisfied (2) Unsatisfied (3) Medium satisfied (4) satisfied (5) Very satisfied (6) Not answered

5.15 Are you satisfied with the loan length? (1) Very unsatisfied (2) Unsatisfied (3) Medium satisfied (4) satisfied (5) Very satisfied (6) Not answered

5.16 Were you under pressure in repaying the loan? (1) Great pressure (2) Medium pressure (3) Pressure (4) Little Pressure (5) No pressure at all (6) Not answered

5.17 Are you willing to borrow loans from the Red Cross again in the future? (1) Very willing to (2) Willing to (3) Medium willing to (4) Unwilling to (5) Very unwilling to (6) Not answered

5.18 Are you willing to recommend the Red Cross small loan to your friends and/or relatives? (1) Very willing to (2) Willing to (3) Medium willing to (4) Unwilling to (5) Very unwilling to (6) Not answered

5.19 Please list three major changes that the small loan has brought to your family and township.

(1) _____

(2) _____

(3) _____

8.6 Focus Group Discussion

核心小组讨论 Focus Group Discussion

相关参与者

IFRC(2人), 德阳红会(2人), 绵竹红会(2人), 人力资源与社会保障局(1人), 邮政储蓄银行(2人), 小额贷款官员(2人), 村项目协调人员代表(2人), 妇联(1人)

时间: 1月16日上午 9:30-11:30

地点: 绵竹红会会议室 (请确定)

关键问题 Key Subjects

1. 项目背景及简介 Background and Introduction

- 1) 项目总体目标、具体目标、项目总金额 Goal, objectives, total budget
- 2) 项目运行机制、程序、规则、方法 Project scheme, procedure, rule and methodology
- 3) 项目乡镇选择、小额贷款项目宣传 Selection of project townships, micro-credit project information dissemination
- 4) 小额贷款人数及分布 Micro-credit borrowers and location
- 5) 贷款幅度、利率、期限 Loan size, interest rate and duration
- 6) 项目机遇、挑战、优势、弱势分别是什么? Project opportunities, challenges, strengths and weakness.

2. 项目农户选择的标准 Farmer selection criteria

- 1) 项目最初制定的小额贷款农户选择依据的标准是什么? 是否考虑了贫困线的标准? Initial selection criteria of microcredit beneficiaries? Is the poverty standard taken into account?
- 2) 是否考虑了妇女群体和残疾人群体的需求? Needs of women and the disabled considered?
- 3) 小组贷款成立的标准和程序? Group loans criteria and procedure
- 4) 随着项目的实施, 选择标准是否有调整? 是什么? As the project went, was the borrower criteria adjusted? Why?
- 5) 项目实施单位合作单位----邮储银行选择的依据和标准? What are the criteria and standard of selection of the project partner -Postal Savings Bank?

3. 项目实施情况 Implementation

- 1) 小额贷款目前实施情况如何? 项目的进度是否与计划、预期一致? 是否能在预定时间完成既定目标? 其中妇女和残疾人所占的比例?
Please tell us the progress the microcredit project to date. Is it progressed as planned/anticipated? Is it possible to fulfill the objectives in the planned timeline? What is the percentage of women and the disabled in the number of beneficiaries?
- 2) 贷款幅度、利率、期限是否符合当地情况和农民意愿? 是否有调整?
Did the loan size, interest rate and duration meet local situation and the wishes of local people? Was it adjusted?
- 3) 小额贷款资金运作原则与流程 The operation and flow of Microcredit fund.
- 4) 预计回收率为多少? 实际回收率是多少? 造成差别的主要原因是什么? Planned repayment rate? Actual repayment rate? Why the difference?
- 5) 逾期农户的主要原因是什么? What are the major causes for overdue borrowers?
- 6) 贷款申请和审批程序 Loan application and approval procedures
- 7) 小额贷款金融知识的培训: 农户是否接受相关的金融培训(正式培训形式: 授课方式、个人指导方式; 非正式培训形式: 农户之间的交流与帮助)。请举例说明。 Microcredit training - Did the farmers attend related training? (Formal training: classroom teaching, one-on-one instruction; casual training: exchanges between farmers or mutual help) Please use examples:
- 8) 项目实施各方是否接受相关的小额贷款的培训? 如有, 请举例
Did all stakeholders attend the related microcredit training? What are they if yes?

4. 项目监管

- 1) 是否有成文和成型的项目监管体系? 各项目参与方在监管中的作用?
Is there project monitoring system in place or written? What are the roles of all project stakeholders?

- 2) 是否有项目监督评估报告? 多久出具? Is there a monitoring and evaluation report? How often is it reported?
- 3) 是否进行项目访问? 怎样进行? 谁负责进行项目访问? Hasn't there been a project visit? How? Who is responsible?
- 4) 项目资金监管体系 Project fund monitoring scheme

5. 项目后续服务 Project follow-up services

- 1) 农户接受贷款之后, 由谁以何种方式提供相关的后续服务(如后续的技术指导、内容、时间范围等)? 有何具体措施来保证其实施? After the farmers received the loans, by whom and how were follow-up services conducted (such as technical services, timeline, etc.)
- 2) 小额贷款项目结束后, 是否继续提供后续支持? 由谁提供? 原因是什么? Are there any more follow-up services after the end of the microcredit project? Who will provide it? Why?

6. 各合作单位的职责、具体任务 Partner responsibility and specific tasks

- 1) 采用何种方式使得项目参与方在执行、互相影响、共识等方面达成一致? In what way did the stakeholders arrive at a consensus in project implementation, impact and decision-making?
- 2) 项目相关利益主体如何共同参与项目实施? 各自发挥的作用是什么? 在项目实施的过程中, 是否得到了其他合作方的支持(在技术、管理上)? 请举例说明。 How did the stakeholders implement the project? What were their different roles? Was support from other partners obtained (technically, management-wise)? Example:
- 3) 贵单位在项目设计与实施中的表现如何? 有哪些长处和不足? 如: 项目管理、工作能力、工作效率等, 请客观评价。 What are the strengths and weakness of your project design and implementation (Project management, work capacity, work efficiency)
- 4) 合作中出现了哪些挑战, 并请指出在哪些方面需要改进? What are the challenges in the cooperation? How would you improve?

7. 项目影响 Project Impact

- 1) 小额贷款项目的实施, 对农户、乡镇及当地经济、社会、生活、生产的恢复与发展做出了什么样的贡献? 能否列举实例及数字说明?

How did this microcredit project contribute to the local farmers, townships, as well as local economy, society, life, production resuming and development? We need data and stories.

- A. 社会影响: 农民对金融知识的学习; 农民现金流量管理能力是否提高? 通过小额贷款项目的促进, 农民是否增强了市场参与意识、开始研究和了解市场? 从而更加合理的安排家庭分工?
Social impact: Farmers' learning about finance; improved capacity of cash flow management; improved market awareness; improved family labor share.
 - B. 经济影响: 农民的家庭收入是否增加? 是否从事经营活动或金融活动?
Economic impact: Increased family income; businesses or other income-generating activities.
 - C. 生产影响: 农民是否组建了新的合作社、社会组织、互助小组? 是否扩大了生产规模和活动?
Impact on production: Cooperative established? Social organization, Self-help Group? Increased production?
 - D. 生活影响: 家里发生了什么大的变化: 教育、医疗、房屋等
On life: Major changes at home—education, medical care, and housing.
 - E. 乡镇是否推出了优惠支持政策、体系, 成立项目办公室等?
Preferential policies at the township level; a project office set up?
 - F. 其他影响, 请列举。
Other impact. Examples:
- 2) 项目对我国小额贷款的建立健全起到怎样的作用? 对新农村建设起来什么样的建设作用?
How did the project contribute to the establishment and improvement of China Microcredit System? To rural construction?
 - 3) 地方政府、媒体、社区、组织对项目的评价是什么? 相关报道、重要项目访问、交流学习等, 有没有相关资料?
Comments about the project by local government, media, communities and organizations; related reports, important visits and study tours (related documents?)