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**Quarterly Project Progress Report**

[00047231Building an Inclusive Financial Sector in China]

[1stNovember 2017]

**Basic Project Information**

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| Project Duration | 2017-2018 |
| Reporting Period | 2017.11.1 |
| Implementing Partners | China International Center for Economic and Technical Exchanges (CICETE) |
| Other UN/International Collaborating Agencies | Shanghai Jiaotong University  UNDP Microcredit Project Offices in Local  Yilong Poverty Alleviation Office  Gutian Poverty Alleviation Office  Guangan Poverty Alleviation Office |
| Cost-sharing Third Parties | Total budget USD 378,674 including C/S USD 307,000 and Trac 30,000,Third Paty Cost-share41,674 |
| UNDP PM/PA | Qing Xu |

**Executive Summary**

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| **Outcome 1**: Outcome 1 Policy Study on Internet Finance Operational Model compliant to local policy  **Outcome 2** : Research, pilots and innovations for rural financial system  **Outcome 3**: Promote the upgrading of NGO MFIs.  **Outcome 4:**  Promote exchanges and researches, and advocate establishment of inclusive finance system from perspective of government organizations  **Outcome 5:** Hengchang Project |

1. **Project Implementation Status and Progress Report** *(Report against AWP)*
   1. **Outcome & Output Progress Report**

**UNDP China CPD Indicator(s)**

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|  | **Progress Report** |
| Indicator 1.1.2: Number of beneficiaries, who have access to financial services through UNDP-supported programmes on rural financial cooperatives and inclusive finance | Microfinance organization totally grant 6,000,000 CNY loans to 600 poor households. |

**UNDP SP Indicator(s)**

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| **Indicator Description** | **Progress Report** |
| Indicator 1.2.2: Number of countries with sustainable financing in the national budget for social protection |  |

**Project Outcome/Output Indicator(s)**

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| **Indicator Description** | **Progress Report** |
| **Output 1 Indicators:**  1. Number of knowledge products produced in the set up research center in the field of inclusive finance;  **Output 2 Indicators:**  1. Minutes of meetings and records of field visits from the Si Chuan Yi Long Pilot Programs;  2. Details of project progress for the Fujian NingDe Pilot Programs;  3. Minutes of meetings and records of field visits from the Si Chuan Guang An Pilot Programs;  4. Minutes of meeting and records of field visits from the Gansu Pilot Programs; 5. Numbers and details of the new models for practitioners generated to localize the inclusive financial system in the rural areas;  6. Number of additional people can benefit from strengthening livelihoods and sustainable finance through the adoption of the innovative models;  **Output 3 Indicators:**  1. The extent of upgrading of NGO MFIs after those promotion activities were completed;  2. Number of knowledge products produced through research on the possible models for transformation;  3. Number of participants attended those learning and training sessions;  **Output 4 Indicators:**  1. Number of governmental organizations benefiting from the promotion of exchanges and researches and the establishment of inclusive finance system;  2. Number of knowledge products generated during or after the international exchanges and researches;  **Output 5 Indicators:**  1. The extent of promotion or the level of awareness of the financial inclusion concepts has been achieved through professional publications, international conferences, and training and study tour programs;  2. Number of professional publications have been issued to promote the financial inclusion concepts;  3. Number of conferences and training and study tour programs held for the concept promotion;  4. Number of participants attended the conferences, training and study tour programs;  5. Number of additional people benefiting from strengthening livelihoods through the promotion and scale-up of the financial inclusion concepts. | **Output1.**  China Inclusive Finance Innovation Center was established with the support of CICETE, UNDP and Shanghai Jiaotong University. The launching held the first inclusive finance research seminars. There were more than 30 inclusive finance experts attending. The topic included Comparative study of inclusive finance in foreign countries, Research on urban poverty, Research on internet finance  **Output2.**  **1.1：** State Council Development Research Center Finance Institute did investigation in Yilong. Minfu model facilitated mutual fund, enhance the self-regulation and coordination of cooperatives, decrease the risk of government risk.  **1.2：** Experts from China Academy of social science and department of agriculture gave one day training to the staff of county mutual fund cooperative in Yilong. There are 200 attendees from 50 cooperatives attending the training. A project investigation report will be finalized in Dec.   1. Ningde Gutian Minfu Center established e-commence platform for the all cooperative in this county for local products promotion.   **Output3.**  1.On-site inspection in Anding, Wushan, Jigyuan, Xingren, Guanling, Ziyun, Duan, Debao, Longlin.  **Output4.**  Yilong Minfu model has been an umbrella project. Invited by National Administrative College (国家行政学院)，the project gave an introduction of Yilong model to Yunan poverty reduction system.  **Output5.**  A full draft research report regarding the rural financing and entrepreneurships demands in poor areas. The research investigated 1031 rural households. The real demands for financing and entrepreneruships, supporting policy, innovative financial services in poor areas have been greatly explored. |

* 1. **Activity Implementation Status Report**

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| **Activity 1.1 Set up Inclusive Finance Research Institution.**  The organization and management structure have been established. Research work has been started, mainly in literature review of international experiences of inclusive finance, digital finance.  **Activity 2.1 Si Chuan Yi Long Pilot programs**  Yilong model has been enhanced as an umbrella project. The project is enhancing the risk management mechanism of mutual funds. Yilong has developed 50 village mutual cooperatives, covering 25 counties, 21 poor villages, issuing 5882 loans(67790000RMB). Mutual fund has reached 69550000RMB. The accumulated loans to 188000 rural households are 205 million RMB by Oct 2017.  **Activity 3.1**  **on**-site inspection of microcredit companies in Xingren, Guanling, Ziyun. Investigating the usage of UNDP revolving loans and financing demands of poor rural households.  **Activity 5.1 Promote financial inclusion for poverty reduction in China**  An expert from Agricultural University of China lead the research of financing and entrepreneurships demands of rural households in poor areas. The second round of revision has begain. |

1. **Finance Management**

*Please mark with red**the ‘Accumulated Quarterly Delivery Rate’ box (Accumulated Expenditure/ Accumulated Budget) if the delivery rate is under 60%. For delivery rate ranging from 60% to 85%, please mark with yellow. For delivery rate in the range of 85% - 100%, please mark with green. Comments must be provided for delivery rates of outputs marked with red and yellow texts. The content of comment should cover reasons for low delivery rate and action plans for catching up.*

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| **Output** | **Annual Budget**  **(USD)** | **Accumulated Expenditure**  **(USD)** | **Quarterly Budget (USD)** | **Quarterly Expenditure (USD)** | **Accumulated Quarterly Delivery Rate%** | **Comments** |
| **Output 1** | 51,000 | 0 | 0 | 0 | 0% | The activities of Shanghai Jiaotong Inclusive finance innovation center have not completed. The rest of activities will be rescheduled in 2018. |
| **Output 2** | 256,000 | 18,808 | 18,808 | 18,808 | 7% | The pilot was postponed given the administrative change of division in Guangan district. New local government has been confirmed and the agreement will be signed by the end of Nov 2017. Then the budget will be delivered to the project. |
| **Output 3** | 25,000 | 16,782 | 16,782 | 16,782 | **67%** |  |
| **Output 4** | 3000 | 3000 | 3000 | 3000 | 100% |  |
| **Output 5** | 41674 | 0 | 0 | 0 | 0% | Research report is under review, will be completed by the end of the year. |
| **project audits** | 2000 | 0 | 0 | 0 | 0% | N/A |
| **Total** | 378,674 | 38,591 | 38,591 | 38,591 | 10% |  |

1. **Project Management and Oversight**
   1. **Risk Log Status Update**

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| **#** | **Description** | **Status** | **Management Response** |
| **1** | Most budget will be delivered to Guangan project, which has not been signed with local government. | no change | no change |

* 1. **Communication and Advocacy**

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| 1. China Microcredit Union have organize many NGO going to Yilong for knowledge exchange. 2. State Council development research center and other governmental research insititue went to Yilong for investigation. 3. Experience exchange with Gates Fundation and Jingdong Finance. |

* 1. **Management Recommendations**

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| 1.Offer a proposal to those cooperation department which implement slowly that the cooperation and  approval procedures between partners should be simplified.  2.Propagate and advocate on different levels in order to enhance the impact of the project. |

**3.4 New opportunities/Initiatives**

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| 1.Hold the project management meeting, give suggestions and project management measures to the department which implement the project activities slowly ,in order to improve the efficiency of the project execution.  2.Limited project resources should be used on the outstanding project partners to enhance the capacity of partners and resources, reduce the investment of resources and capital to the partner with slow implementation .  3.Should pay attention to building the ability of partners, strengthen training to enhance the project management capabilities of partners. |

**3.5 Engagement of target groups**

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| 1. ShanghaiInnovation center has expanding networking and done knowledge exchange with Renmin University, Xinan finance and economic University, Yunan finance and economics university. 2. Yilong project granted loans to 5852 rural households, in which there are 1195 for women. There are 430 participants including 128 women attended management training program in mutual cooperatives. |

**3.6 Gender equality and gender activities**

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| 1. 1195 women were granted microcredit in Yilong, which significantly improve their living standards. 2. 128 women staffs from mutual fund cooperatives were trained by project, improving their management capacity. |

1. **Annex** *(Provided by UNDP programme staff before uploading onto the intranet)*

**4.1 Project Budget Balance (PBB) Report**

**4.2 Funding Authorization and Certificate of Expenses (FACE) Table**