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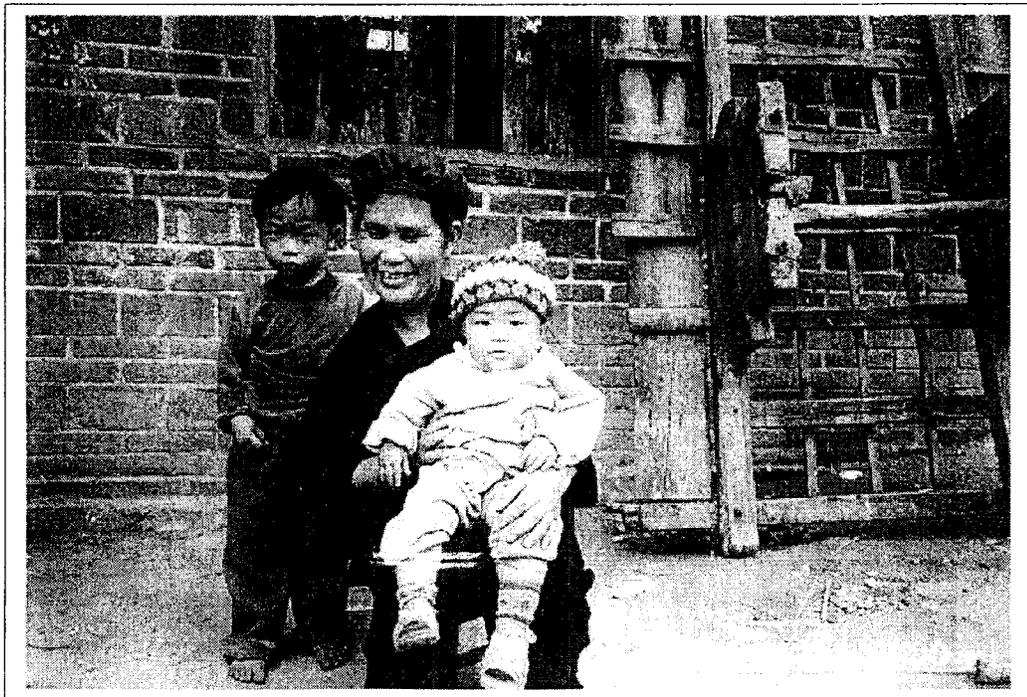
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**IMPACT ASSESSMENT REPORT
OF
SOCIAL DEVELOPMENT PROGRAMME
FOR
POOR AREAS**

-Experience from Rural China-



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United Nations Children's Fund

December 2000

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Acronyms

ABC	Agricultural Bank of China
ACWF	All-China Women's Federation
ADB	Asian Development Bank
ARI	Acute Respiratory Infection
AusAID	Australian Agency for International Development
BBC	British Broadcasting Corporation
BRAC	Bangladesh Rural Advancement Committee
CASS	Chinese Academy of Social Science
CEDC	Children in Especially Difficult Circumstances
CICETE	China International Centre for Economic and Technical Exchanges
CIDA	Canadian International Development Agency
CNN	Cable News Network
COFTEC	Commission for Foreign Technical and Economic Exchanges
CRC	the Convention on the Rights of the Child
CSW	Commercial Sex Workers
DIR	Department of International Relations
DOFTEC	Department for Foreign Trade and Economic Co-operation
EPI	Expanded Programme for Immunisation
FFL	Facts for Life
FGD	Focus Group Discussion
FINCA	Foundation for International Community Assistance
GoC	Government of China
HDI	Human Development Index
HIV/AIDS	the Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
IDD	Iodine Deficiency Diseases
IGA	Income Generation Activities
IMR	Infant Mortality Rate
MC	Micro-credit
MCH	Maternal and Child Health
MIS	Management Information System
MMR	Maternal Mortality Rate
MOFTEC	Ministry of Foreign Trade and Economic Co-operation
NGO	Non Governmental Organization
NPA	the National Plan of Action
NPDW	the National Programme for the Development of Women
OR	Other Resources
ORS	Oral Rehydration Solution
ORT	Oral Rehydration Therapy
PA	Poverty Alleviation
PDCW	Programme for the Development of Chinese Women
PLA	Participatory Learning and Action
PRA	Participatory Rural Appraisal
QBPRP	Qinba Mountains Poverty Reduction Project
RCC	Rural Credit Co-operatives
RMB	Renminbi - Chinese Currency (yuan)
RR	Regular Resources
SDF	Social Development Fund
SES	Socio-Economic Status
SWPRP	South West Poverty Reduction Project
U5MR	Under 5 Mortality Rate
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
WES	Water and Environmental Sanitation
WR	Wealth Ranking

EXECUTIVE SUMMARY

The Social Development Programme for Poor Areas (SPPA) was started in China in 1996. The Government of the People's Republic of China (GoC) implements the programme with financial and technical assistance from the United Nations Children's Fund (UNICEF). The SPPA was designed in response to the lessons learned previously that there was a need to reach poor children through targeting poor women with a range of capacity building and empowerment activities. Micro-credit was considered as a conduit for building the capacity of women and for making families able to take care of their children's needs.

After five years of implementation experience (1996-2000) an impact assessment of the SPPA was carried out during April-August 2000. The objective of the exercise was to draw lessons for national level policies for poverty reduction, provide options for the future evolution of SPPA and to identify areas in which improvements may be necessary to enhance its impact.

Over the past decade many impact assessments of development programmes have been carried out in many developing countries. They have used a variety of methodologies: experimental, case studies, rapid appraisals, participatory learning and action (PLA), and participant observation. In the case of SPPA the methodology included exploring changes between the households receiving the SPPA inputs and households not receiving the inputs and changes over time. The techniques of data collection included survey and in-depth interviews, focus group discussion (FGD), case studies and village profiles.

Because of time and resource constraints, the study was restricted to 6 counties of 24 project counties located in 3 of the 12 provinces where SPPA is present. For each province the samples were selected independently and included 400 SPPA and 200 'comparison' households making a total of 600 households or 1,800 for the three provinces together. To get an understanding of the quality of the data collected, selected households were revisited with a smaller version of the household questionnaire which showed that the data quality was reasonably good.

By December 1999, the SPPA programme has trained 42,141 women and organized them into 7,627 small groups and 1,478 large groups. Of the women recruited 37,767 (90%) have been active till the end of 1999 and of the active members 26,846 (or 71%) are borrowers. More than 80% of the micro-credit loans are used for agricultural production and animal husbandry reflecting the dominant structure of the local economy of the areas where the project operates. Based on self-reported data the SPPA counties have achieved a repayment rate of more than 90% in the first three years. However, the overall repayment situation seems to be deteriorating.

As of end 1999, the members have accumulated more than RMB 6.7 million yuan (US\$ 817,000) in savings. The SPPA members are relatively young. An overwhelming majority of the members are currently married (93%) and two-thirds have one or two children.

It is found from field visits and impressions that the regularity of monthly repayments has been declining, indicating that staff and fieldworkers are slacking in terms of enforcing monthly repayments. Interview of staff and women during focus group discussions indicate that they consider the collection of monthly repayments cumbersome. There is an obvious trend for project office staff to become less vigilant in enforcement of programme regulations. Some staff explained that this attitude is influenced by their lack of certainty as to whether the programme will continue beyond 2000 and whether their own position in the office will be secure or that they would be transferred.

The micro-loan investment in SPPA including the counterpart funding by GoC is US\$9.5 million. Of this 79 percent has been provided by UNICEF. If the loan fund of US\$3.8 million invested by

GoC in the additional counties under the SPPA agreement is included then UNICEF's investment accounts for 56% of the total.

It may be true that the ultimate impact of SPPA should be found in what the programme has contributed to the social well being of its participants and their children; nevertheless many of these impacts will happen through changes in other variables such as the economic status. In this study the cash incomes of the households were examined which revealed that a higher proportion of the SPPA participants are in the higher income brackets than their counterparts in the comparison group. 20-30% of SPPA members are in the middle to upper income bracket in the three provinces compared to only 6-12% of the non-SPPA members. In other words, the SPPA households are better off than their counterparts. Data on durable assets owned by the two groups of households supports the findings that the SPPA households are better endowed. It was also found that the SPPA members live in better quality houses than non-members, at least in Anhui and Gansu. 20-30% of SPPA households made some repairs to their houses after joining the programme as compared to 14-18% of non-SPPA households in the past three years

In places where reliable data on income is unavailable or is difficult to estimate, researchers have resorted to asking people's own perception as a proxy for socio-economic status. In this study also respondents were asked to rate their economic status into one of the three categories: deficit, balance, or surplus. The proportion of SPPA households in the 'deficit' category was less than that in the comparison households. Likewise, the proportion in the 'surplus' category was more among the SPPA members. One of the major causes of impoverishment in the developing countries is the seasonality of poverty. Many SPPA members (28% in Gansu to 41% in Anhui and Guizhou) reported that there was seasonality in their poverty situation. Interestingly, this proportion was higher among the comparison group indicating deeper impoverishment and vulnerability for this group. When the SPPA members were asked whether their vulnerability reduced because of their membership, most replied in the affirmative. Continuing on this the members added that provision of loans, capacity development, and skills training helped them a lot in overcoming their vulnerability.

It has been documented in many settings that sudden crisis in the family, say in the form of severe illness, death or natural disasters causes people to slide into poverty. Interestingly, the proportion of households reporting such crises was less among the SPPA households indicating lesser vulnerability for this group. The data on the presence of seasonal vulnerability and crisis situation all indicate that SPPA members are less vulnerable than the non members. Also membership in SPPA did contribute to improving their abilities to cope with such times of difficulties. The building up of support networks for the poor is clearly an important contribution of the SPPA.

In the SPPA programme use of safe water was promoted and it was found that it is used by a great majority of households irrespective of SPPA membership. Many countries in the developing world including China have been struggling to provide sanitary latrines, particularly in the rural areas. The SPPA promoted the construction and use of sanitary latrines among its project participants. The situation is still far from satisfactory, although some headway has been made in this direction. Between 19-22% of SPPA members in Anhui and Gansu have constructed sanitary latrines after joining the programme as compared to only 7% and 5% among non-members. Thanks to the SPPA, the programme also promoted the use of fluid during diarrhoea episodes. An overwhelming majority of the SPPA members in Anhui and Gansu and about half of Guizhou mentioned ORT as the treatment of choice. On the other hand only a small proportion among non-members mentioned it.

Unlike other variables, both SPPA members and non-members overwhelmingly reported that they used iodized salt in cooking. This is certainly a major success story. However, difference between the two groups emerged when the mothers were asked what time of cooking (beginning, middle,

or end) they added the salt. It appears that the effective knowledge and practice is much more prevalent among the SPPA households than the comparison group. The SPPA taught its members on AIDS: what is it; how it spreads and; how to prevent it. Almost all SPPA members knew about AIDS except for Guizhou where 55% had this knowledge

Women's status was gauged by collecting responses from mothers on a select set of question. Women were asked whether during the previous one month they visited selected places. A large majority of the SPPA members ventured out of their own villages during the reference period. Compared to this, the mobility of the non-members was low, except in Guizhou. A few questions on how the decision making takes place at the household level revealed that women take the most important role, either herself or together with husband.

The above impact holds true even when they are controlled for selected socio-economic characteristics. The SPPA members whether they are the poorest, marginally poor or non-poor do well in most indicators than their respective counterparts in the same group.

Micro-credit programmes are targeted interventions in the sense that they purport to reach one or more particular groups in the society. Targeting in micro-credit programmes is important because it is the poor that are excluded from the traditional banking and other lending institutions largely because of a lack of collateral. But nearly three-quarters of the SPPA members in Gansu and one-third in Guizhou came from non-poor group. This is an example of wastage or inclusion error. On the other hand, many poor households remained outside SPPA.

Reaching the poor in the SPPA programme continues to be a challenge, partly because it is a government managed programme in which political or local consideration can interfere with the objective of reaching the poor. While most project staff claimed that they have used the project criteria of poverty and women with young children, particularly girls, for pre-screening, it is also clear from talking to women that concern over the very poor's ability to repay and other political and local consideration frequently influence their decision as to who could finally participate. Focus group discussions with women participants also throw some light as to why some very poor women do not want to participate in the SPPA Programme. Some poor women were concerned about their capacity to repay and of getting deeper into debt. Some were hesitant about their ability to comply with regulations, including mandatory savings and regular meetings. Others want to take a "wait-and-see attitude". Apparently some were also deterred by the high interest charge. Women themselves also sometimes screen out those whom they consider as liability risks based on personal traits as well as their economic situation.

On the basis of a back-of-the envelope calculations it is estimated that about RMB100,000 yuan of interest earning per county is needed to meet the costs of lending operations only at the county, township and village level. Under this assumption, four of the six counties selected in the survey could become operationally sustainable with the current rates of interest. The rate of interest would have to be increased if a risk fund and the social development fund were to be left aside. One of the first task of SPPA should, therefore, be to set up an institutional mechanisms for separating out the costs of the lending operations and making them operationally sustainable.

The SPPA project is not just a micro-credit project. It purports to mobilise integration of social services with micro-credit through improved local planning and budgeting and increased attention of government to invest more on children within the Framework of the National Programme of Action (NPA) for Children and the National Programme for the Development of Women (NPDW). One major aspect of the SPPA project is to direct government's attention to its commitment to achieving the NPA and NPDW goals by mobilising increased resources to basic social services and to co-ordinate the utilisation of these resources more effectively. Building staff capacity in routine project administration and management, development of training skills,

and project monitoring and reporting are also important aspects of the SPPA project and key to its sustainability beyond the project cycle.

County leaders and staff at various levels expressed great appreciation for the different types of training provided and many attributed these types of training to improving their management and training skills. Younger female staff, in particular, also attributed the project in raising their awareness of gender issues and also helping them to develop confidence in themselves. Some county staff also indicated that the project has improved their mobilisation and fieldwork skills, especially skills in working at the village level and particularly working with poor women.

Despite the fact that the project has developed staff capacity in a number of areas, the capacity development in micro-credit operation is not adequate. Most of the staff are part-time and do not have professional background in accounting, financial management or loan portfolio management. The field assessment revealed that the internal controls and loan management is weak. This is linked to the inadequacies of the MIS developed for the programme. Most staff find the MIS difficult to use because too much unrelated information is collected making the data entry a burden. Again this is related to the inadequate capacity development and experience in micro-credit operation. Another concern is that there is no established auditing system to audit the funds. These shortcomings in the project have to be resolved to ensure that micro-credit operation become more rigorous in the future.

The SPPA micro-credit model is acknowledged by many project leaders to be more effective than other subsidized loan programmes for poverty reduction because of its integrated approach on capacity building and improvement of basic services. For this reason, many counties have adopted some aspect, especially the use of group processes, the Facts for Life, and Hygiene Education training curriculum and training approaches into the government or PA-supported micro-credit activities. A separate study of the SPPA's social mobilisation and communication initiatives in one county in Anhui also confirmed the high degree "brand recognition" of the SPPA among the villagers and government officials. The government and UNICEF should build upon this "brand" awareness to promote integration of capacity building, access to basic services with micro-credit in future programming.

This impact assessment study has shown many positive impacts of SPPA on the lives of borrowers and their families. However, sustaining the impact and having a long-term positive impact on human and income poverty requires time and continued access to credit, basic social services and building the capacity of the poor - all of which empowers them pull themselves out of poverty. To this end, this study also points to improvements that need to be made to make SPPA institutionally and operationally sustainable. These elements need to be developed within a short period of time. Without these actions there is danger that the impact will be short-lived. Effective community actions need to be developed within sustainable institutional structures in which the community participates fully. In the context of China, there is considerable hope of achieving this. In addition, the principles demonstrated in SPPA may be applicable on a larger scale for other poverty alleviation programmes in the country

CHAPTER ONE

Introduction

The Social Development Programme for Poor Areas (SPPA) was started in China in 1996. The Government of the People's Republic of China (GoC) implements the programme with financial and technical assistance from the United Nations Children's Fund (UNICEF). It is an outgrowth of the earlier five-year Basic Services Programme implemented by GoC with UNICEF co-operation. The SPPA was designed in response to the lessons learned from the previous country programmes, chief among which was that there was a need to reach poor children through targeting poor women with a range of capacity building and empowerment activities. These included training and knowledge regarding maternal and child health and nutrition, promotion of children's education and family planning services. Micro-credit was considered as a conduit for building the capacity of women and for making families able to take care of their children's needs. The objective, therefore, was to use credit integrated with capacity building and other women's empowerment efforts to achieve social development goals rather than credit alone commonly seen in most micro-credit programmes.

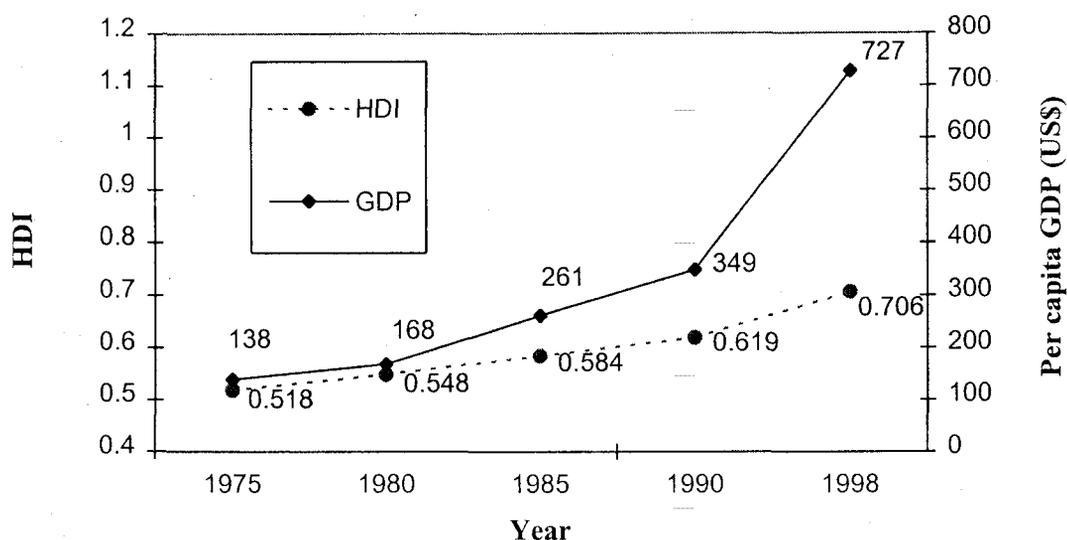
In its design and implementation SPPA is a poverty alleviation programme. SPPA defines poverty in the broader sense to cover both income and basic needs poverty with greater emphasis on the latter (UNICEF, 2000). This approach to poverty reduction, particularly child poverty, argues that a high level of economic growth while essential to poverty reduction is not in itself a guarantor of reduction in absolute poverty and disparities (Bruno et al. 1996). Consistent with the recent China Poverty Study (UNDP, 2000) it calls for universal access to basic social services, more effective micro-level interventions including targeting poverty reduction funds, greater participation of the poor in poverty-reduction strategies, and building the capacity of the poor and of local institutions through community-based women oriented institutional mechanisms.

After five years of implementation experience (1996-2000) the two partners, viz., GoC and UNICEF, decided to start a process of designing their next country programme 2001-2005. The Mid-Term Review of the programme (UNICEF-GoC 1998) recommended an impact assessment of the SPPA programme which was echoed by another UNICEF review mission (Nigam 1999). As a result an impact assessment was carried out during April-August 2000 and this report provides the results of this assessment. The objective of the exercise is to draw lessons for national level policies for poverty reduction, provide options for the future evolution of SPPA and to identify areas in which improvements may be necessary to enhance its impact.

The context of poverty reduction strategies and micro-credit in China

The economic reforms introduced in China in 1978 resulted in impressive growth of output and income per capita and equally impressive reductions in poverty levels. In other aspects of human development too, China made impressive gains over the years. Between 1975 and 1998, the Human Development Index (HDI) for China increased from 0.518 to 0.706, a 40% increase. At the same time though the per capita income increased at a faster rate (Figure 1.1). Among the 174 countries in the HDI league table China's place is 99th and is among the 'medium human development' countries (UNDP 2000). Table 1.1 gives some basic human development indicators for China.

Fig 1.1: Human development index and per capita income (US\$) for China, 1975-1998



Source: Human Development Report, UNDP 2000

Table 1.1: Selected human development indicators of China (1998)

INDICATORS	FEMALE	MALE
Life expectancy at birth (years)	72.3	68.1
Adult literacy (%)	74.6	90.7
GDP per capita (ppp US\$)	2,440	3,732

Source: Human Development Report, UNDP 2000

Economic growth remains the primary approach to the reduction of poverty in China, which was started following the open-up policy of the late 1970's. Between 1978 and 1994 the number of people living in poverty defined according to the national income poverty lines fell from 250 million to 80 million (Xiaoyi 2000; World Bank 1999). In 1994, the Government set the target of reduction of the 80 million people living in poverty in the 7 years to 2000 (The so-called "Eight-seven National Plan for the Poverty Alleviation Assault"). The three main targeted programmes for the purpose are a subsidised loan programme (*tiexi daikuan*); a food/cash for work programme (*yigong daizhen*) and a budgetary grant programme (*fazhan zijin*). In 1999, the government allocated almost US\$3 billion to poverty alleviation programmes of which 39% was for subsidised loans (World Bank/ UNDP 2000).

Targeting in the poverty alleviation programmes has been on the basis of designating 592 counties from a total of 2,402 (or 28%) as nationally poor counties. There is considerable history behind the designation of nationally poor counties. The classification of the 592 counties in 1993 was based on both a nationally defined poverty line of RMB300 yuan in 1990 and political considerations which did not allow the removal of counties earlier classified as poor from the 1993 list (Park et al. 1997). However, rural household data provides evidence that a much larger percentage of the poor, as much as 60 %, live in non-poor counties as well (Riskin 1994) and that all those who live in the poor counties are not necessarily poor. Geographic targeting based largely on the nationally classified poor counties may, therefore, lead to both the inclusion of the non-poor and exclusion of the poor – i.e. both leakage and in-efficiency in fund utilisation and wastage. This can, however, be remedied partially by further targeting in the poor counties through exclusion of the non-poor.

The 1994 National Poverty Reduction Conference recognized the better management of poverty reduction funding and greater supervision and management of poverty reduction works and activities. The specific measures identified included institution building, annual reviews and audits, and village-level development planning coupled with village-level earmarked funding. A number of village-level institution building efforts have taken place including the establishment of project management offices at the provincial, county, township, and village levels. The SPPA programme implemented in 24 counties is one example of multi-level institution building and mobilisation of resources to reach the poor in an integrated manner. The World Bank has similarly noted its support for South West Poverty Reduction Project (SWPRP) and the Qinba Mountains Poverty Reduction Project (QBPRP) as examples of successful multi-sectoral rural development poverty reduction projects (World Bank/ UNDP 2000).

Amongst the poverty reduction strategies, small loans to the poor have become a key strategy in various countries of the world. In the 1980's the expansion and consolidation of micro-finance programmes in many developing countries raised hopes of poverty alleviation in those countries. The success in terms of extension and impact contributed to rapid spread of this model. Today there is hardly any country in the developing world where no micro-credit programme, small or big, is functioning. The approach of micro-credit, popularised by the Grameen Bank and others including BRAC, Bank Rakyat Indonesia, FINCA, etc., has been termed "a new paradigm for thinking about economic development" (Morduch 1997). An international initiative, called *the Micro-credit Summit*, plans to make micro-credit available to 100 million poor by the year 2002 (MCS 1997). Now a days almost all bilateral and multilateral donors incorporate micro-credit into their development projects (Rahman 1999).

In most places, including many of China's subsidized loan programmes, micro-credit has been implemented as stand-alone vertical programmes. In a few countries, however, it has been integrated with other human development interventions such as health, education or human rights (Chowdhury and Bhuiya 2000). There is also considerable debate among the micro-credit practitioners whether "stand alone" micro-credit programmes or "credit-plus" programmes are more effective in poverty reduction. Any large-scale evaluation of the subsidized credit programmes in China is not available nor have lessons from the many variations of donor-supported micro-credit programmes systematically documented.

In China micro-credit has become quite popular, both among the GoC and international NGOs and donor agencies. During the previous six years, a number of models of micro-credit have been introduced (Park 1999). The government has adopted micro-credit as a means to address rural poverty in the nationally designated poor counties. The government interest in micro-credit is

largely in response to criticisms of the ineffectiveness of their poverty alleviation programmes in reaching poor households. In 1996 the Leading Group for Poverty Alleviation explicitly endorsed the micro-credit approach. Such an interest of the government resulted in rapid increase of loan funds from RMB 100 million yuan (US\$ 12 million) for 80 counties in 1997 to RMB 800 million yuan for 200 counties in 1998. The government programmes use variations of Grameen model (Yunus 1997) of group formation to facilitate loan repayments. The loans are channeled through the Agricultural Bank of China (ABC) and the Rural Credit Cooperatives (RCC) but the local poverty alleviation (PA) offices are responsible for organising borrowers into groups. However, as the ABC does not have many branches down to the township level and the PA offices seldom have staff to undertake Grameen type activity, there are inherent problems in the very design of the programme (World Bank/UNDP 2000).

The government programmes largely use subsidised credit. Experience from other countries suggests that subsidised credit rarely benefit the poor. A large-scale evaluation of the subsidised credit programme in China is not available but there is considerable anecdotal evidence of its failures (Park et al. 1997). There are indications that the government may revise its policy of subsidised credit.

The government interest in micro-credit as a strategy for poverty reduction has led to a host of donor and multilateral agencies supporting a number of programmes in China (see Annex 1.1). These programmes have largely been implemented either through government departments or in some instances mass organisations or other government-supported bodies such as the All China Women's Federation and Chinese Academy of Social Sciences. There is no non-governmental organisation through which micro-credit could be supported in China and no national body apart from the government is allowed to engage in formal credit and deposit-taking activities under the existing financial laws.

Micro-credit supported with donor and multilateral agency funds has been allowed to develop with the People's Bank of China turning a blind eye to such activities without necessarily providing any formal dispensation for their operation. This policy, on the one hand, has undoubtedly resulted in an influx of several experiments on small scale but, on the other has created an uncertain environment for the growth of micro-credit that clearly affects the long-run sustainability or even thinking of a long-term strategy for support of micro-credit in China. Without allowing institutions to take in deposits it is less feasible for them to becoming *financially sustainable*, or even *operationally sustainable*¹.

As already mentioned the Social Development Programme for Poor Areas (SPPA) is a micro-credit based social development programme that purports to benefit women and children. This report presents findings from an impact assessment study done on SPPA in early 2000. The report has eight chapters. Chapter I is introduction. Chapter II describes the methodology applied in the assessment of the SPPA; this chapter also gives a brief profile on the sample population. Chapter III provides a description of the SPPA programme in some details; it also documents some results on the programmatic aspects. Chapter IV presents results on the impact of the programme in terms of selected *material* aspects such as income, expenditure, assets possession, housing and so on. Chapter V continues examining the impact in terms of social aspects such as knowledge and practice of water and sanitation, oral rehydration therapy (ORT) for diarrhea, knowledge of HIV/AIDS, and so on. The next chapter examines the *efficiency* of the micro-credit system in

¹ Operational sustainability is different from financial sustainability. While the former assumes covering of the cost of only micro-credit operations the latter also includes, in addition to operational cost, the cost of the capital at its market value.

terms of various parameters. Chapter VII looks at the impact of the programme in terms of activating and capacity building efforts in the governments at various levels including the province, county, and township. The final chapter discusses the results and presents conclusions and recommendations.



A village in Guizhou - Guizhou province, one of three study sites for the impact assessment is situated in a mountainous region in the southwest of China. 35% of its population belong to minority groups.

CHAPTER TWO

Purpose and Methodology

Impact assessment is a systematic effort of measuring changes, intended or unintended, brought about by a programme intervention and an understanding of the reasons for such changes (or no change). A recent meta analysis looked at eleven impact assessment studies done in nine countries of four continents and found a wide variety of reasons for which assessments are done. Based on the analysis, the study identified a common definition of *impact assessment* as in the following (Roche 1999): “Impact assessment is the systematic analysis of the lasting or significant changes – positive or negative, intended or not – in people’s lives brought about by a given action or series of actions”. In this context it is useful to distinguish *impact* from *effect*. While impact refers to sustained changes, effects are immediate changes which may not last for a long period (Mustafa et al 1996).

The study by Roche referred to above also provided a historical review of impact assessments. It found that such assessments were carried out as early as the 1950’s. However, it is from the mid-1990’s that it is being done in large numbers. This period has seen increased interests among the practitioners, donors and academics alike on the measurement of the impact of development programmes including micro-credit. Over the last five years, impact assessments have been carried out increasingly in many countries. Many agencies and programmes such as Bangladesh Rural Advancement Committee (BRAC) in Bangladesh¹ have taken this up as a routine activity. So far two comprehensive impact assessments have been done and the third is underway now (Mustafa et al 1996; Husain 1998; Chowdhury et al 1991). Impact assessments have also been done for several other programmes including Grameen Bank (Khandker 1998; Hossain 1988), Centre for Youth and Social Development, India (Dash et al 1998), and Latin America (Hopkins 1995).

The Social Development Programme for the Poor Areas (SPPA) in China is a micro-credit programme but with a special focus. Apart from poverty reduction, the SPPA purports to use micro-credit as a conduit to achieve broader human development goals. Unlike many micro-credit programmes in other countries, the government implements the SPPA. Over the past five years in which this programme has been in operation, it has reached over 42,000 women in 12 provinces (See Chapter 3).

After five years of implementation experience GoC-UNICEF are in the process of designing their next country programme 2001-2005. In that context and as part of the on-going process of assessment and evaluation, an impact assessment of the SPPA programme was carried out to draw lessons to guide future strategies and direction, and to contribute to policy dialogue on micro-credit and poverty reduction in China. The following presents the methodology adopted for the assessment. A description of the sample population is provided at the end of the chapter.

Methodology

An impact assessment is a systematic analysis of changes (or the lack thereof) as a result of a programme intervention, and an understanding of the causal relationship between variables

¹ BRAC has been doing studies on the various aspects of MC since the early 1980’s. But it was from the early 1990’s that impact assessment (IA) as a routine activity has been institutionalized in the organization (Roche 2000).

underlying (or constraining) such changes. Though there is still a debate on the purpose of impact assessments, most studies have taken a combination of both 'proving' and 'improving' of impacts. An improving exercise would indicate gaps or areas for changes to be made in order to enhance the impact of micro-credit and other inputs. This is valuable in so far as it allows the implementers to get some objective feedback on the project. A proving exercise, on the other hand, needs to clearly lay out the hypothesis to be tested, data requirements and appropriate methodology for conducting the analysis. Its scope and extent will determine the data requirement. For example, if the hypothesis is that SPPA has reduced income poverty, then quite apart from the short duration of this programme, any objective assessment will require considerable time series or point data reasonably well spaced in time and supported by detailed econometric analysis, to even begin to address this question. The present assessment does not even attempt to answer these premature questions. However, it should be possible to hypothesize that the integrated nature of SPPA has led to changes in the knowledge, attitudes and practices of borrowers with respect to certain outcome indicators which may not have occurred among non-borrowers or in the absence to SPPA. Such a hypothesis can be addressed.

Objectives of the Assessment

The following are the objectives of the assessment:

- Contribution of poverty reduction initiatives: Assess the relevance and appropriateness of the design of the SPPA programme, especially the use of micro-credit in the context of its contribution to China's existing poverty reduction policies and strategies;
- Effectiveness of SPPA institutional structures: Assess the effectiveness of the structures for the implementation and management of SPPA, especially the management of the micro-credit component, in the context of local government structures and banking institutions;
- Contribution to national policy dialogue: Indicate what contribution has or can the programme make to influence through advocacy and dialogue the government's poverty reduction policies and strategies, including expansion, replication and other actions that may be needed.
- Local level NPA planning and co-ordination: Assess through a review of selected project counties the contribution of SPPA to changes in local level planning, resource allocation, and implementation of basic social services and how this was brought about. Identify what kind of local level planning and co-ordination capacities have been enhanced, gaps and programme interventions needed to reduce these gaps.
- Targeting: Assess whether the targeting criteria for micro-credit are appropriate and whether it has been effective in reaching the poor;
- Efficiency: Assess the efficiency of the micro-credit operation in terms of loan use, range of IGA activities, strengths and weaknesses of group processes, range of income-generating activities, strengths and weaknesses of the group processes, loan cycles. Assess also demand and supply constraints facing borrowers for credit, rate of dropout and reasons for dropping out or not taking repeat loans;
- Income effects: Assess through questionnaire surveys and interviews whether household income has increased and estimate by how much for the selected sample of borrowers as a result of participating in the micro-credit programme. Assess whether increased income has led to increased spending in health, education and nutrition, particularly of children.
- Behavior change: Assess whether training provided as part of the micro-credit programme has boosted knowledge and skills in areas related to health, nutrition,

sanitation and education. Has such knowledge led to behavior change and in what areas? Are there observable differences in women's status and decision-making powers in the household and the community? What other communications and social mobilization strategies should be considered in improving the communications and social mobilization aspects of the programme?

- Spillover/ externalities effect: Has the project had any spillover effects in terms of increasing demand within the community and non-beneficiaries for credit and participation in the group meetings and training sessions? Did behavior of non-beneficiaries in the same village – especially knowledge, practices and behaviors related to hygiene, nutrition, sanitation and education change as a result of a demonstration effect? If so how? If not, what additional actions may be useful for creating larger multiplier effects?
- Gender: Through interviews, assess whether the project has raised awareness on gender issues among families and communities and strengthened capacities to address gender issues in development among local governments.
- Management and operations: Are the micro-credit management structures and operational reporting and monitoring mechanisms, adequately rigorous and efficient? How can these be improved?
- Cost analysis: Using available data, estimate the costs of the programme, in particular, UNICEF's component of expenditure, including capacity building activities and extent of UNICEF and government subsidy.
- Sustainability: How sustainable is the programme given the present institutional operation and management systems, especially when the programme is supposed to end in 2000? What actions are needed to strengthen the institutional and operational sustainability of the programme, and build capacity and awareness in order to achieve sustainable impact on the social indicators of the beneficiaries and their families?
- Additional actions necessary: Identify the additional actions that could usefully accompany credit in order to reduce poverty in a sustainable manner in the project villages and meet the NPA goals for children.

While the objectives are too ambitious, efforts were made to address as many of the objectives as possible and feasible given the time and resource constraints.

The choice of methodology

Over the past decade many impact assessments of development programmes have been carried out in many developing countries. They have used a variety of methodologies: experimental, case studies, rapid appraisals, participatory learning and action (PLA), and participant observation (Hulme, 2000). In the case of SPPA, the assessment covers the following :

- The changes over time - *before and after* the provision of credit and other interventions brought along with credit. In the long run what matters is essentially a programme propensity to create "sustained structural changes in well-being". A number of changes in the short term contribute to long-term structural changes. These can be identified and assessed. Impacts are likely to be more useful to measure after a minimum period of 24-30 months from the grant of the first loan.
- Comparison of the participants in the programme with a comparison ('control') group from the community with *similar* socio-economic characteristics but who did not receive

credit or other interventions brought along with credit - *those with and without credit*;

- Assessment using both quantitative and qualitative data;
- The contribution of the value-added elements of SPPA, such as the process of involving the various government departments by forming 'leading group' to reach NPA goals;
- An analysis of the role of other interventions (excluding credit) in bringing about changes in the lives of the borrowers and non-borrowers;
- Recommendations for increasing the impact on the lives of borrowers derived from lessons learned in the impact assessment.

What changes are expected?

The changes to be expected should be derived from the objectives of the programme. Micro-credit programmes targeted at the poor aim to improve the socio-economic status of the household to ultimately reduce poverty. To achieve this outcome, it is important to allow several rounds of borrowing and repayments from income generating activities, as has been shown in many settings (Chowdhury and Bhuiya 2000; Husain 1999). From this perspective, it is probably too early to expect very great impact in the SPPA programme. But in the short-term, however, certain changes can be measured which be expected to contribute to poverty reduction. Some of the impact or areas of change, with particular interest to UNICEF's concerns, which may be addressed through the assessment are:

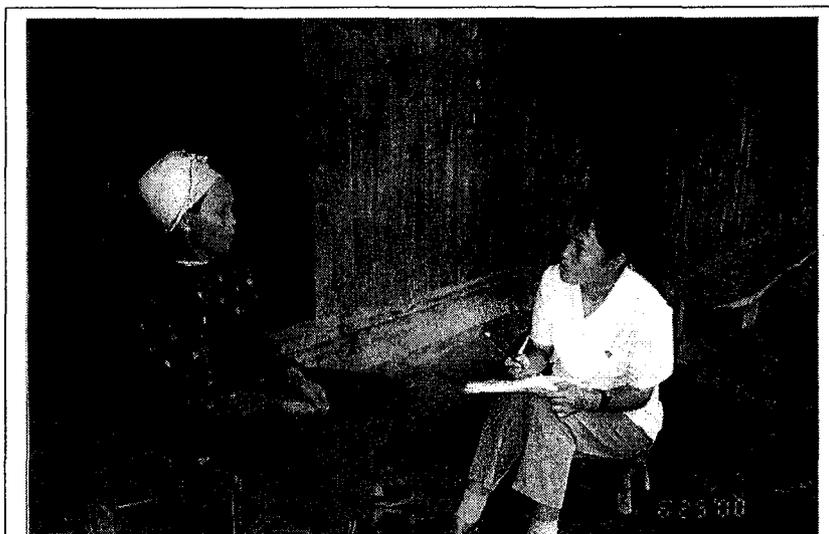
- Improvements in material well-being;
- Access to basic social services;
- Reduced vulnerability to seasonal fluctuations in income, access to basic social services and food, and strengthened coping capacity;
- Improved status of women and girls;
- Increased multi-sector coordination and capacity building at different levels; and
- Sustainable micro-credit institutions.

An impact assessment is only one aspect of a full assessment of a micro-credit programme. Other important components would include:

- Effectiveness: ability of the programme to reach the target group and meet the financial needs of its clients (low fees; reasonable requirements; short processing time); training and capacity building of the programme implementers and borrowers, and linkages to basic social services;
- Efficiency: the performance of the programme against appropriate financial and output indicators, including administrative and training costs;
- Outreach (success in reaching eligible borrowers);
- Financial sustainability: on-time loan repayment rates, pricing (interest rates and fees), operational costs, quality of loan portfolio, savings mechanisms;
- Institutional sustainability: management by national/local institutions that have adequate oversight, accountability and governance structures, capacity, training programmes, adequate monitoring, independent audits, alternate sources of tapping grant funds to expand.

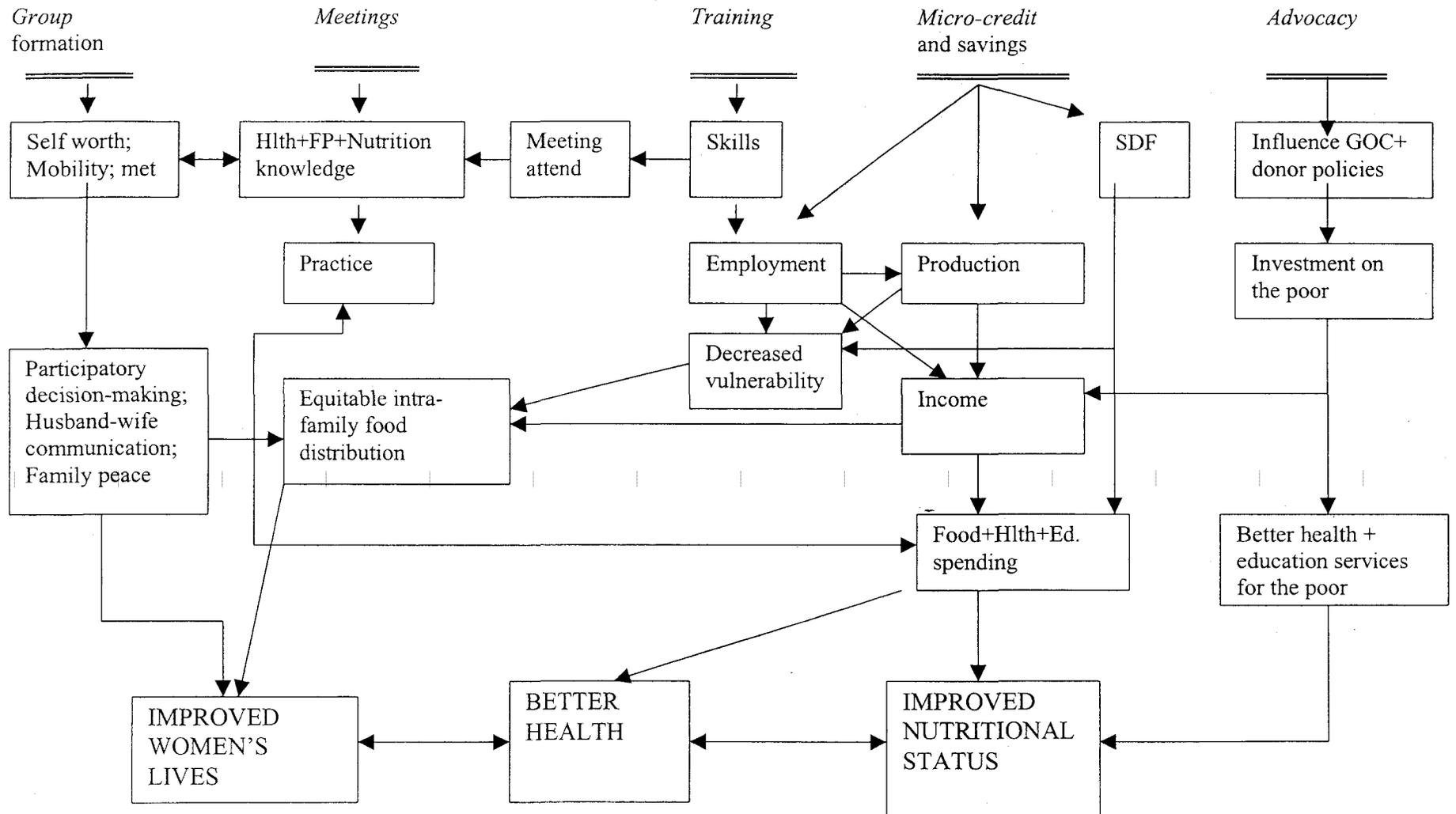
Each of these criteria needs indicators, which can be measured. Some of these may be measured in quantitative terms while others require a more qualitative approach or both. Figure 2.1 indicates some of the causal transmission mechanisms for SPPA's impact. For a comprehensive understanding of the impact, rigorous study of the 'inputs' (on top of the diagram), the 'impacts' (in the bottom line), and the processes (between 'inputs' and 'impacts') are necessary. In the

present study, however, only the ones, which are amenable to short-term changes, will be addressed.



A respondent being interviewed by an interviewer for the household survey

Figure 2.1: Hypothesized pathways linking SPPA to improvements in children and women's lives



Data sources

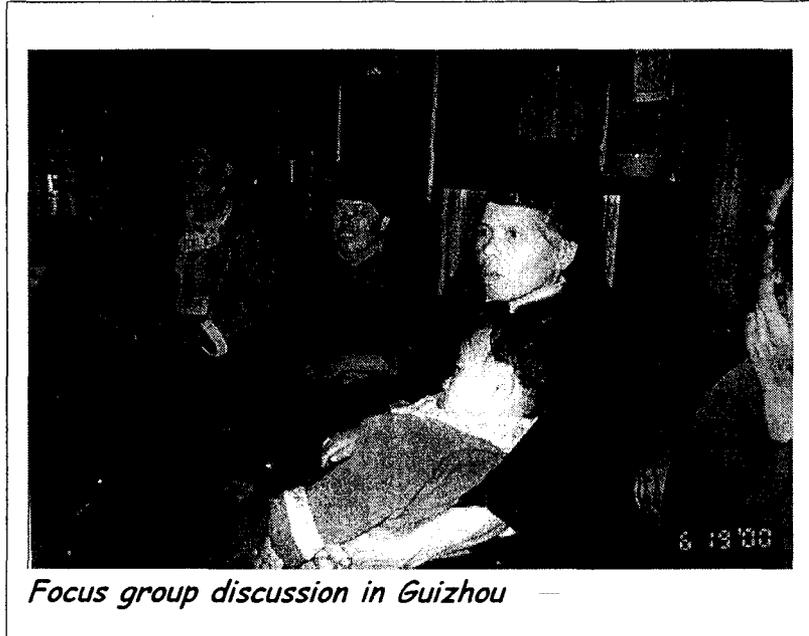
In this assessment an integrated methodology was used and the data for the purpose came from multiple sources. Here we briefly mention the various sources and the type of information collected in each.

1. Secondary (published): There is a large body of published knowledge and information on poverty situation and women and children in China. Published data on some specific aspects of SPPA are also available. These were freely used in the report. A listing of these is available in the bibliography.
2. Secondary (unpublished): There is also a large body of data and internal documents available, including SPPA project reports, annual reports, mid-term review, mission reports, and the SPPA management information system (MIS). These include information on project progress, constraints encountered, including quantitative data on membership status, training, loan disbursement and collection, etc. Such information were identified and used. Also selected data from the baseline survey conducted prior to the implementation of SPPA was also used.
3. Survey interview: Most of the new quantitative data were collected through a formal questionnaire administered at the household level. This questionnaire included information on members' age, marital status, and their socio-economic background. The socio-economic information included education, income, expenditures, savings, employment, seasonal vulnerability, and housing (the module used by the National Bureau of Statistics and the World Bank poverty monitoring was adapted for the purpose). The questionnaire also collected information on health knowledge and practice in respect of hygiene, sanitation, and child care. Women's status was gauged by asking specific questions on mobility as done in previous studies in China (Qiaozhuan and Chuzhu, 1997). Annex A2.1 gives the questionnaire. This questionnaire with minor adaptation, was also used in collecting information from households in the 'comparison' villages.

Formal questionnaires were also used to interview or collect information from large groups at the village level, leading groups (in SPPA counties and townships). A questionnaire was also used to collect information (particularly profile) from SPPA staff at various levels including the village worker. Copies of these questionnaires are given in Annex A 2.2, A 2.3, and A2.4 respectively.

4. Interviews: Formal and informal interviews (with checklists) were carried out with County and Township Leading Groups; County and Township staff and Township fieldworkers. The checklists used are given in Annex A2.5.

5. Focus group discussion: To get a deeper understanding of the situation, focus group discussion (FGD) and other qualitative methods were used. Focus group discussion, wealth ranking, and time line were the PRA techniques mostly applied. These explored among others the reason of their joining, the impact on their lives, the steps in loan application and use, spill-over effect on non-members, their status in family and village because of being member, etc. Wealth ranking exercises and 'timeline' helped understand the issue of targeting by SPPA and the impact at the village level respectively. Annex A2.6 gives the checklist for the purpose.



6. Case studies: Case studies are used to get even deeper understanding of a small number of issues from fewer individuals. In this assessment, case studies on a few 'success cases' and 'dropouts' were done to throw deeper insights into the reasons for which a woman succeeds and another not. The checklist for the above is given in Annex A2.7.

7. Village profiles: The village profile is intended to indicate the socio-economic situation of the environment in which the borrowers are living. It indicates the nature and degree of access to public infrastructure services, health and education. For example, is there a health care facility or a primary school in the village? The village profile questionnaire used by the National Bureau of Statistics of China was adapted for the present assessment purpose.

Sampling

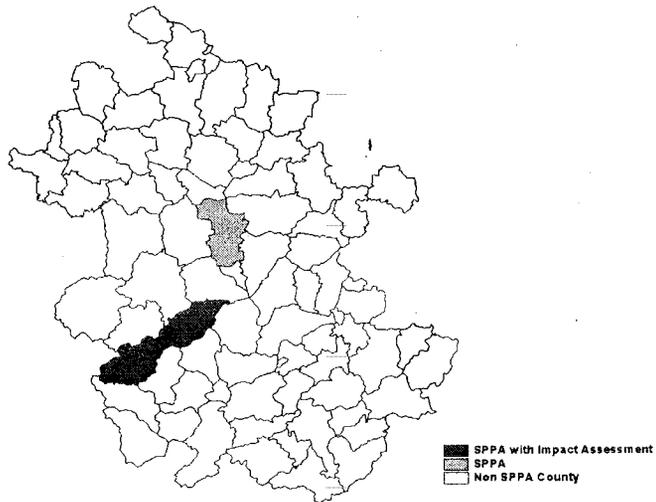
Because of time and resource constraints, the study was restricted to 6 counties of 24 project counties located in 3 of the 12 provinces where SPPA is present. In order to capture the maximum impact, the provinces that were incorporated in the first phase of the programme were selected. These were: Gansu in the north-west, Guizhou, in the south-west, and Anhui in the East. While the sampled provinces and counties will not be representative of all the project counties and provinces, they were chosen to capture some degree of geographical and ethnic variation among SPPA project sites. The Map 2.1 shows the location and Table 2.1 provides some basic data of the study counties. Much of the socio-economic data presented was based on a baseline survey of the counties conducted in early 1997. From the data it is clear that the counties in Guizhou have the poorest socio-economic conditions compared to those of Gansu or Anhui. The counties in Guizhou also have the highest proportion of minority population which is also reflected in the high female illiteracy rates. The counties in Guizhou are also furthest away from the provincial capital, compared to the other study counties in Anhui and Gansu. In the counties of Guizhou, infrastructure development, especially road and telecommunication development still lags behind. For this reasons, access to markets and information is fairly poor. Of the two counties in Anhui,

Yuexi is less developed than Shucheng. For Gansu, Yongjing County is slightly worse off than Yongdeng.

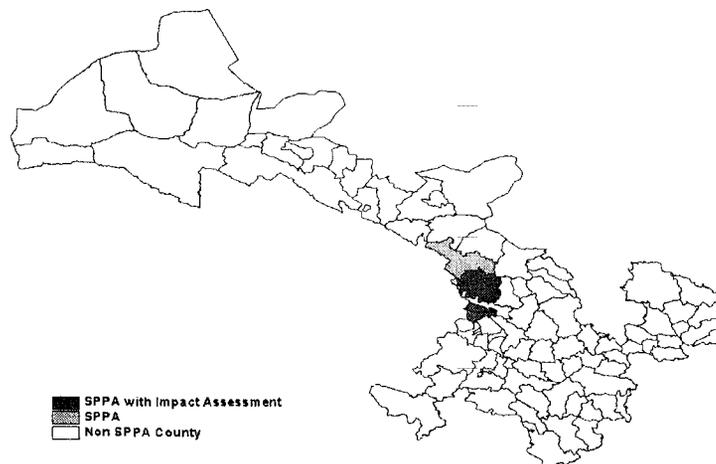
Outcome indicators have been constructed separately for each province but no effort is made to generalize it nationally. For comparison, independent samples in these provinces not receiving the SPPA inputs were included. The comparison households were selected from townships not reached by SPPA but within the same counties as the SPPA.

Map 2.1 Three SPPA counties for the Impact Assessment

SPPA Project Counties in Anhui



SPPA Project Counties in Gansu



SPPA Project Counties in Guizhou

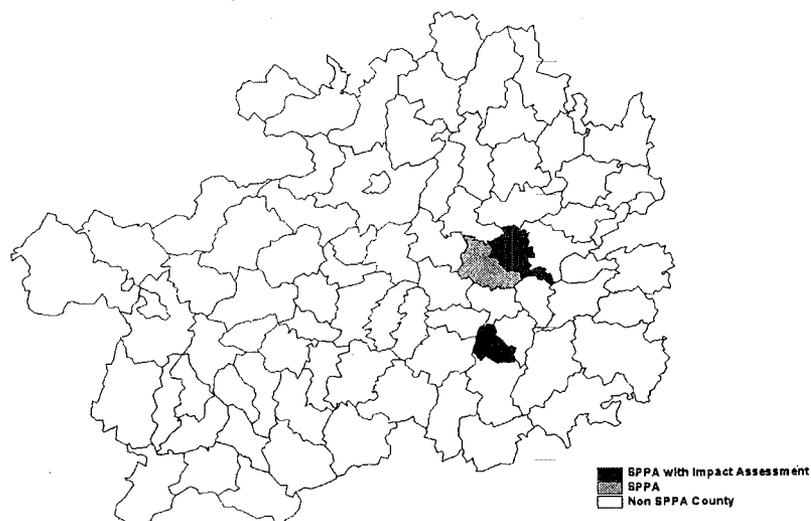


Table 2.1: Basic data of the six study counties

Characteristics		Anhui		Gansu		Guizhou	
		Yuexi	Shucheng	Yongjing	Yongdeng	Danzhai	Shibing
1	Population ('000)						
	Total:						
	Male:	400.9	970.8	190.8	501.6	150.6	144.0
	Female:	211.5	510.4	90.3	258.4	79.7	74.8
		189.4	450.4	100.5	243.2	71.0	69.2
2	% minority population	**	**	12.4	2.0	85.1	47.4
3	Total townships	28	30	19	22	21	8
4	Total villages	376	490	139	234	161	107
5	Mean per capita net income (Yuan)	631	920	536	951	191	425
6	% poor population	28.9	17.6	30.4	14.5	41.7	25.5
7	% absolute poor population	11.7	5.2	14.1	4.8	15.5	10.9
8	% female-headed households	4.8	2.7	5.8	4.9	4.9	2.2
9	% h.hs. using qualified iodized salt	56.3	54.2	26.5	46.5	63.6#	85.8#
10	Adult illiteracy						
	Total:	18.7	15.7	32.9	12.2	23.9	33.7
	Male:	15.1	12.9	27.6	9.4	16.2	25.1
	Female:	22.6	18.9	56.3	15.2	32.9	43.9
11	Primary enrolment rate						
	Total:	94.5	98.6	81.9	98.2	90.0	93.7
	Male:	95.1	98.3	84.1	98.1	94.6	95.2
	Female:	93.8	98.8	79.5	98.4	83.2	92.1

Note: Line 1-4 refer to 1999 figures; Line 5-11 refer to baseline data collected in February 1997 on a sample of 30 villages and 900 households

UNICEF has been supporting a IDD project in these two counties since 1992 and accounts for the higher rate of use of iodized salt

** Less than 0.1%

Stages of sample selection

For each province the samples were selected independently. Each of the three provinces has three counties under the SPPA and two each were selected at random. There are seven townships in each county with SPPA. Since the townships were taken into SPPA in different time periods and as the amount of time elapsed since joining will have a direct bearing on the impact, the townships were stratified into two groups. The first group (Group A) included townships which were taken into SPPA in 1996 and 1997, and the second group (Group B) those taken in afterwards. Needless to mention that those who belong to the first group were exposed to the programme longer and possibly had taken more than one loan; in such cases the expected impact would be more. From each of Group A and B townships, two townships were selected at random. From each of A and B township groups, five *large groups* were selected at random. And from each large group, ten member households were selected at random. This means that 200 member households were selected from each county. For the comparison group, one township not covered by SPPA (but socio-economically and ecologically similar to SPPA townships) was randomly selected (Group C). From this ten villages were randomly selected. Ten households fulfilling SPPA household selection criteria were finally selected at random from each village. This means that 100 households were selected from each county as 'comparison'. For each province, 400 SPPA and 200 'comparison' households, making a total of 600 households were selected; or 1,800 for the three provinces together. Further details on the sample selected are given in Table 2.2.

Table 2.2: Number of sample households selected, by province

UNIT	GANSU	GUIZHOU	ANHUI
County	2	2	2
Township Type A	4	4	4
Township Type B	4	4	4
Large group in A	20	20	20
Large group in B	20	20	20
Households in A	200	200	200
Households in B	200	200	200
Comparison Group (C)	200	200	200
Total	600	600	600

Note: Number of interviews and other activities that were carried out are indicated in Table 2.3.

The Comparison Group

As mentioned above, the study design envisaged the selection of a 'comparison' group for comparison. In a real world situation the choice of such a group is always problematic. The practice in most cases is to select a group which is *known* to be socio-economically as close to the

'intervention group' as possible. In the present study we followed this rule and selected households which were considered to best represent the SPPA group socio-economically. There were three steps in this selection. After the selection of the SPPA townships in a county, the county officials were asked to identify the other townships in the same county which were similar to the selected ones. From this list one township was selected at random. Afterwards, villages were selected at random in the comparison group. At the village level, the interviewers met the village heads and other knowledgeable people and asked them to give a list of households in their village which in their judgment were socio-economically similar as the SPPA households. From the list provided by the village head, sample households were selected for the comparison group.

Having described the selection procedure the question next is how comparable was the comparison group. We tried to find out how the two groups differed. We found evidence that suggested that the two groups were not necessarily similar. For example, in terms of cash income or expenditure or asset possession, the averages for the SPPA group were higher than the comparison group. Even when the comparison was made with the SPPA sub-group which joined only the previous year, the comparison group was more disadvantaged. On the other hand, when some other indicators are considered, the comparison group does not appear disadvantaged. For example, the mean amount of loan taken in the previous three years among the comparison households was almost double that of the youngest SPPA group. Credit worthiness is a measure of one's economic status in a society. Further examination of the loan data reveals that about a third of the comparison group loan was taken from institutional sources such as banks and the PA fund. It is common knowledge that institutional loans are rarely available to the very poor. In conclusion, it can be said that even if the two groups are not perfectly similar they are neither entirely dissimilar. Detailed analysis and discussion on this aspect is provided in Chapters IV and V.

Pilot test

The pilot test for the assessment was done in Zigui county of Hubei province. The pilot testing included the testing of different questionnaires and checklists for their relevance, language, comprehension, ease, and meanings. Other aspects tested included the availability of potential respondents, identification of sample spots, particularly in the 'comparison' areas, and logistics. Carried out by a group of national consultants and staff of UNICEF the pilot test was done over a period of one week.

Table 2.3: Number of interviews and other activities performed

Unit	Type of instruments	Gansu	Guizhou	Anhui
Household	Questionnaire	600	600	600
Large group	Questionnaire	40	40	40
Staff survey	Questionnaire:			
	County	6	6	6
	Township	24	24	24
	Village	44	37	54
Important individual	Checklist:			
	County & Township leading groups	30	30	30
Village	Village profile	44	37	54
Members	FGD:			
	Type A	2	2	2
	Type B	2	2	2
	Case study ('Success')	1	1	1
	Case study (Dropout)	1	1	1

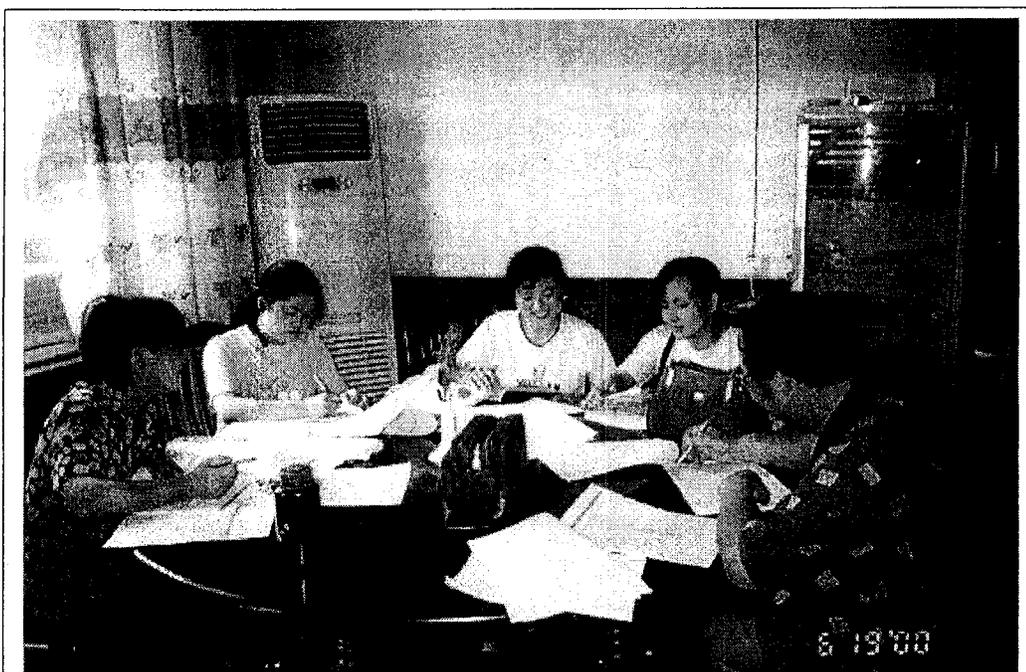
Quality of the data

Several steps were taken to ensure the quality of the data. The following gives a short description of these steps. The interviewers or field investigators were selected from each county to overcome the local dialect problem. All were provided further training by the national consultants. In every county the director or vice-director of local statistical bureau was also appointed as the leader of the interview team. He was responsible for assigning work to interviewers each day taking into consideration range of experience among the interviewers (e.g. a more experienced interviewer pairing up with a less experienced one), gender, ethnicity, and language competencies, and distance of townships and villages, etc.

The data collection was supervised at two levels. The national consultants and UNICEF staff remained in the field throughout the data collection, supervised the various activities by spot-check and re-interview. At the end of day's work, the national consultants checked all the questionnaires for completeness and consistency. Every morning the main problems encountered the previous day were reviewed with interviewers and summarized for guidance in the field.

To get an understanding on the quality of the data collected, selected households were revisited with a smaller version of the household questionnaire in 10% of Gansu and Guizhou households². The data from the two independent collections were compared. Table 2.4 shows the proportion in which the two sources matched completely. It shows that the data quality appears to be reasonably good. In 22 of the 24 questions, the two sources matched in over 80% cases. The questions which matched in less than 80% cases were designed to seek attitude and opinion on certain issues, and such type of questions have their usual validity concerns. It thus can be said that the data are of reasonable quality.

² Because of identification problem in matching, only 100 cases were finally analyzed.



Field workers led by their team leader checking all the questionnaires for completeness and consistency at the end of the day's work.

Table 2.4: Proportion of cases in which the original and re-interview responses matched completely.

Question	% matched completely	Question	% matched completely
1. Source of water	88	15. Decision on loan taking	78
2. Use of latrine	96	16. Year joined SPPA	94
3. No. of loans taken	84	17. Month joined SPPA	80
4. Bank as a source	95	18. No. of loans from SPPA	81
5. PA fund as a source	94	19. Radio bought in 1998	100
6. SPPA as a source	100	20. Radio bought in 1999	97
7. Money lender	97	21. Bike bought in 1996	94
8. Friends/relatives	89	22. Bike bought in 1997	99
9. Group fund	96	23. Bike bought in 1998	99
10. Others	88	24. Bike bought in 1999	98
11. Radio bought in 1996	94	25. Fan bought in 1996	97
12. Radio bought in 1997	96	26. Fan bought in 1997	99
13. Use of iodized salt	99	27. Fan bought in 1998	99
14. Perception of women's own income in comparison to husband's	76	28. Fan bought in 1999	100
		29. Construction of house	94
		30. Sickness last 2 weeks	92

Management of the study

The DIR/MOFTEC and UNICEF Beijing managed the impact assessment study jointly. A team of experienced social scientists/professionals carried out the study. The team was drawn mainly from China with professional inputs provided by three international experts (see Annex A2.8 for the list of the experts and their institutional affiliations). The core team comprised of experts in the field of impact assessment, programme management, survey research, and qualitative assessments, particularly PRA. Most field investigators (interviewers) were staff from the county and township statistical bureau and/or agriculture extension station and had previous experience in similar data collection. A small number of the field investigators were from the local women's federation and MCH stations and had some experienced in conducting household surveys and baseline surveys of UNICEF projects. The national consultants provided direct field supervision with occasional visits from their international counterparts.

The national consultants also trained the field investigators. The training, which concentrated on the methodology of the study, the questionnaires, and assurance of quality, was done over two days including one day's field practice. Data were collected in the months of May-July 2000.

Data processing and Analysis

All the data were processed in Beijing. The quantitative data was processed with the help of a national computer programmer. Care was taken to ensure quality by entering the data twice and by instituting various standard cleaning procedures including range and consistency checks. The SPSS Windows (Version 10.0) software was used in analysis.

The analysis was done in several stages. After cleaning, marginal tables were generated for each variable. Depending on the need of analysis several new variables were computed. These included, among others, total cash income (adding income from various sources), total expenditures, number of assets owned, length of membership (the time difference between the day of joining the SPPA and the day of interview), and depth of membership (whether an ordinary member or an office bearer of large/small groups). The first level of impact was examined by comparing the marginal frequencies for SPPA and comparison groups. At this stage, where appropriate, the means were calculated and appropriate statistical tests done. At the next stage, tables were generated cross-classifying different impact variables with programme-related variables. To further investigate the impact, 3-way analysis was done controlling for selected socio-economic variables. In the final stage selective multiple regression analysis was carried out.

The sample population

Data on the sample population are provided below. These include age and sex distribution (Table 2.5), the household size (Table 2.6) and length and depth of membership of SPPA members included in the sample (Tables 2.7 and 2.8). The average household size of the sampled population is 4.4.

More than 40% of the sampled households in Anhui were members of SPPA for more than 36 months, but only 20% of those in Guizhou have that length of membership. For Guizhou, more than 40% of the sampled households joined the programme only in 1999 (Figure 2.2). The reason for the shorter length of membership among the sample in Guizhou is that in the random selection of townships, Guizhou had more townships among those that began the project in 1999 selected

than that of Anhui and Gansu. In terms of ethnic composition, all of the sample households in Anhui, 73.5% in Gansu, and 29.5% of the respondents are Han. Miao is the majority group in the project counties of Guizhou, with Hui representing a large proportion in Gansu (Table 2.9).

Table 2.5: Age and sex distribution (%) of sample population

Age in years	Female	Male	Total
0-4	42.6	57.4	100.0
5-9	46.9	53.1	100.0
10-14	50.6	49.4	100.0
15-19	49.7	50.3	100.0
20-24	49.2	50.8	100.0
25-29	53.0	47.0	100.0
30-34	53.0	47.0	100.0
35-39	48.0	52.0	100.0
40-44	46.2	53.8	100.0
45-49	48.6	51.4	100.0
50-54	46.9	53.1	100.0
55-59	41.5	58.5	100.0
60-64	45.7	54.3	100.0
65+	55.0	45.0	100.0
N	3884	4018	8902

Table 2.6: Household size

Household size	No.	%
1-3	352	19.6
4	736	40.9
5	438	24.3
6+	274	15.2
Total	1800	100.0
Av. Household size	4.4	

Table 2.7: Length of membership of SPPA members in study sample

Length (in months)	Anhui	Gansu	Guizhou
1-12	4.8	6.3	41.0
13-24	23.8	31.8	28.5
25-36	30.3	25.0	10.3
37-48	41.3	37.0	20.3
n	400	400	400

Figure 2.2: Sample SPPA members by year of joining SPPA

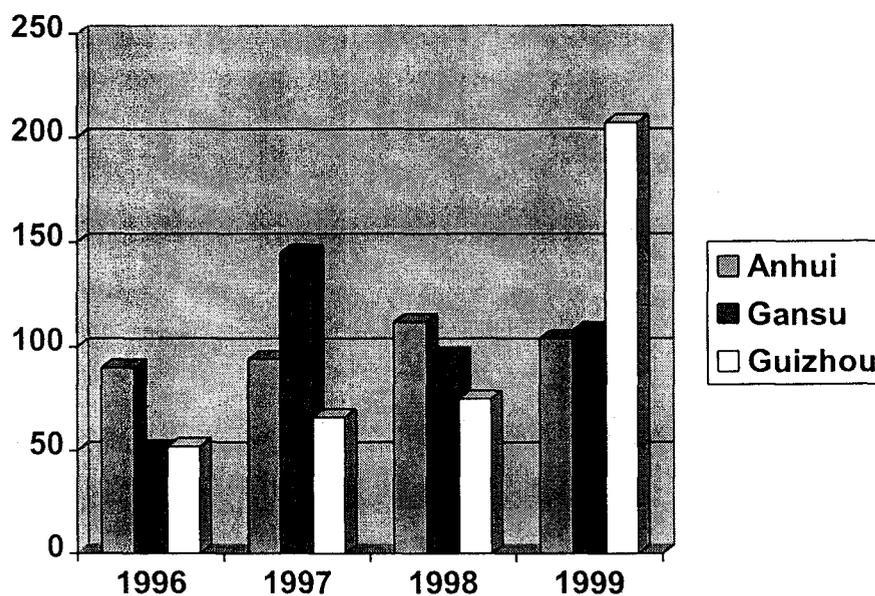


Table 2.8: Depth of membership of SPPA members in study sample

Type of membership	Anhui	Gansu	Guizhou
Ordinary	68.8	66.8	71.8
Office bearer	31.2	33.2	28.2
N	400	400	400

Table 2.9: Ethnicity of respondents (%)

Ethnic group	Anhui		Gansu		Guizhou	
	Yuexi	Shucheng	Yongjing	Yongde	Danzhai	Shibing
Han	100.0	100.0	89.5	57.5	38.5	20.5
Miao	-	-	-	-	54.0	76.0
Hui	-	-	6.3	27.0	-	-
Others	-	-	4.2	15.5	8.5	3.5

Note: 'Others' include Zhang, Buyi, Shin, Dong Fang, Tu, Dai, Yao, Baoan, Dong, and Ge

CHAPTER THREE

The Social Development Programme for Poor Areas

Rationale and short history

The SPPA programme has grown out of GoC-UNICEF's earlier programme of co-operation (1989 - 1994) called the Basic Services Programme which emphasised county-based initiatives in maternal and child health, basic education, women's income generation, and, in some areas, water and sanitation. Lessons learned from these initiatives indicated that while they provided valuable inputs for strengthening of sectoral services in the counties, they did not sufficiently target the specific situation of poorer women whose access to, knowledge about, and demand for such services were still limited by economic and social constraints.

The SPPA programme design seeks to expand avenues for poor women to benefit from China's economic reforms and the Chinese government's commitment to poverty reduction. It recognises that the interruption of the cycle of poverty, leading to advancement for children in poor families, requires strengthening of basic services delivery for the poor, linked to actions to strengthen poor women's access to productive resources, knowledge and information and their own confidence to take initiatives for themselves and their children.

The objectives of the SPPA are:

- Development of community-based, women-oriented institutional mechanisms that will enhance women's participation in key decisions about their own and their children's lives, particularly regarding health, education, and family planning services;
- Providing a social safety net to poor women and children that will enable them to gain adequate access to social services, through strengthening the capacity and co-ordination of inter-sectoral planning and budgeting for social services;
- Effective use of micro-credit for bringing about greater inter-linkages in health and education and as a mechanism for empowering women;
- Contribute to the national anti-poverty programme by demonstrating a working model of sustainable rural development institutions that address the needs of the poor within an institutional framework that links the basic service needs with access to financial and other resources;
- Contribute to the national policy dialogue on micro-credit and social safety nets, and community-based approaches to addressing both human and income poverty.

The main strategies employed were to use micro-credit as an entry point to organise poor women into groups at the village level, encourage regular meetings to provide knowledge on *Facts for Life (FFL)*, and judicious use of loans and savings to promote economic production for income generation. At the same time local sectoral partners, under the leadership of the county governor, are mobilised to better plan and utilise resources for the expansion of quality basic services to meet the needs of the poor with the goal of reaching the National Plan of Action (NPA) goals for children, and the National Plan for Development of Women (NPDW).

The integration of basic social services with micro-credit at the village level and the capacity building of staff at various levels are the distinguishing programme innovations in SPPA. Training organized for women and group meetings are used as conduit to disseminate knowledge

to poor women on health, nutrition, education, hygiene practice, skill development, and transacting loans and savings. Training in multi-sectoral planning for leaders and relevant sectoral partners using the *Triple A* methods (Assessment, Analysis, Action) (UNICEF 1998) seek to focus on the inter-related nature of problems of children and women and promote inter-sectoral coordination of actions and effective utilization of resources to address these problems in a holistic manner.

Modus Operandi

The main operational principles are set out in the Programme Framework Document to guide the programme to reach its goals and objectives and to ensure that the limited programme resources are utilised to reach population groups whose children are most at risk to deprivations resulting from poverty. They are also set up to raise awareness of government to focus attention on the social development needs of the poorer segments of society and to secure commitment to mobilise greater resources from government to invest in children's development. These operational principles include:

Reaching the poor: Project guidelines and criteria for selection of townships, villages and women for participation in the project training and micro-credit programme uses poverty, including social poverty as a criteria. Hence basic selection guidelines for counties and townships favour those with lower rural per capita income; higher under-five mortality; higher maternal mortality; lower primary education enrolment rates; and greater disparities in girls enrolment. But some consideration is also given to local government's capacity and commitment.

Guidelines for selection of women for participation in the programme are likewise guided both by consideration of poverty as well as factors related to children's development. Hence priority for participation is to be accorded to poor women with young children, especially girl children, and children with disability.

Building women's self-reliance and social asset base: As the programme is to build women's self-reliance and participation in decision-making processes, the principle of voluntary participation, voluntary group formation, and self-determination in identification of production activities are to be respected. At the same time women's commitment and social awareness are to be built through orientation on a set of "*Eight Commitments*" (see Box 3.1 "Eight Commitments") related to the project's social development objectives. Women will be supported with training such as *Facts for Life* to provide them with the necessary knowledge and skills to put those commitments into action.

Efficient micro-credit operation system: To promote efficiency in the micro-credit operation, emphasis is placed on group joint liability, regularity of group meetings, mandatory savings, small size of loans, short repayment periods and non-subsidised interest charges (9.6%). The interest earned is divided into three equal parts. One-third is allocated as "social development fund" controlled and used by women groups themselves in their villages for social development activities, one-third as "risk fund" used for compensation of the dead loans, and the other one-third as incentives for the workers who support and guide women in their activities¹. The loan given by SPPA each time is RMB 1,000 yuan maximum (US\$=RMB 8.26).

¹ The allocation of 1/3 of the interest charges as incentives for fieldworkers was implemented only after the Mid-term Review in 1998. Prior to that, 2/3 of the interest was allocated to the social development fund.

Box 3.1: Eight Commitments - Our Common Goal: Self Reliance

1. We will help one another to be more prosperous through our own efforts
2. We will help one another to find ways to save
3. We will re-invest at least 30% of our profits.
4. We will improve our own health and that of our children and other members of family by following the 8 Good Health Behavior:
 - learn about diarrhoea control and acute respiratory infection treatment
 - breast feeding and better nutrition for babies and children
 - immunization of babies
 - pre- and post-natal checkups
 - use of iodized salt
 - get appropriate medical care when we or our children are sick
5. We will practice and promote hygiene rules,

Increased investments on Basic Services: To ensure that basic services are available and accessible to the poor, counties and townships are to expand the provision of these services to reach project participants. In particular, the project leading groups are to co-ordinate inter-sectoral initiatives that would respond, in a co-ordinated manner, to needs of poor villagers. Sectors and areas involved include: 1) the education sector for promotion of female functional literacy and basic education service for children, especially the girls; 2) the health sector for improving coverage and quality of maternal and child health services; 3) water and sanitation sector for increasing access to clean water and basic sanitation in the rural area; and 4) agriculture sector for ensuring provision of practical skills to the rural women for their income-generating activities.

Building robust monitoring and reporting systems: The province and county project offices are required to collect and consolidate the project data on loan operation, make frequent monitoring visits to the project villages, prepare the semi-annual report on the progress of the project implementation and submit the project activity report to the relevant GoC authority, and UNICEF.

Promotion of Gender Equality: Project counties and townships are to emphasise recruitment of women into project managerial positions, and to systematically expand training opportunities and support for women to enter progressively higher positions of responsibility in project and broader local government management.

Management structure / Organization

The organisation chart shows the organization structure and linkages between the different levels. Department of International Relations (DIR) of the Ministry of Foreign Trade and Economic Cooperation (MOFTEC), with technical and financial support from UNICEF, is responsible for the overall co-ordination and implementation of the programme at the national level. At the provincial level, the SPPA project offices are established in the Provincial Department of Foreign Trade and Economic Cooperation (DOFTEC) to provide management, technical and monitoring support for the project implemented in their respective counties. At county and township levels, project offices are established to carry out the planned activities in the villages and groups. The county SPPA office is usually set up in the office of the county government; in a small number of cases the SPPA offices have been set up in the Women's Federation (e.g. Anhui) or the County Planning Bureau (Gansu). The offices at the township level have been established in the office of the township government and are actually personally overseen by one of the township vice-governors or party secretary.

Monitoring

The appointed project officers at every level provide direct management and monitoring support with the officers at county and township levels being most involved in routine management and monitoring of all activities.

The components of monitoring established so far include: —

- field visits by the project staff to lower levels;
- establishment of a computerised MIS system, based at county levels;
- reports by project counties
- project annual reviews and mid-term review
- annual audit of finances conducted by county audit offices (only in a few counties).

The province staff visit the project counties two to three times each year while the county staff spend about 30% of their work time in the project townships and villages. DOFTEC and UNICEF staff also conducts field visits to selected project sites to monitor progress. The main tool for assisting staff in monitoring of the operation of the project is to be the computerised MIS system, which is established at the county offices to track the status of membership, loan disbursement, loan repayments, and loan use. The system has been successfully installed in most of the project counties and is functioning relatively smoothly in a number of counties. However, some counties still confront difficulty in using the system because of limited computer and data analytical skills.

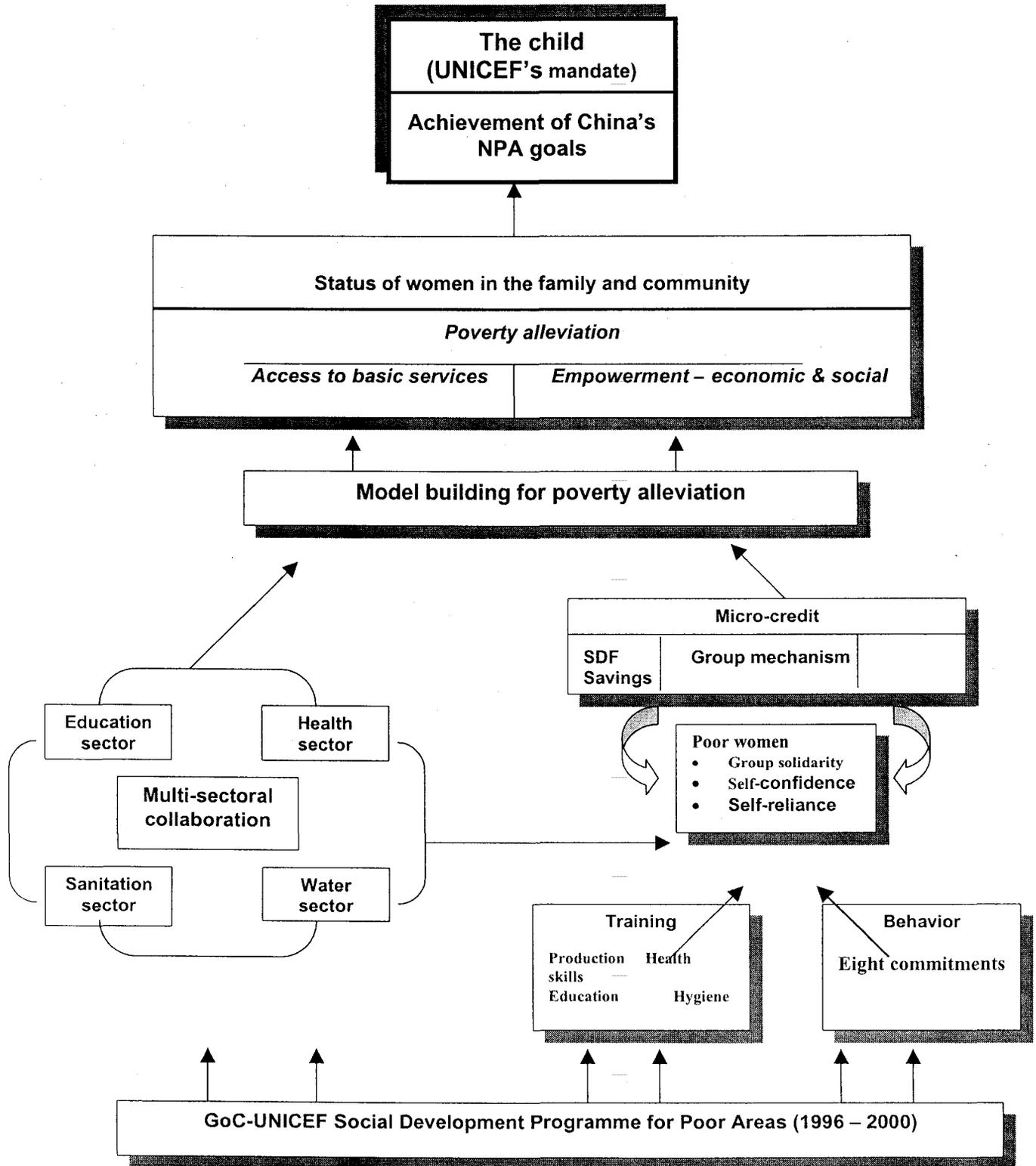
The greatest problem faced is that while most county project offices can successfully generate the monthly data sheets and reports, very few county offices and none of the province offices actually use the MIS data as a monitoring tool to analyse problems encountered in the micro-credit operation. Another issue is that there is no consolidation and follow-up of the information and data at the central level making the MIS system non-functional as a monitoring tool.

Despite the fact that the project has developed staff capacity in a number of areas, the capacity development in micro-credit operation is still not adequate. Most of the staff are part-time and do not have professional background in accounting, financial management or loan portfolio management. Hence the assessment revealed that the internal controls and loan management is weak. This is linked to the inadequacies of the MIS developed for the programme. Most staff find the MIS difficult to use because too much unrelated information is collected making the data entry a burden. Also many of the project offices do not have the capacity to use the MIS report as a monitoring tool to guide their work. Moreover the MIS reports are not consolidated at the national level and are not monitored regularly. Again this is related to the inadequate capacity development and experience in micro-credit operation. Another concern is that there is no established external auditing system to audit the funds. These shortcomings in the project have to be resolved to ensure that the micro-credit operation to become more rigorous in the future.

“The MIS system is very complicated and difficult to use. While we are able to do the data entry, we do not know how to interpret all the data. We hope that the MIS system can be simplified and also receive more training on how to use the MIS reports.”

Box 3.2: Views of project staff, Danzhai, on the computerized monitoring system

Figure 3.1 Conceptual Framework of SPPA



Leadership and Coordination

In order to strengthen the multi-sectoral coordination and cooperation for the project implementation, the project leading groups are established separately at province, county and township levels. The head of the leading group is usually the governor or the vice governor responsible for social development or poverty alleviation, while members are drawn from the related governmental departments such as Health, Education, Agriculture & Animal Husbandry, Poverty Alleviation, RCC/ABC, Women's Federation, Finance, and Information. The leading group also co-ordinates the development of annual plans of action and work of the social sector bureaus for the achievement of the goals of China's National Programme of Action for Children (NPA) and the National Programme for the Development of Women (NPDW).

Staffing

At the provincial level, usually two officers from the DOFTEC act as the project director and project officer responsible for project management. In the county SPPA office, there are three to four staff who are selected from the related county governmental departments or the county women's federation. One of the three serves as the project director/manager while the others serve as officers responsible for group formation, micro-credit loan operation, and management information system. In general, only one or two staff are full-time while others are part time. At the township SPPA office, there are two to three staff selected from the township government or the township women's federation, of which one is full-time.

Operational Achievement

Outreach

Applying both economic and social development criteria, 24 nationally and provincially designated counties of 12 provinces, mostly in the north-west and south-west, were selected for the implementation of the SPPA programme. There is considerable geographic and ethnic diversity among the counties with a bias towards counties that are remote, mountainous, and have greater concentration of ethnic minorities (see Map 3.1).

Given the scale of the programme and the relative inexperience of the implementing partners in micro-finance operation, the programme implementation was phased. In 1996, the first year of the programme, SPPA was implemented in 16 project counties of six provinces. In year two, five additional counties of five provinces were added. In 1998, three more counties in Tibet were included. In each project county, an average of two townships each year (with the exception of Year 1 where only one township was targeted) were selected to begin micro-credit operation. By end-1999, the SPPA programme was being implemented in all 24 counties of 12 provinces and reached 157 townships (Table 3.1). Thirty-five more townships are planned for inclusion in 2000 (Annex A3.1).

Map 3.1: Map of China showing SPPA counties

SPPA Project Counties

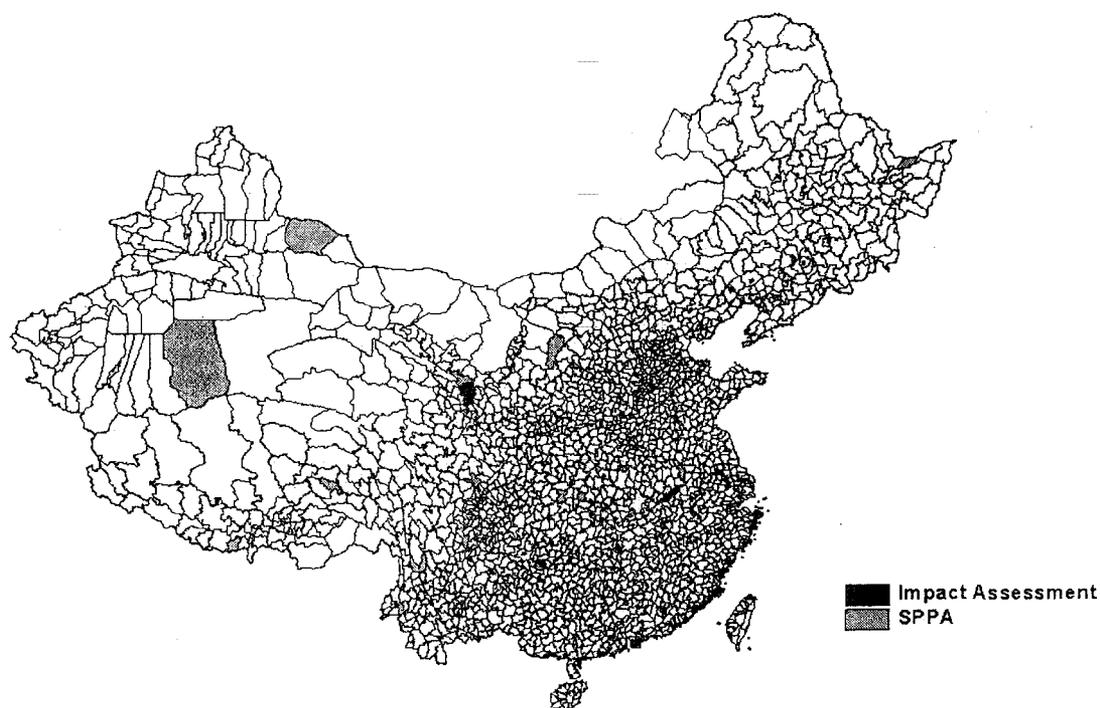


Table 3.1: Number of townships under SPPA by province and year of inception

Province	1996	1997	1998	1999	2000(planned)
Anhui	3	6	6	6	3
Guizhou	3	6	6	6	3
Gansu	3	6	6	6	3
Sichuan	3	6	6	6	3
Xinjiang	2	4	4	4	2
Yunnan	2	4	4	4	2
Henan	0	2	2	2	2
Hubei	0	2	2	2	2
Shaanxi	0	2	2	2	2
I.Mongolia	0	2	2	2	2
Heilong	0	2	2	2	2
Tibet	0	0	6	9	9
Yearly total	16	42	48	51	35
Cumulative	16	58	106	157	192

Membership and groups

In each project township about 220-250 women from 7-10 administrative villages (depending on number and size of villages in the township) are targeted to participate in the programme. The programme starts with the organization of women for group formation training in the village. During the training, the goal, objectives, principles, operational requirements of the programme as well as the criteria for selection of the members are clarified for the participants. After the training, and based on voluntary participation, 4-6 women are formed into a joint liability small group, and 4-6 small groups are joined to form a large group. Members start savings and conduct regular meetings in large and small groups and receive production skills training and other training while awaiting for their first loan.

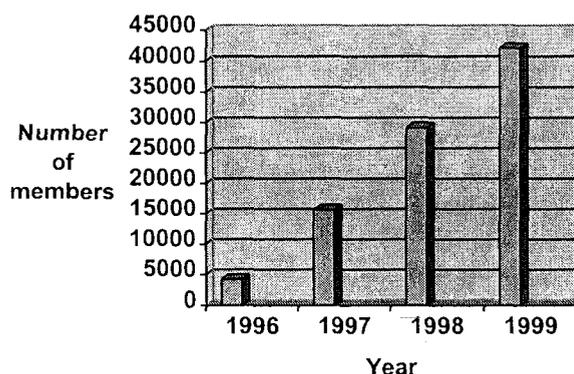
By December 1999, the SPPA programme has trained 42,141 women and organized them into 7,627 small groups and 1,478 large groups (Table 3.2). Each small and large group has a group leader, an accountant and a cashier who are to be democratically elected by the members of the group.

Table 3.2: Number of women's groups and women members of SPPA, by year

	1996	1997	1998	1999	Total
No. of women organised and trained	4,212	11,439	13,538	12,952	42,141
No. of small groups formed	832	2,176	2,485	2,134	7,627
No. of large groups formed	156	405	498	419	1,478
Cumulative active members at end of year	4,202	15,488	26,915	37,767	
Cumulative number of borrowers at end of year	0	6,646	17,854	26,846	

The above table shows that out of 42,141 women recruited, 37,767 (90%) have been active till the end of 1999. It also shows that of the members active 26,846 (or 71%) are borrowers. This is comparable with experiences from other countries; in Bangladesh, for example, about two-thirds of micro-finance members are borrowers at any time (Credit development Forum 2000). Figure 3.2 shows the rise in membership over time.

Figure 3.2: Growth of membership over time



Profile of SPPA membership

Analysis of the data made available to the Assessment Team by different SPPA counties show that 75 percent of the members are in the age group 20-39 years (Table 3.3). Given China's age structure, which has a large ageing population, the SPPA members are relatively young. An overwhelming majority of the members are currently married (93%) and two-thirds have one or two children.

Table 3.3: SPPA members profile from all 24 counties

Member's characteristics	No. of members	% of members
Age (years)		
<20	1,165	3%
20—29	11,421	29%
30—39	18,200	45%
>40	9,248	23%
Marital Status		
Single	1,966	5%
Married	37,258	93%
Divorced/widowed	891	2%
No. of children		
0	3,059	8%
1	9,823	24%
2	16,150	40%
3	6,735	17%
4+	4,277	11%

Meetings and group processes

Group meetings are important venues to develop sense of solidarity among members as well as conduits for training and sharing of information and experiences. It is also a training ground for learning on how to participate in democratic decision-making. It thus is no wonder why most micro-credit programmes have placed great emphasis on regularity of group meetings.

Based on county reports and field interviews, women by and large meet in their large groups at least once every 2-3 months, and frequently once a month. Small group meetings tend to be more frequent with meetings ranging from once a week to once a month. Meetings generally are less

regular during the agriculture season (see Chapter 6 for more information).

Training

Capacity building of members through training is one of the main activities of the programme. The training comprised 5 main categories:

- Micro-credit operation: Training on micro-credit operation includes the following core training: group formation; micro-enterprise management; and simple loan operation and regulations. The key trainers for such training are mainly county and township staff and the local women's federation.
- Facts for Life Training: *Facts for Life* training sessions focus mainly to maternal and childcare (e.g. diarrhea control; ARI; breastfeeding; IDD; HIV/AIDS prevention; tobacco-free initiative). Such training is organised by the county staff with trainers coming mainly from the MCH/Health staff of the local governments.
- Hygiene education training: Hygiene education training emphasizes personal and household hygiene practices and behaviours and promotion of sanitary latrine use. Support to such training is mainly by staff of the local health bureau responsible for disease prevention and epidemiology.
- Production skills training: Such training are meant to improve women's production skills and are organised around women's key production activities. These typically are focussed on agriculture production and animal husbandry and provided by the local agriculture and animal husbandry extension station.
- Functional literacy: As many women participating in the programme are illiterate, the county is expected to organize functional literacy classes for women participants. As organisation of functional literacy classes is already a regular function of the education bureau, project staff and fieldworkers motivate illiterate and semi-literate women to attend these classes. Table 3.4 shows that the highest number of members attended production skills training, FFL training and hygiene education training. The least popular trainings were functional literacy and micro-credit operation trainings.

Table 3.4: Training for women members

	1996	1997	1998	1999
Number attending group formation training	4,411	13,022	21,022	18,609
Number attending micro-credit operation & regulations training		11,859	18,883	16,688
Number attending micro-enterprise management training		11,418	19,757	17,171
Number attending FFL training		2,626	14,492	33,119
Number attending hygiene education training		1,871	9,858	31,933
Number attending functional literacy training	905	4,116	8,482	11,520
Number attending production skills training	1,609	10,127	27,765	35,909

"In the past year, through training we have learned a lot. In particular we learned about our personal hygiene and healthcare so that our views are now very different from before".

"I have applied the knowledge that I learned in my daily life by properly breastfeeding my child. As a result, my child is both happy and lovely".

"As a result of participating in the SPPA and its training in such areas as production, life skills, hygiene, and health, I have increased my self-confidence and ability to support myself".

"I learned that iodized salt cannot be fried or cooked for long in the pot; learned new (safe) delivery methods; and importance of breastfeeding. Even better, my two sons have stopped drinking unboiled water and make a point of washing their hands before meals and after coming from the toilet".

Box 3.3: Views of members on training

One of the most welcomed aspects of the SPPA is that of training. Staff and women in the focus group discussion all mentioned that their capacities have been increased as a result of the training provided by the Programme (Box 3.3). The project staff in particular welcomed the management and monitoring training provided to them. As for women participants, *Facts for Life* training was ranked by most as being most useful to their daily life reflecting the thirst for knowledge by women for relevant and simple caring and preventive health practices. Production skills training was also ranked as very useful as they equip women with practical skills to improve their economic production and reduce risks of failure. Some women during FGD also requested for opportunities to gain more information on the law in order to know their rights (Box 3.4).



Women asked to rank the "usefulness" of different types of training. The ranking showed that *Facts for Life* training was most useful.

"It will be good if we can learn more about laws protecting women. This way we will know what are our rights better."

Box 3.4: Views of members on the need for further training

Despite the fact that during the field assessment many women indicated that training is very important to them and also one feature, which attracts them to join the programme, it is also apparent that the impact of training in some areas still needs improving. Women's ability to recall content of training seems very dependent on time factor. Many were able to recall content of training attended recently but vague about content of training which has taken place earlier. Regularity of group meetings also affect women's grasp of training content. For groups which do not meet regularly and whose leadership is weak, the benefits of training on behavior are limited. Level of education and ethnicity also seems to be a factor on training impact on women.

Loan disbursement and use

Table 3.5: Loan disbursement and use by year (Yuan)

	1996	1997	1998	1999
Loan fund transferred by UNICEF	3,974,400	10,720,200	10,704,478	10,237,644
Total amount of loans disbursed	0	6,379,904	17,318,843	25,733,416
Total amount of outstanding loans	0	5,353,844	13,195,144	20,538,323
Total balance in bank	0	4,325,943	7,508,765	11,427,061

Table 3.5 shows the situation of loan disbursement and loan use. Loan funds from UNICEF are released each year to new project townships normally by end October or early November based on reports of number of women organised, trained and formed into groups and savings mobilised. This often meant that the funds were made available to the township offices too late for use the same calendar year, and as a result many women missed their production season. Hence loan disbursement to women actually takes place the following year after the Spring Festival in early February. This explains the high level of balance left in the bank at the end of each year and has seriously affected the efficiency of loan use and the revolving of the funds. (See later in this chapter).

Table 3.6: Sector and number of enterprises for which micro-credit loans given, by year

	1996		1997		1998		1999		Average	
	No.	%	No.	%	No.	%	No.	%	No.	%
Total no. of SPPA loans	0		6,671	100	18,748	100	28,126	100	53,545	100
Loans taken for agriculture			2,917	43.7	9,082	48.4	12,056	42.9	24,055	44.9
Loans taken for animal husbandry			2,707	40.6	6,953	37.1	11,208	39.8	20,868	39.0
Loans taken for processing			333	5.0	725	3.9	1,422	5.1	2,480	4.6
Loans taken for service			276	4.1	767	4.1	1,132	4.0	2,175	4.1
Loans taken for trading			414	6.2	1,022	5.5	1,801	6.4	3,237	6.0
Loans taken for other businesses			24	0.4	199	1.1	507	1.8	730	1.4

More than 80% of the micro-credit loans are used for agriculture production and animal husbandry reflecting the dominant structure of the local economy of the areas where the project operates. The remaining are used for processing, services, trading, and other small businesses (Table 3.6). The lack of diversification in loan use is a weakness and an issue to be addressed in the future.

Loan repayment

Table 3.7: Repayment rate of mature loans, by year

Repayment rate for mature SPPA loans	1997*		1998*		1999	
	No. of counties	%	No. of counties	%	No. of counties	%
>=95%	9	69%	14	67%	15	63%
90-94%	3	23%	4	19%	4	17%
85-89%	0	0%	0	0%	2	8%
<85%	1	8%	3	14%	3	12%

* Only include counties with mature loans by end of year.

Based on self-reported data by the SPPA counties Table 3.7 shows that most of the counties have achieved a repayment rate of more than 90% in the first three years. However, the overall repayment situation seems to be deteriorating: in 1997, 92 percent of counties had repayment rates in the excess of 90 percent but it deteriorated to 80 percent in 1999. More than three counties report repayment rates of less than 85 percent, which is considered poor in micro-credit programmes.

Also it is found from field assessments and impressions that the regularity of monthly repayments has been declining, indicating that staff and fieldworkers are slacking in terms of enforcing monthly repayments. Interview of staff and women during focus group discussions indicate that

they consider the collection of monthly repayments cumbersome. Such attitude towards repayment is problematic and will affect the health and the sustainability of the micro-credit programme. There is an obvious trend for project office staff to become less vigilant in enforcement of programme regulations. Some staff explained that this attitude is influenced by their lack of certainty as to whether the programme will continue beyond 2000 and whether their own position in the office will be secure or that they would be transferred. Some also explain that many participants themselves have been told that the programme will end by 2000 and that has affected the attitude and enthusiasm of some women.

Savings

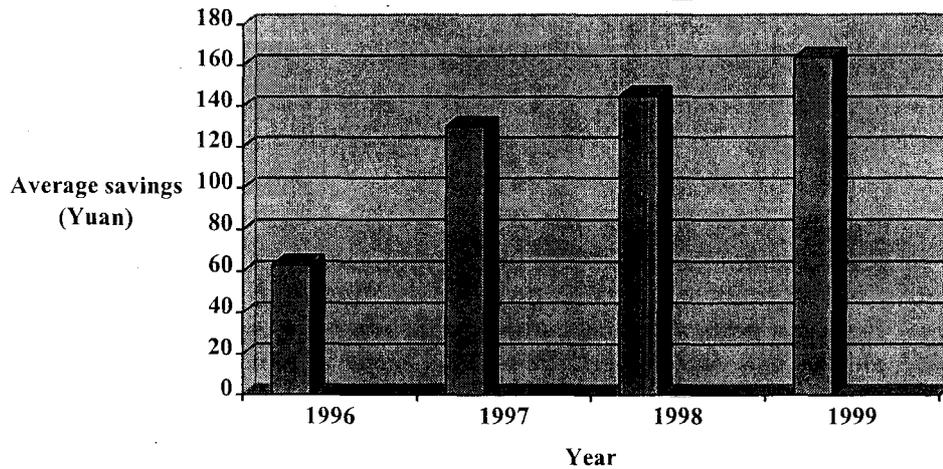
Participation in regular group savings is the prerequisite for women joining SPPA. In fact women are required to save up to six months prior to receiving their first loan. The mobilization of savings is meant to develop discipline among women and cultivate savings habit to increase women's sense of control over their lives. Women are expected to save in their small groups during the meetings. Such savings are to be deposited in the name of the small groups in the bank as a small group fund. As of end 1999, the members have accumulated more than RMB 6.7 million yuan (US\$ 817,000).

RMB 3.3 million yuan from women's own savings were loaned out (Table 3.8). Based on consensus by the group, the small group fund can be utilised for on-lending to members in the group or to other women. Figure 3.3 shows the average amount of money saved by individual members. The actual accumulation of the savings is downplayed here because of the joining of new members each year, which artificially depresses the actual rise in the savings amount.

Table 3.8: Women's group savings and its use

	1996	1997	1998	1999
Cumulative amount of Savings	264,348	2,010,117	3,909,496	6,194,724
Average accumulated savings per member	63	130	145	164
Annual increase of savings per member		113	81	69
Amount savings used for on-lending from group savings	51,480	987,141	1,721,498	3,334,591
% of savings loaned out	19%	49%	44%	54%

Figure 3.3: Average savings (Yuan) per member over time



By 1999, more than 50% of the accumulated savings has been loaned out to members or other women in the neighborhood. During the field interview in the project counties, it was found that most of the respondents welcome the system of group savings and see the group fund as an important means to access short-term loans to meet family emergencies or for short-term production. Quite a number of women mentioned that even if they were to leave the group, they would continue this habit of savings (see Box 3.5).

"As we are poor and have very little cash on hand, it is very easy for us just spend it all. Now with this project, we are required to save a few yuan regularly during the group meetings. After a while we find that it is really not a very difficult thing to do, especially when everybody in the group is doing it".

"After participating in the SPPA training, I have broken away from old ideas, formed good hygiene habits, and nurtured the awareness of saving RMB10 yuan each month".

Box 3.5: Views of SPPA members about savings

Women in Anhui and Gansu, especially, have used the group fund fairly effectively within the group. The group members set their own interest rate (generally around 1% per month) review the loan plan of the borrower and through a process of group consensus approve or decline the loan request. In some cases of family emergency, like death in a family, the group may also approve loan to the borrower on an interest free basis.

Despite the apparent success of savings use, there are still some weaknesses found in the field assessment in the management of savings. Not all women, especially those from Guizhou, comply with the regulation of group savings. Some women groups in Guizhou do not set up group savings schemes but instead set up individual accounts in their own names and conduct savings that way leading to very lax monitoring of savings by the group and the group leaders. Where savings is not regularly monitored by the group and by group leaders, some women have in fact stopped saving. Some staff's attitude towards savings also clearly indicates a lack of understanding of the principle of group savings and of its importance in micro-credit schemes (Box 3.6).

"In our training, we did stress the importance of weekly savings. However, many of our Miao women do not want their money to be put into a group account. Hence they prefer to save money in their own account. But after the training, we do not monitor savings very closely"

Box 3.6: Views of County staff, Guizhou Province, on savings

Another weakness identified is that the annual increase of savings accumulated per member is low. Although the guidelines encouraged women to save at least RMB 5 yuan per week or RMB 20 yuan per month, neither staff nor the group leaders monitor this very closely. Hence the trend of average annual savings per member has in fact declined. Again, such findings indicate that all project staff, field workers, including women themselves have not fully grasped the significance of group savings and would need further training to strengthen this aspect of the project.

Social Development Fund

The SPPA micro-credit loans charge an annual interest of 9.6%. Before the mid-term review in 1998, the interest was divided into two parts: one-third is allocated as a risk fund to cover default and inflation; and two-thirds was kept for establishment of a social development fund (SDF) for use by women to support community development or group-related development activities. After the mid-term review, a change was made on the division of the interest. At present one-third of the interest remains as a risk fund but township offices are allowed to use it to defray some of their operational costs (such as for office supplies, training materials, etc.) after covering costs for loan default. The SDF is reduced from two-thirds to one-third to enable incentives to be paid to fieldworkers who provide guidance and supervision of the groups.

By the end of 1999, a total of RMB 4,322,109 yuan was accumulated from interest charge of which nearly RMB 2 million yuan are for SDF. By the end of 1999 about RMB 1.4 million yuan of the SDF has been used to support activities as shown in Table 3.9.

Table 3.9: Cumulative usage of SDF by 1999

Usage	Amount Used (Yuan)	%
Health and Hygiene	319,384	23%
Education	512,139	36%
Water & Environmental Sanitation	303,330	21%
Welfare	130,956	9%
Other Uses	152,946	11%
Total SDF used	1,418,764	100%

Education, health and hygiene, water and environmental sanitation-related activities take up 80% of the SDF used. From field interviews and reports submitted by the project counties, the specific activities for which the SDF has been used include:

Education-related

- donation to local primary schools for purchase of basic teaching materials and reconstruction or repairing of school buildings
- donation to poor families in the village to send their children, especially girls who have dropped out to continue schooling
- support to illiterate women group members to attend functional literacy classes

Health-related:

- support for women members' health checks
- support to construction of village clinics
- support for children's immunization and health care

Water and environmental sanitation-related

- Improvement of water supply such as supply of piped water into households or community
- Construction of hygienic latrines in the group members' families

Community and Welfare-related:

- Cash assistance for caring of the old, orphan, and the disabled in the villages
- Construction/repair of village road, bridges, irrigation canals, etc.
- Contribution to expansion of radio broadcast system in the villages
- Contribution to celebration of women's day and children's day

Based on focus group discussions, both staff and women members are satisfied with the use of the SDF. In many instances, women reported that their contribution to the community through the use of the SDF has been highly welcomed by others and has earned them much respect from others. However, it also became clear that the township staff and large group leaders have a strong influence on the way the SDF is used. This tendency has greatly undermined the value of the SDF as a tool to promote democratic decision-making among the members.

Advocacy and communication

As SPPA programme and particularly its strategy of integrating micro-finance with basic social services as a tool for poverty alleviation and social development is meant to be an experimental model-building initiative, communication and sharing of programme information and experiences

is a very important aspect of the programme. Such sharing of information and experiences is meant first of all for government leaders, co-operating sectoral partners, project staff, women members, and the general public across the various provinces and counties. At a broader level, dissemination of programme information, including emphasis on the social development dimensions of the programme is done to contribute to dialogue on importance of addressing human poverty in poverty alleviation and economic development strategies and policies. Some specific examples of programme communication and advocacy of the SPPA programme are introduced in Chapter 7.

Multi-sectoral co-ordination and co-operation

As a pilot programme, SPPA tries to establish a model of integrated social development in the poor areas, which requires a wide participation of and close co-operation among the government departments, the other organisations and the general public. In order to co-ordinate the actions of different parties and mobilise all the resources necessary for project implementation at each level, the SPPA *leading groups* are formed at province, county and township levels. They are tasked with achieving the goals of China's National Programme of Action for Children in 1990 (NPA) and its National Programme for Development of Women (NPDW). In project villages, the working group for women and children is responsible to provide support to project activities at the grass roots.

According to SPPA experience, the government sectors and other organisations involved in the project implementation usually include:

- Health sector: organisation and delivery of health services, improvement of health facilities, water and sanitation as well as technical support for training on MCH and other related child care knowledge;
- Education sector: strengthening basic education service, improving education facilities and promotion of adult literacy;
- Agriculture/animal husbandry/forest/technology sector: provision of technical skills training and services
- Poverty alleviation sector: support of financial resources for micro-credit loans and inputs on construction of infrastructure facilities;
- Finance sector: government budget to cover the operational expenditures of the programme
- Women's Federation: mobilising human resources, especially at township level as the project staff; and
- Banks (RRC/ABC): support to micro-credit operation and supply of loan to poor women.

The function of the leading group is carried out mainly through the following:

- Leading group meeting: regular meeting held quarterly before 1998 and twice a year afterwards to plan, coordinate and monitor the project implementation; ad hoc meetings are held based on need;
- Development of multi-sectoral co-ordination and co-operation plan with Triple-A methodology for achievement of NPA goals and monitoring the progress of the actual work.

Costs of the programme

Investments in SPPA have come from GoC and UNICEF. Under the terms of agreement between UNICEF and the host government, counterpart funds are to be provided by GoC to expand the programme in other township within the same counties in which UNICEF-supported SPPA funds have been invested.

Total investment in SPPA including the counterpart funding by GoC of US\$9.5 million of which 79% (US\$7.4 million) has been provided by UNICEF (Table 3.10). If the loan fund of US\$3.8 million invested by GoC in the additional counties under the SPPA agreement is included then UNICEF's investment accounts for 56% of the total.

The cost of SPPA has been monitored at the central level through both the expenditures made in SPPA and reporting by the counties. The data is unaudited and a system of recording expenditures and reporting on a regular basis has not yet been put in place. Apart from the loan fund, the cost of the government counterpart funded component is not available or included in Table 3.10. SPPA, therefore, refers only to the UNICEF-funded component of the project under the GoC-UNICEF agreement.

Table 3.10: Total cost of SPPA 1996-1999 (US\$)

	UNICEF	GoC	Total
Lending operations:			
Loan fund	4,266,406		4,266,406
Staff salaries and welfare for lending and training activities		1,050,080	1,050,080
Other government costs		241,302	241,302
	4,266,406	1,291,382	5,557,788
Sub-total for lending operations			
Training, planning and review:			
Lending, capacity building, communications, travel	601,630	728,500	1,330,130
Planning, review and social mobilization	346,179		346,179
	947,809	728,500	1,676,309
Sub-total for training and review costs			
Programme support – UNICEF staff and other costs	666,716		666,716
Supplies	1,580,588		1,580,588
Total (US\$)	7,461,519	2,019,882	9,481,401

The available cost information can be analysed in various forms. Any large-scale project of this kind has significant start-up costs. There are also costs related to training for social development, which are distinct and must be separated out for assessing operational sustainability of the credit component of SPPA. Since the programme is essentially being conducted through government departments, there are also costs related to government staff salaries, travel and training which can be segregated because a separate SPPA project office has been set up at the county and township level. Table 3.10 provides a breakdown of the total costs of SPPA.

UNICEF's investment in the credit operations between 1996-1999 is US\$4.3 million and the government investment in staff salaries for managing the credit operation and for conducting the training at the community level is about US\$1.3 million. In total, therefore, the management of the lending operation accounts for 23% of the total amount invested in the credit operations of SPPA. This is high and the interest rate of 9.6% is insufficient to cover the costs of lending activities, although it must be noted that government staff costs include the salaries for staff engaged in training activities for capacity building in social development and credit management.

In addition to the above investments, UNICEF has invested US\$0.6 million in training for social development and credit, US\$0.3 million in planning, review and social mobilisation, and US\$0.7 million in its own programme support including international and national staff working on SPPA. UNICEF has provided a further US\$1.6 million in start-up costs in the form of supplies such as vehicles and computers.

With these investments, the project has reached 26,846 borrowers and trained over 42,000 women in areas such as group formation, *Facts for Life*, hygiene and sanitation, CRC, etc. The per borrower cost of the credit operation, therefore, is US\$48 or an average of US\$12 per year (US\$1.3million/26,846) or for a household size of 3, US\$4 per capita per year. One-third of the amount recovered from the interest rate goes to pay the salary of the staff, which would reduce the unit cost of the programme. Of the other two-third, half is used for the risk fund, which should still be in the bank and the half for the social development fund. The unit cost for training 42,000 women and the SPPA staff in the 24 counties, 157 townships, and more than 1,250 villages is US\$12 per SPPA member (US\$ 601,630/42,000).



Hygiene Education Training was organised by SPPA for Miao minority women in Guizhou.

Funding for SPPA

Funds for the programme comes from UNICEF and counterpart funding from local governments. According to the GOC-UNICEF Programme of Co-operation, UNICEF is expected to allocate RMB 64 million yuan (US\$7.8 million) from Regular Resources (RR) for 20 counties to cover micro-credit loans, capacity building and training, related supplies to province and county partners, and to cover UNICEF staff and technical support. Funding support for the other four counties are to be raised from Other Resources (OR).

By the end of 1999, UNICEF has provided approximately RMB 35.6 million yuan (US\$4.3 million) in micro-credit loans to the 24 project counties. In addition, UNICEF has invested approximately RMB 7.8 million yuan (US\$0.9 million) for capacity building, training, and advocacy and social mobilisation-related activities. UNICEF also provided RMB 13.1 million yuan (US\$1.6 million dollars) in the form of transport, computer and communication equipment, and training materials to project provinces and counties.

On the Chinese government side, the counterpart budget had amounted to about RMB 16.5 million yuan (US\$2 million) to cover the project staff salaries, infrastructures, training and operational costs. In addition, another RMB 31.5 million yuan (US\$3.8 million) had been mobilised to replicate the model of SPPA programme in other townships. These costs do not include the costs to support province staff, and management and monitoring costs, which are borne by respective provinces.

CHAPTER FOUR

Material Well-being of the Participants

This chapter presents data from the field study on the material well-being of the SPPA participants. It may be true that the ultimate impact of SPPA should be found in what the programme has contributed to the social well being of its participants and their children; nevertheless, as the conceptual framework (Figure 2.1) indicates, many of these impacts will happen through changes in other variables such as the economic status. It is thus imperative that one examines these processes as well, which we term *material well-being*. In doing this comparative data on various variables for the participant and the comparison groups will be presented, separately for the three provinces. Then, the effects of various programme variables on different outcome variables will be examined.

Cash income and expenditure

In this study only the cash incomes of the households were examined. The cash incomes on which data were collected included: wages, family businesses, remittances, and other incomes (see the questionnaire in Annex A2.1 for a list of income heads). Table 4.1 presents the total cash income from various sources. It should be borne in mind that this is only the cash income, *not* total income¹. It is clear from the table that a higher proportion of the SPPA participants are in the higher income brackets than their counterparts in the comparison group. In contrast, a higher proportion of the comparison group households are in the lower income brackets. In other words, the SPPA households are better off than their counterparts. When the average income is considered the SPPA households' income is much higher than that of the other group for each of the provinces ($p < .001$). In fact, the income of the comparison group is only around half of the SPPA member households. When the income from family businesses, a component of the total cash income, was considered a similar pattern emerged (see Table A4.1).

Table 4.1: Total family cash income by SPPA membership

Total family cash income	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
<=2000	40.8	48.5	10.5	53.5	18.5	42.0
2001-4000	21.0	38.5	32.0	32.0	31.0	31.0
4001-6000	16.3	7.5	29.3	7.5	20.3	15.5
6001-8000	10.5	3.0	10.3	5.0	10.8	5.0
8001-10000	4.5	1.5	7.5	0	7.3	3.5
10000+	7.0	1.0	10.5	2.0	12.3	3.0
n	400	200	400	200	400	200
Mean	4319	2587	6056	2513	5862	3373
p	<.001		<.001		<.001	

¹ For example, the products (such as crops) that are produced at home and consumed are not included here.

The problem in collecting valid and reliable information on income in developing societies with significantly important informal economy is well recognized². In such cases various other indicators are used as proxies which include expenditures, assets, and people's self perception of their economic status. In this study information on these was also collected. Table 4.2 presents the total expenditure of the households in the two groups. It follows a similar pattern as the income. When one compares Tables 4.1 and 4.2, it appears that the income is lower than expenditure. This often happens in such surveys as income is deflated and expenditures inflated (Ravallion 1992).

Table 4.2: Total family expenditure by SPPA membership

Total family expenditure (in Yuan)	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
<=2000	36.0	40.5	12.5	42.5	14.3	30.5
2001-3000	19.3	23.0	20.0	25.5	16.8	18.5
3001-4000	15.3	14.5	16.5	10.5	18.0	18.0
4001-6000	14.0	13.5	18.8	8.5	21.3	20.5
6001-10000	7.5	4.0	18.0	9.0	17.0	8.0
10000+	8.0	4.5	14.3	4.0	12.8	4.5
N	400	200	400	200	400	200
Mean	4414	3289	6490	3353	5900	3639
p	<. 05		<. 001		<. 001	

Table 4.3 shows some interesting results when the mean expenditures are considered separately for various items. While the total expenditure for the comparison group is between 51% and 74% of the SPPA members, the difference is much less in case of family living, food, education or health. In fact, the comparison group surpassed the SPPA group in some expenditure in some provinces, and the difference between the two groups is not always significant (Table A 4.2 and A 4.3).

² This should not, however, put our results into jeopardy. As this is essentially a comparison of two groups of households using the same instrument and methods, the limitations are expected to be equally present in the case of both the groups. Whether the two groups are comparable is a separate issue which will be taken up later.

Table 4.3: Mean expenditure (in Yuan) for selected items, by SPPA membership

Expenditure heads	Anhui		Gansu		Guizhou	
	SPPA	Non-SPPA	SPPA	Non-SPPA	SPPA	Non-SPPA
Total	4414	3289 (74)	6490	3353 (51)	5900	3639 (61)
Significance	p<.05		p<.001		p<.001	
Family business	1074	457 (42)	2178	525 (24)	2206	845 (38)
Significance	p<.005		p<.001		p<.001	
Family living	2665	2338 (88)	3133	2358 (75)	2882	2271 (79)
Significance	p>.10		p<.05		p<.01	
Food expenditure	661	721 (109)	585	503 (86)	699	540 (77)
Significance	p>.10		p>.10		p<.01	
Health	447	419 (94)	457	500 (109)	328	276 (84)
Significance	p>.10		p>.10		p>.10	
Education	565	641 (113)	460	272 (59)	732	478 (65)
Significance	p>.10		p<.01		p<.05	

Note: Figures within parentheses show the expenditure of comparison households as % of the respective SPPA households.

Ownership of assets

Data on durable assets owned by the two groups of households were collected. The 14 assets which were in the list included: sewing machine, refrigerator, radio, tape recorder, electric gramophone, Black & White TV, Color TV, camera, bicycle, watch/clock, jewelry, washing machine, electric fan, and motorcycle. These data have been examined in several ways. Table 4.4 shows the proportion of households who owned different number of the above mentioned assets. This also supports the previous findings that the SPPA households are better endowed with. The SPPA households own significantly higher number of assets than non-members ($p<.001$). Table A4.4 shows the ownership of individual assets. Here also, the advantage of SPPA members is clear.

Table 4.4: Percent of households owning durable consumer goods, by SPPA membership

NUMBER OF GOODS OWNED	ANHUI		GANSU		GUIZHOU	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
0	1.5	4.5	2.0	18.5	5.0	16.5
1	8.3	21.0	3.5	17.0	18.3	19.5
2	16.5	24.5	10.3	19.5	23.3	21.0
3	17.5	20.5	20.5	16.0	20.0	22.5
4	16.5	14.5	24.0	14.5	16.0	12.0
5	17.3	10.5	22.3	8.5	9.3	5.5
6+	22.4	4.5	17.4	6.0	8.1	3.0
n	400	200	400	200	400	200
Mean	3.99	2.73	4.09	2.46	2.95	2.25
p	<.001		<.001		<.001	

How real is the gain for SPPA members?

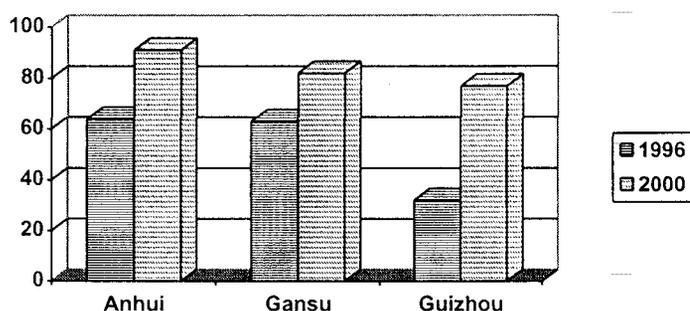
One may start wondering how real is this difference? Is the selection of comparison group has anything to do with this difference? Are the SPPA members a select group of the poor? The table in the annex may provide some lead. The asset list has various kind of items. Some of these such as a radio or a watch are inexpensive and can be obtained with small amount of money. Some others are very expensive and would require a large investment; refrigerators, washing machines or color TV are such items. The SPPA gives small loans and, as will be shown later, the net profit from such enterprise is not big. To buy such items through profit from loans would not be a sound proposition. As the annex speculates the SPPA members were probably slightly better endowed with in the beginning than the comparison group.

Before the SPPA started a baseline survey was done in each of the counties under the programme. Results from the baseline will now be compared with the present study for selected variables for the counties covered by this study. Unfortunately the baseline did not collect or analyze the data in a way that would facilitate linking with the SPPA households. The baseline data are available irrespective of socio-economic status, and hence is not distinguishable for the SPPA-eligible households. As the 1996 data are for all households the results are thus probably upwardly biased in comparison to the SPPA households. Table 4.5 shows the change between 1996 and 2000 in case of the proportion of households owning bicycles and TV. Ownership of TV has increased consistently over the years for SPPA households (Figure 4.1). What is not clear from this data is whether such increase is due to SPPA or is part of the secular changes that is taking place in China because of the new open-up policy or both. The other important lesson from this table and the figure is the high proportion of the rural Chinese community who has access to TV.

Table 4.5: Proportion of households owning bicycles and TV in 1996 and 2000, for selected counties of the three provinces

Assets	Anhui		Gansu		Guizhou	
	1996	2000	1996	2000	1996	2000
Bicycles	54.9	58.8	67.7	64.8	8.0	11.0
TV	64.6	91.7	63.7	82.5	32.1	77.7

Figure 4.1: Ownership (%) of TV in 1996 and 2000



Households owning different means of production were also investigated. The type of productive assets on which information was sought included: farm and machine tools, trees, cattle, animals, truck, tractor, handcart, shop-front, etc. A total 17 productive assets were included in the list. As Table A4.3 shows, the SPPA households had more of these than their counterparts.

Quality of housing

The study collected information on the quality of the house in which the household members lived. In cases where there was more than one structure the construction materials used in the *main* building was studied. Table 4.6 on the materials used in the construction of the main house largely supports the earlier findings of the SPPA advantage. It seems the SPPA members live in better quality houses than non-members, at least in Anhui and Gansu. In Guizhou nearly all houses are built with wood which is the local tradition. Differences in building materials in the case of Guizhou are not a valid indicator of the quality of housing in this province.

Table 4.6: Construction of the main building/structure, by SPPA membership

Construction materials	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
Clay/bamboo/straw	8.3	18.8	0.8	1.5	0	0
Clay/wood	41.9	36.5	76.3	83.7	1.8	0.5
Brick/wood	26.0	31.5	20.7	13.3	6.3	4.0
Wood	0	0	0	0	82.4	85.9
Brick/concrete	23.5	13.2	2.5	1.5	9.5	10.1
n	395	197	396	195	397	198

In order to understand whether SPPA had any role in improving their housing condition, respondents were asked whether they made any repair to their houses over the previous three years (life of SPPA). Table A4.5 shows that the SPPA households made more repairs than non-members. Table 4.7 shows the mean number of rooms and the area of the dwelling house. Here also the SPPA member households are well-off than the comparison group ($p < .001$).

Table 4.7: Mean number of rooms and floor space of houses of SPPA and non-SPPA households

Information	Anhui		Gansu		Guizhou	
	SPPA	Non-SPPA	SPPA	Non-SPPA	SPPA	Non-SPPA
Mean number of rooms	4.0	3.6	8.0	5.8	4.9	3.8
Significance	p<.01		p<.001		p<.001	
Mean area in sqm	87.7	76.7	75.4	52.9	103.2	85.0
Significance	p<.001		p<.001		p<.001	

Self-rated economic status

In places where reliable data on income is unavailable or is difficult to estimate, researchers have resorted to asking people's own perception (of their well-being) as a proxy for socio-economic status. In this study also respondents were asked to rate their economic status into one of the following categories: deficit, balance, or surplus. The proportion of SPPA households in the 'deficit' category was less than that in the comparison households (Table 4.8). Likewise, the proportion in the 'surplus' category was more among the SPPA members. This further supports the earlier findings that SPPA households were economically better situated than the 'comparison' group selected for this study. A quite remarkable pattern that one finds here is the similarity of results between the provinces. Unlike other tables, this table shows a similarity in response for both SPPA members and non-members. The SPPA members were further asked whether by joining the SPPA they were able to improve their economic status. Except for

Guizhou where 15% said their condition didn't change at all, almost all in the other two provinces agreed that their condition indeed improved. Table A4.6 gives more details. This could be explained by the fact that the length of membership of SPPA for Guizhou (see Chapter 2) is shorter than the other two provinces. About 41 percent members had joined SPPA less than 12 months ago.

Table 4.8: Self-rated economic status, by SPPA membership

(%)

STATUS	ANHUI		GANSU		GUIZHOU	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
Deficit	42.8	65.1	37.2	64.1	44.6	62.3
Balance	24.0	22.7	19.3	20.7	23.5	16.6
Surplus	33.2	12.2	43.5	15.2	31.9	21.1
Total	100.0	100.0	100.0	100.0	100.0	100.0
n	395	198	398	198	399	199

Savings

SPPA promotes savings. This is borne out by the fact that over 95% in Anhui and Gansu and 83% in Guizhou reported saving in SPPA. In addition, some of them also saved in other places (Table 4.9). Amount of money saved in SPPA is shown in Table 4.10. The highest mean savings is reported by members from Anhui. Savings among Guizhou members is lowest. More than 40% of the members in Guizhou have savings of less than RMB100, which can again be explained by the fact that Guizhou members have shorter length of membership. Although the amount saved is not very high, it shows that some SPPA members have already developed a habit of regular savings.

Table 4.9: Habit of savings in SPPA and other places for SPPA members

(%)

Savings	Anhui	Gansu	Guizhou
In SPPA	97.5	99.8	83.3
Other places	10.5	16.5	19.8

Table 4.10: Amount of money saved in SPPA

(%)

AMOUNT (¥)			
	Anhui	Gansu	Guizhou
<100	8.0	2.0	44.5
101-200	11.8	21.3	38.0
201-400	24.0	60.5	11.3
401-600	25.3	15.5	3.89
600+	31.0	0.8	2.5
Mean (Y)	536	290	160

Women's own income

SPPA members, who are all women, were asked whether their own income was higher, equal, or less than their husbands' income. As Table 4.11 shows about a fifth to a third claimed that their income were higher than or equal to their husbands' income. However, as expected, a vast majority had less income than their husbands'. Perhaps the programme is too young to expect that women will outstrip their husbands' income.

Table 4.11: Income of SPPA members in comparison to their husbands'

Women's income	Anhui	Gansu	Guizhou
Higher than husband's	12.0	23.3	26.0
Same as husband's	7.6	7.7	8.0
Lower than husband's	80.4	69.0	66.0
All members	383	378	385

Seasonality and crisis coping

One of the major causes of impoverishment in the developing countries is the seasonality of poverty (Chambers 1995). During some seasons of the year (may be just before the harvesting of the major crop, as in Bangladesh, for example), the poverty situation is worse than others. In the questionnaire the respondents were asked whether there were certain seasons in which their condition was worse than other times of the year. Table 4.12 shows that many SPPA members (28% in Gansu to 41% in Anhui and Guizhou) reported that there was seasonality in their poverty situation. Interestingly, this proportion was higher among the comparison group indicating deeper impoverishment and vulnerability for this group. When the SPPA members were asked whether their vulnerability reduced because of their membership, most replied in the affirmative. Continuing on this the members added that provision of loans, capacity development, and skills training helped them a lot in overcoming the vulnerability to a great extent.

Table 4.12: Presence of seasonal vulnerability and the perceived role of SPPA in reducing this, by SPPA membership

INFORMATION	ANHUI		GANSU		GUIZHOU	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
% of households whose economic situation is vulnerable at some season(s)	41.3	73.0	28.3	59.0	40.8	58.0
n	400	200	400	200	400	200
Perception that seasonal vulnerability has been reduced by SPPA membership	92.7	NA	93.8	NA	81.0	NA
n	153	—	106	—	132	—

NA: not applicable

It has been documented in many settings that sudden crisis in the family, say in the form of severe illness, death or natural disasters, causes people to slide into poverty. In reply to a question, around a quarter to a third SPPA members reported that they experienced such crisis in their family over the year previous to the survey (Table 4.13). Interestingly, the proportion of households reporting such crisis was less among the SPPA households indicating lesser vulnerability for this group. The data on the presence of seasonal vulnerability and crisis situation all indicate that SPPA members are less vulnerable than the non members especially in Anhui and Gansu, whereas the difference is less between these two groups in Guizhou. Also membership in SPPA did contribute to improving their abilities to cope with such times of difficulties. The building up of support networks for the poor is clearly an important contribution of the SPPA.

Table 4.13: Experience of crisis situation past year, by SPPA membership (% of households)

Crisis experienced	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
Yes	23.0	43.0	22.0	32.0	32.5	46.5
No	77.0	57.0	78.0	68.0	67.5	53.5
n	400	200	400	200	400	200

It was reported by the women facing such crisis situation that in over 90% cases in Anhui and Gansu (56% in Guizhou) the SPPA groups helped to cope with it by extending moral support and giving a loan from group fund (not shown in table).

Consumption of selected food items

The respondents were asked to report how many days in the previous week had they consumed protein-rich foods such as meat, chicken, fish, or egg. Table 4.14 shows a clear pattern for SPPA member households to eating more of these foods than non-members.

Table 4.14: Number of times the family members consumed meat/fish/chicken/egg last week, by SPPA membership

Number of times consumed last week	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
None	2.8	21.5	4.0	58.0	9.8	34.0
One	34.8	46.0	6.5	16.5	15.5	28.5
Two	34.5	25.5	17.5	13.0	26.5	16.0
Three	15.3	3.0	19.5	7.5	20.8	8.5
Four +	12.5	3.0	51.8	5.0	27.5	12.5
n	399	198	397	200	399	193

Further examination of the impact on material well-being

In this section we look at the relationship between selected impact variables with two programme-related variables. The programme related variables are: length of membership of SPPA and whether the members received any training on income generating activities. We employ two types of analysis: cross tables and comparison of means.

Table 4.15 presents the number of durable consumer assets owned by households cross-classified by length of membership of SPPA. It indicates that as the length of membership increases the number of assets owned also increases. For example, the proportion of households owning six or more assets is 20.7% among the members who have been with SPPA for 12 months or less; but this increases to 31.8% in the 13-24 group and to 33.2% in 25-36 months and 38.3% in 37-48 months group ($p < .001$).

Table 4.15: Ownership of durable assets owned by length of membership

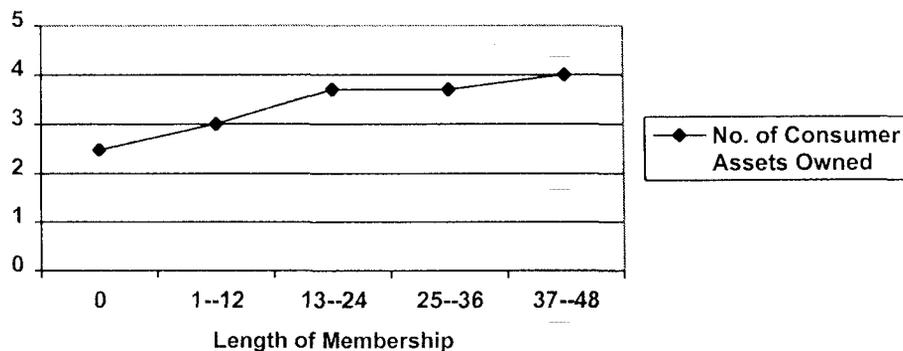
Length of membership (in months)	Number of assets owned				Total
	0--1	2--3	4--5	6+	
<13	51 (24.5)	78 (37.5)	36 (17.3)	43 (20.7)	208 (100.0)
13--24	43 (12.8)	118 (35.1)	68 (20.2)	107 (31.8)	336 (100.0)
25-36	31 (11.8)	96 (36.6)	48 (18.3)	87 (33.2)	262 (100.0)
37-48	7.4 (29)	35.5 (140)	18.8 (74)	38.3 (151)	394 (100.0)
Total	154	432	226	388	1200

$p < .001$

Note: Figures within parentheses indicate percentage

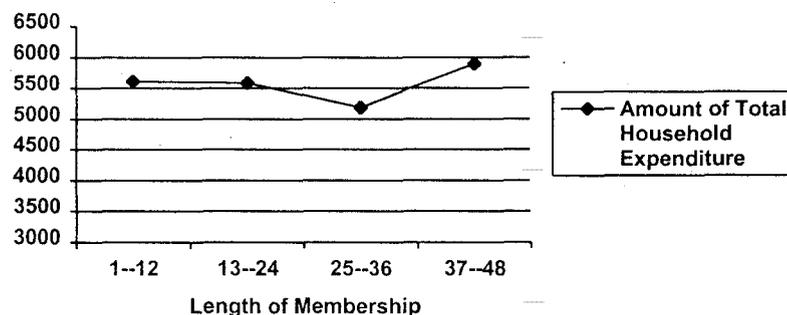
The above information is presented in a slightly different form in Figure 4.2. It shows the increase in the mean number of assets owned as the length of membership increases. For comparison, we present also the mean number of assets owned by non-members (shown here as zero length). The trend is not sharp but noteworthy.

Figure 4.2: Length of SPPA membership and average number of consumer assets owned



We also examined the relationship between length of membership and productive assets owned but there was no relationship evident ($p > .10$). Similarly, no statistical relationship was found between length of membership and total cash income, total expenditure, expenditures on health and education or credit worthiness. Figure 4.3 shows the change in mean total expenditure with increase in the length of membership, which is not indicative of any trend.

Figure 4.3: Length of SPPA membership and total household expenditure



But statistically significant relationship was found between length of membership and self-rated economic status, food (protein) intake, and total savings. Tables 4.16 and 4.17 show respectively the increase in the number of times protein-rich foods are consumed and the amount of savings with the increase in the length of membership ($p < .001$).

Table 4.16: Consumption of protein-rich foods by length of membership

LENGTH OF MEMBERSHIP (IN MONTHS)	NUMBER OF TIMES PROTEIN-RICH FOODS CONSUMED PAST WEEK					Total
	0	1	2	3	4+	
<13	8.2	23.6	24.5	17.3	26.4	207
13-24	7.8	18.9	20.1	21.9	31.2	333
24-36	3.1	19.1	30.2	22.1	25.6	262
37-48	3.8	16.5	29.8	14.0	35.9	393
Total	66	227	314	222	367	1196
p<.001						

Table 4.17: Amount of total savings by length of membership

(minutes)

Length of membership (in months)	Amount of total savings in Yuan				Total
	<150	151-300	301-700	701+	
<13	66.2	20.3	7.2	6.3	207
13-24	46.2	34.8	11.4	7.5	333
24-36	13.0	26.7	46.6	13.7	262
37-48	8.4	14.0	42.5	35.1	393
Total	358	283	342	212	1,195
P<.001					

We also examined the influence of skills training on various outcome indicators. A statistically significant relationship of training received was found with the following outcome measures: income from family business ($p < .005$), number of times protein-rich foods (such as meat, egg, fish) eaten in the previous week ($p < .05$), relationship with husband as a result of SPPA membership ($p < .001$), and amount of total savings ($p < .001$). Table A4.2 – A4.6 gives the results in many of these variables.



A woman showing her saving book to a UNICEF programme officer.

CHAPTER FIVE

Social Well-being of SPPA Participants

In this chapter we look at the impact of SPPA on various social development indicators. As was done in the previous chapter the analysis would be carried out at various levels. First, the difference between SPPA members and their counterparts in the comparison group will be compared, separately for the three provinces; where possible, the means would also be presented and statistical tests done. Then, the impact of various program variables on different outcome variables will be examined.

Access to safe drinking water

Provision of safe water to the citizens is a major goal of any development program. In the SPPA program like any other social development programme use of safe water was also promoted. Table 5.1 shows the proportion of SPPA and non-SPPA households drinking safe and unsafe water. The water fetched from pipe/tubewell/pumpwell and protected deepwell/spring/rainwater were considered 'safe'. The table shows that safe water is used by a great majority of households irrespective of SPPA membership. Except for Anhui where the SPPA members are ahead, in the other two provinces the non-members use safe water in greater proportion than members. The SPPA members were asked to recall whether their safe water facility was installed before or after their joining SPPA. One third said it was installed after their joining but two thirds said it was already there when they joined the group.

Table 5.1: Number of households drinking safe and unsafe water, by SPPA membership
(minutes)

Safety of drinking water	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
Safe water	330 (82.5)	133 (66.5)	355 (88.8)	185 (92.5)	324 (81.0)	165 (82.5)
Unsafe water	70 (17.5)	67 (33.5)	45 (11.2)	15 (7.5)	76 (19.0)	35 (17.5)
All households	400 (100.0)	200 (100.0)	400 (100.0)	200 (100.0)	400 (100.0)	200 (100.0)

Note: Figures within parentheses indicate percentages. "Safe water" includes water from pipe/tube well/pump well and protected deep well/spring/rain water.

Information was also collected on the time taken to fetch the safe water. Gansu women spend up to 14 minutes for collecting the water. Table 5.2 shows that the SPPA women spend less time than non-members; the difference for Guizhou is, however, not statistically significant ($p > .10$). It means that SPPA households have better access to safe water.

Table 5.2: Time taken to fetch 'safe' drinking water, by SPPA membership

TIME IN MINUTES	ANHUI		GANSU		GUIZHOU	
	SPPA	Non-SPPA	SPPA	Non-SPPA	SPPA	Non-SPPA
Mean	2.50	6.27	6.94	13.71	4.04	4.79
p	<.001		<.001		>.10	

Access to sanitation and the use of soap

Unlike safe drinking water that has been provided to a great majority of the population, many countries in the developing world including China have been struggling to provide sanitary latrines¹, particularly in the rural areas. Success to date has been very modest. The SPPA promoted the construction and use of sanitary latrines among its project participants. Table 5.3 indicates that the situation is still far from satisfactory, although some headway has been made in this direction in Anhui and Gansu. The situation is particularly poor in Guizhou where only two percent or less have access to a sanitary latrine.

Table 5.3: Number of households using sanitary and unsanitary latrines, by SPPA membership

TOILET FACILITY	ANHUI		GANSU		GUIZHOU	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
Sanitary	75 (18.7)	14 (7.0)	83 (21.7)	10 (5.0)	8 (2.0)	1 (0.5)
Unsanitary	325 (81.3)	186 (93.0)	317 (79.3)	190 (95.0)	392 (98.0)	199 (99.5)
All households n	400 (100.0)	200 (100.0)	400 (100.0)	200 (100.0)	400 (100.0)	200 (100.0)

Note: Figures within parentheses indicate percentages.

The SPPA member households having a sanitary latrine were asked to recall whether their latrine was constructed before or after they joined the SPPA and whether the project had any role in this. Sixty percent said it was constructed after they had joined the programme, indicating a fairly significant contribution towards improving latrines.

Presence of soap in the household was also looked which was done through physical verification. Three quarters or more of SPPA households had soap in their bathroom, by the wash basin or near the place of defecation. However, this seems to be less of an impact of SPPA in Guizhou where non-members also had this in large proportion (Table 5.4).

¹ Sanitary latrines in China refer to latrines with safe excreta treatment. Those promoted in China are three compartment septic tank latrines, double urn funnel-pan latrines or bio-gas latrines.

Table 5.4: Presence of soap near the bathroom, by the wash basin or near the latrine, by SPPA membership

Presence of soap	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
Yes	82.1	37.8	94.5	72.9	72.7	70.5
No	19.9	62.2	5.5	27.1	27.3	29.5
n	364	193	383	196	358	200

Knowledge of ORT and the treatment of diarrhea episodes

Oral rehydration therapy (ORT) is being promoted in developing countries for about two decades. Yet, many children continue to die from diarrhea. The SPPA also promoted the use of fluid during diarrhea episodes. In the survey the mothers were asked what they would do if their children had diarrhea. As Table 5.5 indicates an overwhelming majority of the SPPA members in Anhui and Gansu and about half of Guizhou mentioned ORT. On the other hand only a small proportion among non-members mentioned it indicating an interesting difference. The other information the table provides is that antibiotics seems to be still a popular form of treatment for diarrhea, even for SPPA members.

Table 5.5: Opinion on how they would treat their children's diarrhea, by SPPA membership

Treatment of diarrhoea	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
ORT	90.8	10.5	96.5	3.5	48.8	11.5
Traditional medicine	10.8	24.0	4.3	13.5	13.5	14.5
Antibiotics	18.5	19.5	74.3	67.5	68.3	55.5
Others	6.0	28.5	15.3	19.0	22.5	31.5
No treatment or DK	1.3	19.5	0.8	8.5	1.8	7.0
n	400	200	400	200	400	200

Those who mentioned ORT were further asked whether they knew how to prepare ORT. A similar pattern as the table above emerged. The SPPA members overwhelmingly mentioned that they learned about ORT from SPPA training but non-members said they learned it mainly from village level workers and doctors.

An attempt was made to find the actual practice at the time of diarrhea. Mothers were asked whether their children under the age of five had diarrhea over the two weeks previous to the survey. Only 62 episodes were reported for the reference period. Table 5.6 shows that most

diarrheas were being treated with some 'acceptable' fluid during the episode. In this case 'acceptable' included breast-milk, gruel, ORS, and water with food. Water alone or any others were considered 'unacceptable'. Interestingly, the non-members are using the fluids more than members. Because of small number, the data for all three provinces are lumped together.

Table 5.6: Use of fluid during children's diarrhea last 2 weeks, by SPPA membership

<i>Type of fluid used</i>	<i>SPPA members (%)</i>	<i>Non-members (%)</i>
Acceptable	73.0	92.0
Partially acceptable	21.6	8.0
Unacceptable	5.4	—
Total diarrhea	37	25

Breast-feeding

SPPA promotes exclusive breast-feeding for infants. In the survey mothers were asked to mention the advantages of breast-feeding. There was a list of six pre-coded advantages included in the questionnaire which is reproduced below.

- Breast milk is the only perfect food for babies
- Breastfeeding helps the womb stop bleeding after birth
- Breast milk protects the baby against illness
- Breastfeeding helps protect the mother against diseases
- Breast milk is always clean, ready, and at the right temperature
- Breastfeeding is free.

Analysis has been done to find out how many of the advantages mentioned by women. Table 5.7 shows a clear difference between the SPPA and non-members; the SPPA members knew many more advantages of breast-feeding than non-members. The mothers were also asked the source of their knowledge: most SPPA members had learned it from SPPA training but the non-members learned it from relatives/friends and TV.

Table 5.7: Knowledge on the advantages of breastfeeding, by SPPA membership

No. of advantages mentioned	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
None or DK	1.5	15.5	0.8	31.0	8.4	36.0
1	9.5	30.0	1.3	20.5	13.8	22.0
2	38.5	36.5	6.3	33.5	27.0	24.5
3+	50.5	18.0	91.8	15.0	50.8	17.5
n	400	200	400	200	400	200

Use of iodized salt

Unlike other variables, both SPPA members and non-members overwhelmingly (between 86% and 99%) reported that they used iodized salt in cooking. This is certainly a major success story. However, difference between the two groups emerged when the mothers were asked what time of cooking (*beginning, middle, or end*) they added the salt. It appears that the effective knowledge and practice is much more prevalent among the SPPA households than the comparison group (Table 5.8).

Table 5.8: What time of cooking the iodised salt is added, by SPPA membership

TIME OF ADDITION	ANHUI		GANSU		GUIZHOU	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
Beginning of cooking	5.5	30.0	0.3	22.5	5.0	8.0
Middle of cooking	39.0	46.5	5.7	32.5	16.0	28.0
End of cooking	55.5	23.5	94.0	45.0	79.0	64.0
n	400	200	400	200	400	200

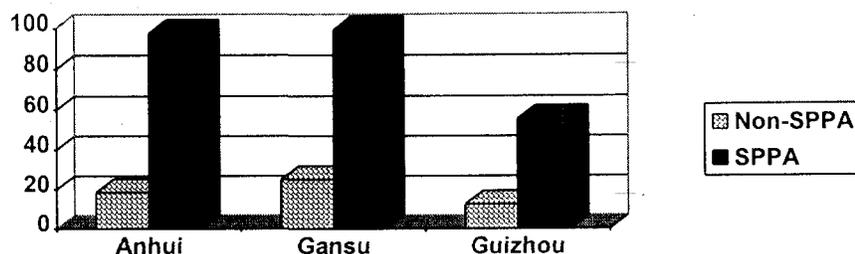
Knowledge of AIDS

AIDS has not yet become a major problem in China. But there are apprehensions that the condition may show up here in epidemic form unless certain preventive steps are taken. AIDS prevention activities in China and other low-incidence countries have targeted the high-risk groups such as commercial sex workers (CSW), returning migrants, and intravenous drug users. Unfortunately the greater population has still remained out of the purview of these prevention activities. The SPPA has taught its members on AIDS: what is it; how it spreads and; how to prevent it. In order to understand the impact of this instruction the study collected selected information. Table 5.9 shows the knowledge of AIDS among SPPA members in comparison to non-members. Almost all SPPA members knew about AIDS except for Guizhou where 55% have this knowledge. Figure 5.1 shows the difference between SPPA members and non-members in AIDS knowledge.

Table 5.9: Knowledge of AIDS, by SPPA membership

Knowledge of AIDS	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
Know	97.5	18.5	99.0	25.0	55.3	12.5
Don't know	2.5	81.5	1.0	75.0	44.7	87.5
N	400	200	400	200	400	200

Figure 5.1: Percentage of women knowing about AIDS by SPPA and non-SPPA members



An overwhelming majority of SPPA members reported that they had learned about AIDS from SPPA. Non-members had learned about it from other sources including television. Almost all SPPA members could mention at least one transmission route and one preventive measure of the deadly disease.

Perceived health status

The survey asked the respondents to give her own perception of the health status of all members of her household. She was asked to identify the health status in to one of the following categories: healthy, severely sick, chronically sick or disabled. Because of small numbers, the second and the third categories were lumped together at the time of analysis. Table 5.10 shows that the individuals living in SPPA member households reported better health condition than non-members ($p < .05$).

Table 5.10: Reported health status of household members by SPPA membership

Reported health status	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
Healthy	1526 (94.7)	716 (87.9)	1773 (97.0)	814 (92.9)	1786 (97.7)	908 (96.1)
Sick	75 (4.7)	79 (9.6)	35 (2.0)	29 (3.3)	23 (1.3)	26 (2.7)
Disabled	10 (0.6)	20 (2.5)	19 (1.0)	33 (3.8)	19 (1.0)	11 (1.2)
All households n	1611 (100.0)	815 (100.0)	1827 (100.0)	876 (100.0)	1828 (100.0)	945 (100.0)
Statistical significance	p<0.5		p<0.5		P<0.5	

Women's status

Women's status was gauged by collecting responses from mothers on a select set of questions. The questions included:

- ❖ Mobility (visit to a select number of places)
- ❖ Decision taking at household level
- ❖ Relationship with husbands and in-laws
- ❖ Workload and
- ❖ Skills in communicating with outsiders.

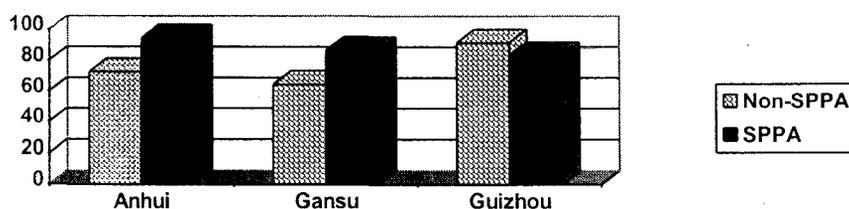
Mobility: Women were asked whether during the previous one month they visited one or all three of the following places: another county or beyond, seat of the county, and other villages or towns in her own county. For ease of analysis, this information has been lumped together by assigning the responses to one or the other of the following: Went outside and Didn't go outside. Table 5.11 shows that a large majority of the SPPA members ventured out of their own villages during the reference period. Compared to this, the mobility of the non-members was low, except in Guizhou. See also Figure 5.2.

Table 5.11: Mobility outside village during previous month, by SPPA membership

MOBILITY	ANHUI		GANSU		GUIZHOU	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
Yes	94.5	72.5	86.5	64.5	83.2	91.5
No	5.5	27.5	13.5	35.5	16.8	8.5
n	400	200	400	200	400	200

Note: Mobility outside village included visit to another county, the county seat or other towns or villages.

Figure 5.2: Percentage of women going outside village last week (Mobility) by SPPA and non-SPPA members



Decision taking: A few questions were asked to understand the decision taking process at the household level. Here we present results on two: who decides when to take a loan and who decides on what food to buy for the family. Table 5.12 presents results on how the decision-

making takes place at the household level in case of buying food for the family. Among the SPPA member households, the women take the most important role, either herself or together with husband. The role played solely by husbands in this is very little in SPPA households, but not necessarily so in non-SPPA households.

Table 5.12: Who decides to buy food for family, by SPPA membership

Who decides?	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
Woman herself	71.0	58.0	72.8	54.0	43.3	46.0
Husband	0.8	21.0	1.3	20.0	10.3	22.0
Both together	26.0	17.5	24.3	23.0	44.5	31.5
Others	2.2	3.5	1.6	3.0	1.9	2.5
n	399	197	398	200	398	200

The SPPA members were asked on who decides when to take a loan. A somewhat similar pattern as the above table emerges. The exclusive dominance by the husband is practically absent.

Table 5.13: Who decides when to take a loan in SPPA member households

WHO DECIDED?	ANHUI	GANSU	GUIZHOU
Women herself	56.5	59.8	52.8
Husband	0.5	0.3	2.5
Both together	43.0	39.9	44.7

Women's workload: It is argued that in the name of empowering women's development, programs actually make their lives more difficult. For example, the micro-credit programs in most settings require the woman to do the income generating activities (IGA) herself. Since the woman is already overworked in doing the household chores and helping her husband in the field, any new activity for her is destined to make her life more difficult. In the backdrop of this argument we collected the SPPA members' own reflection on this. Women were asked to describe if by involving themselves in SPPA IGAs their workload increased a lot, a little, or none at all. As Table 5.14 shows their workload has indeed increased for many. When women were asked whether their husbands helped them in domestic work, most SPPA and many non-SPPA women replied 'yes' (Annex A5.1).

Table 5.14: Whether the loan increased the workload of the women

Whether increased the workload?	Anhui	Gansu	Guizhou
Increased a lot	3.0	16.1	6.5
Increased a little	70.5	67.0	54.3
Didn't increase	26.5	16.9	39.8
n	398	400	398

Relationship with husband: The relationship aspect was addressed by asking two questions of each SPPA member whether relationship with her husband and in-laws changed following her taking the loan. As Table 5.15 shows the relationship has in fact improved in very many cases. The difference between the provinces is noteworthy; for more than half of the women in Guizhou the relationship did not improve; the average length of membership, which is shorter in Guizhou, may partly explain this. Studies done in Bangladesh have shown that domestic violence against women tends to reduce with the increasing length of membership women in development programmes.

Table 5.15: Whether the loan changed the relationship with husband of SPPA members

RELATIONSHIP WITH HUSBAND	ANHUI	GANSU	GUIZHOU
Improved	68.0	88.1	46.0
No change	31.8	10.8	52.7
Worsened	0.2	1.1	1.3
N	384	371	387

The data also showed that the relationship with in-laws also did not worsen.

Skills in communicating: The amount of confidence with which the women deal with outside people was also the subject of our inquiry. The women were asked whether they felt confident in communicating their ideas well to the township/county, village, bank, and SPPA staff. The SPPA women have a small edge over non-members in communicating with township or county people, but are equally placed as other women in dealing with the village staff. It is interesting to note that many SPPA members, particularly in Guizhou, do not feel confident in communicating with even the SPPA staff.

Table 5.16: Skills in communicating with outside staff, by SPPA membership

Communicable	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
Township/county people	6.3	4.5	12.3	7.0	3.3	1.5
Village official	47.3	42.0	44.3	28.5	36.3	26.5
Bank official	0.8	1.0	0.3	0	0	0.5
SPPA staff	72.5	—	90.0	—	47.8	0.5

Education

Table 5.17 shows the educational level of household members aged five years or over. It shows that the SPPA members' families are better situated in terms of education.

Table 5.17: Education status of household member by SPPA membership

Education status	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
Illiterate	92 (6.1)	93 (12.7)	233 (13.8)	275 (34.0)	245 (14.8)	154 (18.4)
Literacy class	336 (22.4)	167 (22.8)	493 (29.3)	216 (26.7)	519 (31.4)	337 (40.2)
Primary	605 (40.3)	306 (41.9)	510 (30.3)	178 (22.0)	433 (26.2)	180 (21.5)
Junior middle	382 (25.4)	137 (18.7)	336 (19.9)	107 (13.2)	330 (20.0)	134 (16.0)
Senior middle	86 (5.7)	28 (3.8)	113 (6.7)	34 (4.2)	126 (7.6)	33 (3.9)
All households n	1501 (100.0)	731 (100.0)	1685 (100.0)	810 (100.0)	1653 (100.0)	838 (100.0)

Further examination of the impact on social well-being

In the above analysis we examined the impact of SPPA on selected outcome variables by comparing with a 'comparison' group. In such analysis a question always remains about the choice of the comparison group. We have seen in the above chapter that there may be some truth in the speculation that the comparison group was probably more poorly endowed than the SPPA group. In the following we show that the impact holds true even when they are controlled for selected socio-economic characteristics. In this analysis we use two variables, self-rated economic status and ownership of TV, as control. Table 5.18 examines the consumption of protein-rich food (meat/fish/egg) by cross-classifying with SPPA membership and ownership of TV. This table shows that the SPPA members whether they are the poorest (owning no TV), marginally poor (owning B&W TV) or non-poor (owning color TV) eat more protein-rich foods than their respective counterparts in the same group.

Table 5.18: Number of times the family consumed protein in past week, by SPPA membership and ownership of TV

Number of times consumed protein	No TV		Black/white TV		Color TV	
	SPPA members	Non-members	SPPA members	Non-Members	SPPA members	Non-members
Never	12.8	56.6	4.4	30.5	2.9	13.0
1	21.9	28.3	21.2	32.3	7.3	25.9
2	25.0	12.7	27.7	19.9	21.4	27.8
3	17.3	1.5	19.2	8.5	17.0	11.1
4+	23.0	1.0	27.2	7.9	51.0	22.2
Total	196	205	798	341	206	54
Significance	p<.001		p<.001		p<.001	

Table 5.19 continues with the same type of analysis but with different impact and control variables. The impact variable here is the choice of treatment for diarrhea and the control variable is the self-rated economic status. ORT continues to be the treatment of choice for the SPPA members irrespective of their socio-economic status (deficit, balance, or surplus) in comparison to their respective counterparts in the comparison group.

Table 5.19: Choice of treatment for diarrhea by SPPA membership and self-reported economic status

Choice of treatment	Deficit		Balance		Surplus	
	SPPA members	Non-SPPA members	SPPA Members	Non-SPPA Members	SPPA members	Non-SPPA members
ORT	77.0	7.1	79.3	11.8	80.0	9.4
Other treatment	21.8	80.3	19.9	76.5	18.8	82.3
D.K	1.2	11.3	0.8	10.0	1.2	8.3
Total (n)	495	380	266	119	431	96
Significance	p<.001		*		p<.001	

* Not computed because of small cell frequency.

Table 5.20 shows the mobility of SPPA members and non-members controlling for ownership of TV. The SPPA members did go outside in higher proportion irrespective of wealth group. More tables based on this type of analysis are given in annex (Annex A5.2 to A5.11).

Table 5.20: Mobility outside home by SPPA membership and ownership of TV

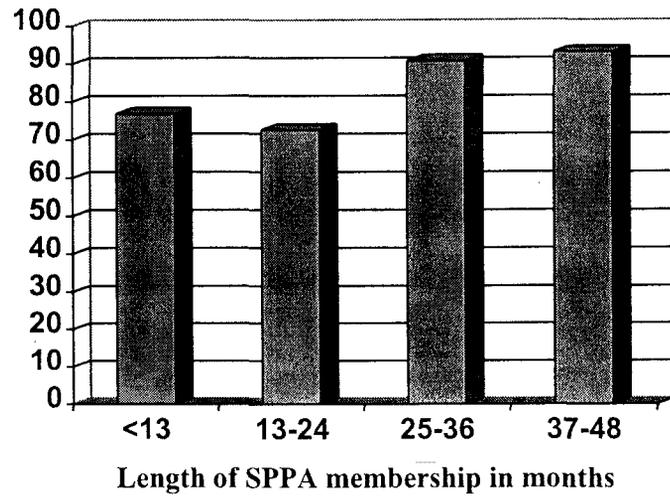
Mobility outside home last month	No TV		B&W TV		Color TV	
	SPPA members	Non-members	SPPA members	Non-members	SPPA members	Non-members
Did go outside	82.1	71.2	89.5	74.2	86.4	77.8
Didn't go outside	17.9	25.9	10.0	23.2	13.6	20.4
Don't know	-	2.9	0.5	2.6	-	1.8
Total (n)	196	205	798	341	206	54
Significance						

In the following we continue to examine the impact of SPPA. Here we analyze a few selected impact variables against a program variable, the length of membership, to understand the influence of the SPPA in changing the knowledge and behavior of program participants and how different lengths impact differentially. Table 5.21 shows the attainment of various social development program objectives against the length of time a woman has been a member of SPPA. The length of time has been defined as the time between a woman joins the SPPA and the day of interview and is expressed in months. It is encouraging to notice how the attainment has increased progressively with the length of membership. Some of these results are also depicted in figures.

Table 5.21: Attainment of selected social development objectives by length of membership of SPPA

Length of membership (months)	% With 'safe' water	% With 'sanitary' latrine	% Knowing ORT as treatment for diarrhea	% Knowing preparation of ORT	% Having knowledge of AIDS	% Having soap	Mean no. of hygiene knowledge	% Went outside village (Mobility)
< 13	92.3	2.9	65.5	76.9	75.0	80.5	4.91	87.9
13-24	75.6	9.2	69.2	72.6	71.7	76.8	5.15	84.2
24-36	90.1	17.6	88.1	90.8	91.2	86.1	5.30	90.0
37-48	83.0	21.1	90.0	93.1	94.2	87.7	5.40	90.1

Figure 5.3: Choice of ORT as treatment for diarrhea by length of SPPA membership



CHAPTER SIX

Efficiency of the SPPA Programme

This chapter presents various issues, directly or indirectly related to the efficiency of the SPPA's micro-credit component. This includes targeting, dropout, operational sustainability, as well as the functioning of the programme at the grassroots level.

Targeting

Micro-credit programmes are targeted interventions in the sense that they purport to reach one or more particular groups in the society. Targeting in micro-credit programmes is important because it is the poor that are excluded from the traditional banking and other lending institutions largely because of a lack of collateral. Without adequate and effective criteria there is a strong possibility that micro-credit may also end up again benefiting the non-poor. In an environment of limited resources, therefore, targeting of loan funds is important. But like any targeted programme, micro-credit is faced with inclusion and exclusion problems – inclusion of the non-poor and exclusion of the poorest. The target group for micro-credit in most programmes is the poor and the poorest segments of the particular society, and more often the women members of these groups.

The SPPA was also premised on the experience of micro-credit in other countries that whenever subsidized interest rates or subsidized credit is offered it is the non-poor that often end up benefiting from the loan programme. Within the Chinese context also there is considerable evidence that subsidized credit programmes have failed to reach the poor (Park et al. 1997). The SPPA Programme in agreement with government in 1996, sets the interest rate of its micro-credit loan at 9.6% per annum, which is slightly above the prevailing interest rate of about 6% at the time. This was premised on the fact that market rates of interest are not the main barrier to the poor rather it is the access to credit per se. The policy of charging close to market rates of interest in SPPA while at variance with the government-supported Programmes is to reduce the risk of leakage to the non-poor and hence consistent with the approach followed by many of the sustainable micro-credit programmes in other countries.

Apart from setting above market interest rate, SPPA loans are made available only to women because experience suggests that the impact on children is greater when credit is given to women and so are the recovery rates.

Apart from the above conditions, the foremost criteria used by SPPA in targeting the loans were nationally or provincially designated poor counties. This indeed formed the primary basis for allocation of funds and in a sense there was an implicit assumption that the official designation of the poor counties meant that most of the poor were living in those counties and that most of those living in these counties were poor. Having decided on the county, the criteria thereafter was to screen on the basis of poverty as determined by the local poverty line and other criteria closer to UNICEF's objective of reaching children, especially girl children. SPPA also further tried to refine this by targeting townships using indicators such as number of households below the poverty line; distance from county town, gender gap in primary enrolment; and percent of births delivered by trained birth attendant.

The SPPA programme sets the following guidelines for targeting in its Framework document:

- Poor women
- Resident in village
- Voluntary participation
- Priority to women with one or more girl children
- Women with children who drop out of school, especially girls

After the Mid-Term Review, an attempt was made to further refine the criteria to more clearly target poor women below the locally defined poverty line and with priority to mothers with young children:

- Poor women (defined as those living in households below the local poverty line) and who voluntarily want to participate in the programme. Within this, priority should be given to women who are:
 - within 18-45 years of age
 - mothers with children 0-5
 - mothers with one or more daughters under 11
 - mothers with children (especially girls) who have dropped out of school
 - mothers with children who suffer from malnutrition
 - mothers with disabled children
 - single-headed households with dependent children (e.g. widowed, divorced, or separated)

UNICEF's support for micro-credit is largely to women because experience suggests that the impact on children is greater when credit is given to women and so are the recovery rates.



The reliance on the nationally or provincially designated poor counties and even poor township as the criteria in itself is not a reliable basis to reaching the poor because of the way in which poverty counties are determined. Rural household data provides evidence that a much larger percentage of the poor, as much as 60 percent, live in non-poor counties (Riskin 1994) and that a large percentage of those living in the poor counties may not be poor. Geographic targeting based largely on the nationally or provincially classified poor counties may, therefore, lead to both the inclusion of the non-poor and exclusion of the poor – i.e. both leakage and inefficiency in fund utilization and wastage.

Hence, for the SPPA project, the initial reliance of geographic targeting has already pre-disposed the inclusion of non-poor to the project in some counties quite apart from political and other locally specific considerations. Beyond geographic targeting at the county level, SPPA in its early stages identified a further set of criteria for targeting the poor and their children. These

criteria were non-specific and difficult to implement. The criteria were revised at the time of the mid-term review but again were not in a form, which could be easily implemented. As a result, in this impact assessment an attempt has been made to assess the extent to which poor and very poor households have been covered or not covered rather than to assess whether the initial criteria has been met.

Problems in targeting

One of the contentious issues that surround the delivery of micro-credit programmes is the question of targeting: how well can the programmes reach their intended beneficiaries? There are two aspects in the issue of targeting (Park et al., 1997):

The question of coverage: It is well documented from studies in several countries that many micro-credit programmes fail to reach their intended beneficiaries effectively. For example in Bangladesh where micro-credit was introduced over two decades ago, the poorest of the poor who constitute about a quarter of the population remain out of or poorly reached by major programmes including those of the Grameen and BRAC.

The question of leakage: This is another problem faced by these programmes. It is often found that many non-poor or non-target group households get recruited. This is obviously done at the expense of the intended beneficiaries.

In the SPPA assessment we tried to explore this issue of targeting in order to find out who are being reached and not reached by the programme. The data come from the household survey as well as the PRA exercises carried out in a small number of villages. Household survey data covers: income, expenditures, assets and self-rated economic status. As shown in an earlier chapter, the SPPA members also included some who were apparently wealthy and wouldn't be expected to have amassed this wealth because of the membership of SPPA alone. In this chapter we, however, deal with results from the PRA exercise.

PRA exercise

In two of the three provinces, wealth-ranking (WR) exercise was carried out. In each of these provinces two such exercises were done involving the whole village. The PRA participants identified all households in their village into five socio-economic groups: Well-off, Upper-middle, Middle, Lower middle, and Very poor. These are commonly used categories to which villagers categorize themselves. Table 6.1 provides results for Gansu and Guizhou villages separately.

Table 6.1: Wealth ranking according to PRA wealth ranking categories in two villages of Gansu and Guizhou

Wealth Ranking category	Gansu		Guizhou	
	All village	SPPA members	All village	SPPA members
Well-off	26 (13.5)	4 (11.1)	32 (13.1)	1 (1.4)
Upper-middle	37 (19.2)	10 (27.8)	31(13.1)	4 (5.6)
Middle	53 (27.4)	13 (36.1)	61(25.7)	22 (30.5)
Lower-middle	49 (25.4)	6 (16.7)	49 (20.7)	26 (36.1)
Very poor	28 (14.5)	3 (8.3)	64 (27.0)	19 (26.4)
Total	193 (100.0)	36 (100.0)	237 (100.0)	72 (100)

Note: 1) Figures within parentheses indicate percentages.

2) Lower middle is interpreted as "poor" by the community.

According to local people and PRA facilitators, the bottom two groups can be considered all poor and are eligible for SPPA membership. Ideally, all SPPA members should have come from this poor group, but this didn't happen. For our purpose we can consider the upper three groups as non-poor and are thus not eligible for SPPA. Along this criteria, almost 40% of the households in Gansu and 48% in Guizhou villages are poor. However, the percentages of people in SPPA that are poor are 25% and 63% respectively i.e., nearly three-quarters of the members in Gansu and one-third in Guizhou SPPA are non-poor. This is an example of *wastage* or inclusion errors. On the other hand, out of 77 poor households in the Gansu villages only 9 were recruited from this group; a similar phenomenon took place in Guizhou. This indicates an imperfect *coverage*.

The data also shows that the first stage of targeting employed in SPPA has been successful in Guizhou villages where the percentage of poor is about half of all households. Guizhou is regarded as a poor province. Gansu on the other hand is not as poor as Guizhou and the percentage of poor in Gansu villages is lower than in Guizhou (Table 6.1). The chances, therefore, of picking up non-poor households in Gansu may have been greater which is reflected in the data. Hence the larger the number of poor in a village, the easier it is to reach the poor and poorest.

The problem in targeting in SPPA may, therefore, lie to some extent in the initial choice of poor counties in that the proportion of non-poor living in chosen nationally determined poor counties may be higher when judged according to the classification of the villagers themselves. Using the county level basis for geographic targeting may, therefore, be inappropriate. Geographic targeting should be based more on village level data rather than the nationally classified poor counties or even poor townships. So more bottom-up basis of classification may be used instead of top-down. Further, a PRA of wealth ranking prior to initiating a micro-credit programme can be used for targeting rather than nationally or even locally available poverty data.

Weaknesses in Targeting in SPPA

Reaching the poor in the SPPA programme continues to be a challenge, partly because it is a government-managed programme in which political or local consideration do and can interfere with the objective of reaching the poor. While most project staff claimed in the focus group discussion that they have used the criteria of poverty and women with young children, particularly girls, for pre-screening, it is also clear from talking to women that concern over the very poor's ability to repay and other political and local consideration frequently influence their decision as to who could finally participate. Local authorities, for example, can exert some influence on membership, including extending membership to local officials' relatives or friends. Hence many women's federation cadres are participants and often function as large group leaders. This is frequently explained by staff as *fait accompli* in the local context as the project depends on the mobilizing and leadership initiatives of the local women's cadres to lead other women in the community. Such practices reflect the nature of the political and power structure at the local levels and may be difficult to completely disregard.

The views of some project staff on the failure in targeting well is expressed in Box 6.1

"In the villages, the village women's federation cadre is expected to play a demonstration and leadership role for other women. If the local village cadre does not participate in any government project initiative, the other women will not think it is a good initiative and will be unwilling to participate. For example, if the project expects other women to become successful in their production activities or practice the "8 commitments", the village woman cadre must also participate in the training and lead other women by putting what they learn into practice."

Box 6.1: Views of SPPA project staff on targeting failure, Anhui Province

Focus group discussions with women participants also throw some light as to why some very poor women do not want to participate in the SPPA Programme. Some poor women, we were told, were concerned about their capacity to repay and of getting deeper into debt. Some were

"The micro-credit loan funds provided by the SPPA project are only enough for a small number of households in the community so not all poor women could join the project"

"Some poor women did not know about the project because they were away when the orientation meeting for the project was held"

"Some women are not sure, so they want to wait and see whether those who join can be successful. Now many of these women also want to join, but they must now wait until somebody drops out"

The project staff finally decides who can join, for example, those who exceed the family planning quota; or those who are not trustworthy".
"Some very poor women do not want to participate because they were not sure they can repay the loan"

"Some are not sure that they can comply with the regulations of the project, for example, attend meetings regularly" —

"They are too poor to save money regularly"

"Some illiterate women were afraid to attend the training (group formation training) which was compulsory for participation".

Box 6.2: Views of SPPA members on why some very poor do not participate in the programme (source: FGD)

hesitant about their ability to comply with regulations, including mandatory savings and regular meetings. Some illiterate women were apparently scared off because of the need to participate and complete the group formation. Others want to take a “wait-and-see attitude”. Apparently some were also deterred by the high interest charged.

Women themselves also sometimes screen out those whom they consider as liability risks based on personal traits as well as their economic situation. Hence women also mentioned others reject some poor women and could not form groups for reasons such as “laziness”; “like to gamble”; “dishonest”; “quarrelsome and difficult to get along with others”. Box 6.2 gives some verbatim comments from focus group discussion (FGD) on why some poorest women do not join SPPA.

Although, there may be local considerations for why the poor do not participate, it is apparent that targeting in SPPA has been weak. Improvements in targeting can start with identification of poor townships and villages supplemented by improved training of staff on how to better use village mapping and wealth ranking to identify eligible households, including households with young children. This will render the targeting process more transparent and less arbitrary as it is practiced now and further more can reduce the resentment of some non-participants as encountered through interviews with some non-participants.

Drop-out

Of the 42,141 members who have been organized and trained by end 1999, only 37,767 (89%) remain as active members (Chapter 3). In all but three counties, there were women who dropped out each year. The most prevalent reasons reported by the counties for dropping out can be grouped into the following categories:

Investment success or failure: Some counties report that some women have dropped out after one or two loan cycles because they have made profits and accumulated enough capital to finance their production activities themselves. But more frequently, women are reported to have dropped out because they had failed in their venture and do not want to risk getting deeper into debt.

Migration or family relocation: Some women also drop out because of migration away due to marriage, family relocation or work. Also women often drop out if they have moved away from their groups to another part of the village and find the distance too great to continue to participate in group activities.

Complicated procedures and regulation: county staff also reported that some women in their projects left because they considered the requirements of participation and procedures too complicated and or the interest rate charged for SPPA loans too high. The above factors are often related to the increasing availability of the subsidized interest rates of poverty loan funds disbursed by the local ABC or RCC especially after 1998. Interest charged on these loans ranging between RMB 1000-3000 yuan averaged around 3.6 percent per annum and for loan terms of one to three years depending on location.

Deaths and illnesses: Death and illnesses in a minority of cases also account for women dropping out.

Project regulation and influence by staff: Another reason for the dropout is related to the project’s guidelines that encouraged women who had taken three loans to use their accumulated savings

and/or to obtain loans from the local banks to finance their production activities. This stipulation of providing only three loan cycles to women was originally made on the assumption that after three cycles of loans, women would have accumulated enough capital from their savings as well as proven their credit worthiness to access loans from the bank. However, after the strategic review of 1999, it was found that this assumption was erroneous, as very poor women, even if proven credit worthy in SPPA, may still not be able to obtain loan from the local financial institutions. However, from the field assessment, it was found that some project staff also directly or indirectly dissuade women to continue in the group after one or two loan cycles in order to spread the opportunity for loan use to more women. Staffs who use this strategy explain that loan funds were too limited and they hope to cover as many women as possible.

Participation and group processes

Regular group meetings are important to help foster group solidarity and strengthen the participatory processes. By and large women are happy to participate in the meetings stating that meetings provide them real avenues for training, sharing and learning of new information and knowledge ranging from market information and production techniques to household management, child care and hygiene and sanitation. Some women and project staff also mentioned that since the dissolution of the commune system to adoption of individual production system, villagers, especially women, do not have reasons to get together on a regular basis. Some women even said that they were discouraged from gathering together without any legitimate reason for fear of disapproval by husbands, in-laws, and by idle gossip of neighbors. The group meetings therefore provided women with legitimate reasons for getting together and break the isolation and humdrum of their daily life.

However, the quality of these meetings and level of participation may be irregular across the groups and dependent of the facilitation skills of group leaders. The case studies confirm that women who are unsuccessful in their production are often those who belong to weak groups where meetings are irregular and members do not understand and practice the principles in group participation, joint liability and mutual support. This suggests that more coaching by staff of both large and small group leaders is needed to build group leaders' facilitation skills at meetings to promote participation and for building of confidence and capacities of the socially and economically weakest members of the group.

Operational sustainability

Data on income and expenditure for SPPA is available at the various levels of government and can be consolidated at the central level. However, this data is self-reported and not externally audited. Moreover there is no standardized financial system in place in the counties, provinces or even at the national level. In part this is because in setting up SPPA, sustainability was not considered to be a major consideration since it was felt that after the five years borrowers should be graduated to other credit programmes in the country.

As argued earlier, sustainability – financial and operational – should be critical since what is important from an impact perspective is repeated borrowings which means the institution should survive into the future for impact on human poverty.

Using the available data, the aggregate picture in the SPPA townships selected for the survey is shown in Table 6.2. A major qualification is that the expenditure relates to both the lending and training costs of government at the country and township level and hence is not strictly

comparable to the interest income collected. This highlights the need for SPPA to set up a proper system of financial management and auditing on an urgent basis. It is, therefore, difficult to say if SPPA's lending operations are operationally sustainable. On the basis of back-of-the-envelope calculations it is estimated that about Y100,000 of interest earning per county will be needed to meet the costs of lending operations only at the county, township and village level. Under this assumption, four of the six counties selected in the survey could become operationally sustainable with the current rates of interest and in total also the programme could become operationally sustainable. The rate of interest would have to be increased if a risk fund and the social development fund were to be left aside. One of the first task of SPPA should, therefore, be to set up an institutional mechanism for separating out the costs of the lending operations and making them operationally sustainable.

Table 6.2: Operational data for the survey counties for 1999 (in Yuan)

	Yuexi	Shucheng	Yongling	Yongdeng	Shibing	Danzai	All counties
Interest collected in the year	101,563	172,280	109,571	46,193	63,744	110,688	2,289,636
Total expenditure staff salary, welfare and other office expenses – lending and training activities	170,000	62,300	137,005	279,800	93,600	62,703	4,337,201
Surplus/ (Deficit)	(68,437)	109,980	(27,434)	(233,607)	(29,856)	47,985	(2,047,656)
% of interest income	67%	64%	25%	505%	47%	43%	89%

Prevalence and use of loan

Not much is known about the prevalence of micro-loans in the rural areas of China although the use of micro-credit for poverty alleviation is a government policy. In this chapter we look at selected aspects related to the practice of micro-loans in the sample areas with particular reference to SPPA.

Two-thirds of all 1800 households interviewed in this study stated that they had taken at least one loan in the previous three years. Table 6.4 presents the number of households which reported taking different number of loans in the reference period, separately for SPPA and non-SPPA households. For obvious reasons the SPPA households took more loans than non-SPPA, 84% and 36% respectively. There is also some inter-province variation for SPPA. The reason why a larger proportion of Guizhou member-households are not taking any loan is because the length of membership in this province is shorter than the other two (see Chapter 2).

Table 6.3: Number of loans taken last 3 year, by SPPA membership

Number of loans last 3 years	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
No Loan	9 (2.3)	121 (60.5)	72 (18.0)	144 (72.0)	113 (28.3)	122 (61.0)
1 loan	84 (21.0)	21 (10.5)	96 (24.0)	17 (8.5)	129 (32.3)	35 (17.5)
2	132 (33.0)	19 (9.5)	123 (30.8)	12 (6.0)	39 (9.8)	15 (7.5)
3	137 (34.3)	11 (5.5)	75 (18.8)	15 (7.5)	82 (20.5)	15 (7.5)
4+	38 (9.4)	28 (14.0)	34 (8.4)	12 (6.0)	37 (9.1)	13 (6.5)
All households	400	200	400	200	400	200
Average loans (no.)	2.4	1.4	1.8	0.9	1.6	0.9

Table 6.4 shows the mean amount of loan taken last three years per household. In terms of amount, the Anhui member households took the highest amount, followed by Gansu and Guizhou. For all households the mean amount is RMB 1,583 yuan over three years, or RMB 528 yuan per year. This indicates that micro-loans are in popular practice in rural China, even among non-SPPA households. It may also be noted that the amount of money borrowed by non-SPPA households is 57% of what SPPA households borrowed.

Table 6.4: Mean amount of loans taken last 3 years, by SPPA membership.

	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
Mean loan (¥)	2215	1574	1707	649	1630	923

Table 6.5 shows the source of the loans. For SPPA households, the SPPA was the major source; although not shown in the table, it constituted 73% of all loans (not shown in table). The table also shows several other things. The non-members borrowed from a variety of sources, the relatives/friend and money lenders being most important. That moneylenders are also active in rural China is evident from this information; the proportion of money borrowed from moneylenders is nearly 3% for SPPA members and 27% for non-members. It also shows that non-members have also borrowed from different institutional sources including banks and PA fund. Since the poor normally do not have access to such funds it is not necessarily true that all households in the comparison group are worse-off than their SPPA counterparts.

Table 6.5: Source of the loans taken last 3 years, by SPPA membership

Source of loans	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
SPPA	378 (80.8)	0	304 (70.8)	0	269 (72.3)	0
Other institutions	44 (9.4)	31 (29.8)	26 (6.1)	16 (24.6)	51 (13.7)	30 (34.9)
Group fund	0	0	70 (16.3)	0	21 (5.7)	0
Others	46 (9.8)	73 (70.2)	29 (6.8)	49 (75.4)	31 (8.3)	56 (65.1)
All loans	468 (100.0)	104 (100.0)	429 (100.0)	65 (100.0)	372 (100.0)	86 (100.0)

Note: "Other institutions" includes banks and PA fund. "Others" includes moneylenders, relatives/neighbors.

Table 6.6 shows the type of activities in which the loan was used. It shows that the loan money is invested in a variety of IGAs. Interestingly, most of the SPPA members use their loans in 'productive' ventures; compared to this a larger proportion of the non-members use their loans in consumption.

Table 6.6: Use of the latest loan, by SPPA membership

Portfolio	Anhui		Gansu		Guizhou	
	SPPA member	Non-member	SPPA member	Non-member	SPPA member	Non-member
Production	379 (81.7)	28 (28.4)	261 (75.6)	16 (22.8)	259 (82.7)	42 (43.3)
Consumption	38 (8.2)	14 (14.2)	8 (2.4)	28 (40.0)	13 (4.1)	13 (13.4)
Repayment of loans	5 (1.1)	5 (5.0)	1 (0.3)	1 (1.5)	3 (1.1)	3 (3.2)
Family emergency	20 (4.3)	26 (26.3)	15 (4.3)	12 (17.1)	5 (1.6)	18 (18.5)
Others	22 (4.7)	26 (26.3)	60 (17.4)	13 (18.6)	33 (10.5)	21 (21.6)
No. of loans	464 (100.0)	99 (100.0)	345 (100.0)	70 (100.0)	313 (100.0)	97 (100.0)