

**PROJECT DOCUMENT****[China]**

Project Title: Leveraging Sustainable Development Finance, Accelerating the Revitalisation of Rural MSMEs

Project Number: Award: 00113214 Output: 00128857

Implementing Partner: China International Center for Economic and Technical Exchanges (CICETE)

Start Date: 01. 2022 End Date:12. 2025 PAC Meeting date: 17th Dec 2021

Brief Description

In February 2021 China declared it had achieved its goal of eradicating extreme rural poverty by 2020. As a result, the government announced a shift in its development strategy, switching from a focus on poverty alleviation to ‘rural revitalization’ to address the widening urban-rural wealth gap. Rural revitalization aims to accelerate rural development through a variety of mechanisms including promoting agricultural modernization and the integrated development of the primary, secondary, and tertiary industries in rural areas, cultivating of new agricultural business entities, improving the local ecology and more.

In recent years, and especially since the outbreak of COVID-19 in 2020, slowing growth and the pressure of transforming the economy from traditional industries towards high-tech and green sectors have impacted the development of the secondary and tertiary industries. As a result, the urban employment market has suffered. In an attempt to address the diminishing amount and quality of work opportunities in urban areas, the government has called on migrant workers who have lost jobs or are unable to afford the high cost of living in cities to return to their rural hometowns and start businesses or take up farming again. Consequently, China’s government has identified the modernization of rural micro, small & medium-sized enterprises (MSMEs) as an effective means of providing greater employment options to rural returnees and residents. The rural revitalization strategy also includes policies to leverage digital technologies that can connect rural MSMEs with larger markets, industrial supply chains, social organizations, and leading enterprises.


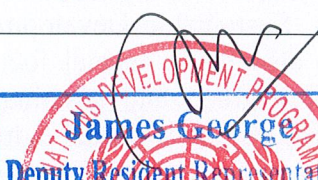



The project therefore aims to improve the living standards of rural populations by supporting rural MSMEs through the creation of a ‘Sustainable Development Innovation Service Center’ and leveraging digital finance tools. It also has a special focus on supporting women and youth returning to rural areas, accelerating green and sustainable development, increasing digital financial inclusion, and supporting nature-positive rural industrialisation.

The project strategies include: 1. Streamlining SDG-aligned investment for rural MSMEs, promoting the sustainable eco-system of SDG Impact finance for rural revitalization; 2. Linking rural MSMEs with financial services through digital industry service platforms; 3. Capacity building for smallholder farmers, especially for women and young persons; 4. Fostering an enabling and supportive environment for MSMEs development.

Contributing Outcome (UNDAF/CPD, RPD or GPD):
 CPD outcome
 Outcome 1: Relative poverty and multi-dimensional poverty are reduced, and more coordinated development leads to reduction in gaps between rural and urban areas and among regions, as more people in China, including left-behind groups, benefit from sustainable, innovation-driven and shared high-quality economic development, with enhanced access to economic opportunities arising through innovation, entrepreneurship and rural revitalization, enjoying decent work, sustainable livelihoods, and the right to development equally for both women and men.
 Indicative output(s) with gender marker²:
 1.1.2 The amount of public and private sector investment newly mobilized and (or) leveraged to provide better diversified opportunities and services to the elderly, women and youth and to contribute to the achievement of the Sustainable Development Goals with the support of UN
 1.1.3 Number of newly registered rural enterprises and cooperatives with the support of UN-funded projects
 1.1.4 Number of farmers (by gender) newly trained and applying new learning skills into practice with the support of UN
 1.1.5 Number of tested gender-inclusive models, implemented in modern family agriculture, nutrition-oriented agricultural development, inclusive food value chain development, and the means of small funding with the support of UN

Total resources required:	USD2,000,000	
Total resources allocated:	UNDP TRAC:	0
	Donor:	USD2,000,000
	Government:	0
	In-Kind:	
Unfunded:	0	

Agreed by (signatures):

China International Center for Economic and Technical Exchanges (CICETE)	United Nations Development Programme China Office	Duxiaoman Financial
 Print Name: Zhang Yi Deputy Director General	  Print Name: James George Deputy Resident Representative	  Print Name: Cui Xinxin General Manager Brand Communication
Date: 18-03-2022	Date: 18-03-2022	Date: 28-03-2022



I. DEVELOPMENT CHALLENGE

In February 2021 China declared it had achieved its goal of eradicating extreme rural poverty by 2020. As a result, the government announced a shift in its development strategy, switching from a focus on poverty alleviation to ‘rural revitalization’ as a way of addressing the widening urban-rural wealth gap.

Embarking on this new phase of development, the Chinese government has said it will now focus on achieving ‘common prosperity’ to address growing levels of inequality among its more than 1 billion strong population. After years of rapid growth during the period of reform and opening-up, the country aims to build a new development paradigm, which will help achieve higher-quality development that is more efficient, equitable, sustainable, and secure. The outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Vision 2035 states that the country’s most important task is to consolidate and strengthen the achievements earned through its poverty alleviation campaigns, promote rural revitalization, accelerate agriculture and rural modernization, and promote high quality and efficient agriculture.

Transitioning from the poverty alleviation development phase to the rural revitalization phase will require developing industries and establishing mechanisms that can prevent low-income people from falling back into poverty. The typical industrialisation model for poverty alleviation is usually driven by a combination of rural industrial parks, leading enterprises, farmers’ cooperatives and new business entities. This is complemented by the self-organized production by low-income households, among which, rural MSMEs in secondary and tertiary industries are the key elements which when consolidated, can strengthen the achievements of industry-led poverty alleviation activities.

However, industrial development in rural areas is facing serious difficulties pertaining to access to finance. Over the past 40 years of China’s reform and opening-up, though rural areas’ access to financial services has greatly improved, many low-income groups in rural areas - mostly farmers and rural MSMEs (including farmers’ cooperatives, family farms, leading specialized cultivation households) - are still excluded by financial institutions or have inadequate access to financial services. Issues lie within both the supply and demand sides of financial services. There are four main problems on the demand side: first, restrained by rural land ownership regulations, farmers have few actual assets that can be held as collateral for credit financing; second, the scattered operations and small production sizes of smallholder farmers result in low incomes and smaller financing needs; third, agriculture and husbandry are heavily affected by natural disasters and market fluctuations, leading to unstable incomes and greater repayment uncertainty; fourth, smallholder farmers or RMSMEs usually don’t have proper financial records, which financial institutions can rely on for accurate credit evaluation.

There are two main problems on the supply side: first, due to weak risk management ability, low risk appetite and a legacy of non-performing loans, traditional formal financial institutions are uncomfortable serving rural residents’ financial needs. Despite a strong push from financial regulators, they are still unwilling to increase financing for rural development; Second, since their traditional credit evaluation model cannot be applied to rural users and it is difficult for them to develop the appropriate products and service models, operating and managing costs remain high. This means they are not incentivised to work with rural MSMEs as it is usually unprofitable.

In recent years, with the rapid uptake of mobile Internet and smartphones in urban and rural areas, large financial technology platform companies have begun providing digital and inclusive financial services to rural areas. These new platforms pose a huge threat to traditional financial institutions and could force them to reform their own financial services offering. Following the release of the Advanced Principles of G20 Digital Inclusive Finance report¹ at the Hangzhou G20 Summit in 2016, digital financial inclusion has become a key priority for fintech companies and traditional financial institutions alike.

The Chinese government is also committed to improving digital financial inclusion. In February 2019, five ministries and commissions, including the People's Bank of China, the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission, the Ministry of Finance, and the Ministry of Agriculture and Rural Affairs, jointly issued the 'Guidance on Financial Services for Rural Revitalization', putting forward requirements for "digital inclusive finance to be effectively popularized in rural areas"². In 2021, the No. 1 central document of 2021 (Opinions of the CPC Central Committee and the State Council on Comprehensively Promoting Rural Revitalization and Accelerating Agricultural and Rural Modernization) issued by the Chinese government³ explicitly states its ambition of comprehensively promoting rural revitalization and accelerating agricultural and rural modernization by building shared agriculture-related information databases at city and county levels, "developing digital inclusive finance" and "encouraging the development of specific financial products to support new types of agricultural businesses in rural areas. It's evident then, that digital financial inclusion will become an important instrument used to advance China's rural revitalization strategy.

Digital financial inclusion in rural China lags behind urban areas mainly due to difficulties in obtaining and utilizing online credit information. Digital finance relies on the digitization of real economic activities. Therefore, with insufficient online credit information on rural residents, it is difficult to tailor financial services products and service mechanisms to the requirements of those in rural areas. Online credit information is mainly generated via online social and business transactions. However, at present, few Chinese rural MSMEs are involved in online activities. Farmers usually live in the same place as they farm, where daily life produces little opportunity to generate online credit information. Therefore, it is critical to develop and build innovative digital and inclusive financial services for rural areas and promote the development of industries which can help with consolidating the achievements in poverty alleviation and rural revitalisation. Achieving the above goals entails the following: form online trading opportunities for rural MSMEs; create a formal manufacturing and supply chain and keep a record of online and offline economic activities; and collect sufficient information for big data analysis, so that a credit assessment model and financial services model can be developed that responds to RMSMEs' needs.

Rural industrial development cannot be achieved without human capital. New professional farmers, leaders of farmers' cooperatives, e-commerce providers, live streaming anchors, and small and micro rural business owners play significant roles in promoting rural revitalization. They are mostly young people who have remained in rural area, those who have returned to rural areas from big cities, as well as those who are living in cities and wish to work remotely for their hometown's development.

¹ G20 Official site: [Hangzhou Action Plan - G20 - China 2016 \(g20chn.org\)](http://www.g20chn.org)

² The central government of China, Guidance on Financial Services for Rural Revitalization, 2019-02-13, http://www.gov.cn/xinwen/2021-07/01/content_5621872.htm

³ The central government of China, Opinions of the CPC Central Committee and the State Council on Comprehensively Promoting Rural Revitalization and Accelerating Agricultural and Rural Modernization, 2021-02-21, http://www.gov.cn/zhengce/2021-02/21/content_5588098.htm

Women are also an integral part of rural revitalization and have played an important part in achieving the overall goal of poverty alleviation. They now constitute the majority of the young labour force in rural areas following the massive outflow of young men into the cities. However, in some underdeveloped areas of China, women are still perceived as subordinate to men due to persistent gender stereotypes and have not been able to enjoy the benefits and opportunities brought by development. For example, traditional financial institutions tend to only consider men as suitable clients and exclude women, leading to multiple problems. First, to save “face” (maintain a certain level of respect and honour in the community) some men lend their identity to their friends or relatives for loans or use family assets as collateral without informed consent from their spouses. Female spouses and children are the victims of the debt taken on by men in these circumstances since they do not benefit from the loans but bear the cost. Given the way social relations and interactions play out in the countryside, such cases are not uncommon. In an economic downturn, financial risks can increase, placing the rights and interests of women and children in the family in greater danger. Second, remote underdeveloped areas are prone to social problems such as prostitution, gambling and drug addiction which are predominantly engaged in by men. These problems can cause significant financial pressure and can even land families in heavy debt. By encouraging women to be involved in the application process, some financial institutions have become better at preventing bad loans. As the main caregivers, women tend to invest more in education and healthcare when they have access to financial services, than men.

Young people are the target group of the digital literacy initiatives and empowering them is another important part of this project. By prioritizing young women’s access to financial services in particular, these measures will also help strengthen women's rights and promote innovative rural development. Increasing the more active involvement of women in financial services design and provision would also reduce the risk to financial institutions and improve levels of female financial inclusion. In this regard, by including women’s accounts in credit information collection and analysis, targeting women as the beneficiary of financial services and products could be the key to innovative financial inclusion models in rural China. Financing women’s businesses not only promotes their economic empowerment, but also enhances their role in rural development.

Green development is an essential part of rural revitalization and a core feature of China's new development strategy. In recent years, China has faced significant environmental problems, including the degradation and reduction of cultivated land, increasing constraints on water used in agriculture, on soil and other resources, worsening agricultural pollution, and the degradation of agricultural ecosystems. Financial products and services have a vital role to play in guiding rural MSMEs towards sustainable and green development.

It is not only disadvantaged markets players who recognise the benefit of and support the green development of rural MSMEs, indeed major financial institutions are integrating it into their greening strategies. The push towards green finance requires financial institutions to come up with innovative and green financial products for agriculture, meanwhile, it also requires governmental support in terms of fiscal and tax policies, industrial policies, and financial policies. It will be essential to produce in-depth research on green development and green finance practices, so that empirical evidence can be generated to support policy formulation.

II. STRATEGY

MSMEs are crucial in achieving the Sustainable Development Goals (SDGs). In recognizing their importance, the United Nations General Assembly adopted resolution 71/279 in April 2017, which designated 27 June as “Micro-, Small and Medium-sized Enterprises Day”. The COVID-19 crisis and its containment measures do not impact everyone in the same way. Among the private sector, MSMEs, especially those led by women, youth, ethnic minorities and migrants, suffered the most. Formal and informal MSMEs make up over 90% of all firms and account, on average, for 70% of total employment and 50% of GDP. As such, they are key actors in achieving a green recovery.

Amid the COVID-19 pandemic, the government of China has rolled out a set of policies, including tax rebates to help MSMEs resume work and has provided support with financial policy tools in a flexible and precise manner⁴. Greater policy and fiscal support are required to cultivate a competitive MSMEs ecosystem. In order to promote high-quality and people-centred development, UNDP will provide integrated signature development solutions to understand and address multidimensional poverty, including interventions targeting groups at risk of sliding back into poverty and expanding poverty measures beyond monetary thresholds. This involves concretizing green development concepts and introducing green technologies into the Government’s rural revitalization campaign, while supporting the innovative development of rural MSMEs by improving their capacities, boosting business management, and accelerating digital transformation.

To implement this project, there are four work streams:

1. Streamlining the SDG-aligned investment for rural MSMEs, promoting the sustainable eco-system of SDG Impact finance for rural revitalization.
2. Linking the rural MSMEs with financial services through the digital industry service platform.
3. Capacity building for smallholder farmers, especially for women and young persons.
4. Fostering an enabling and supportive environment for rural MSMEs’ development.

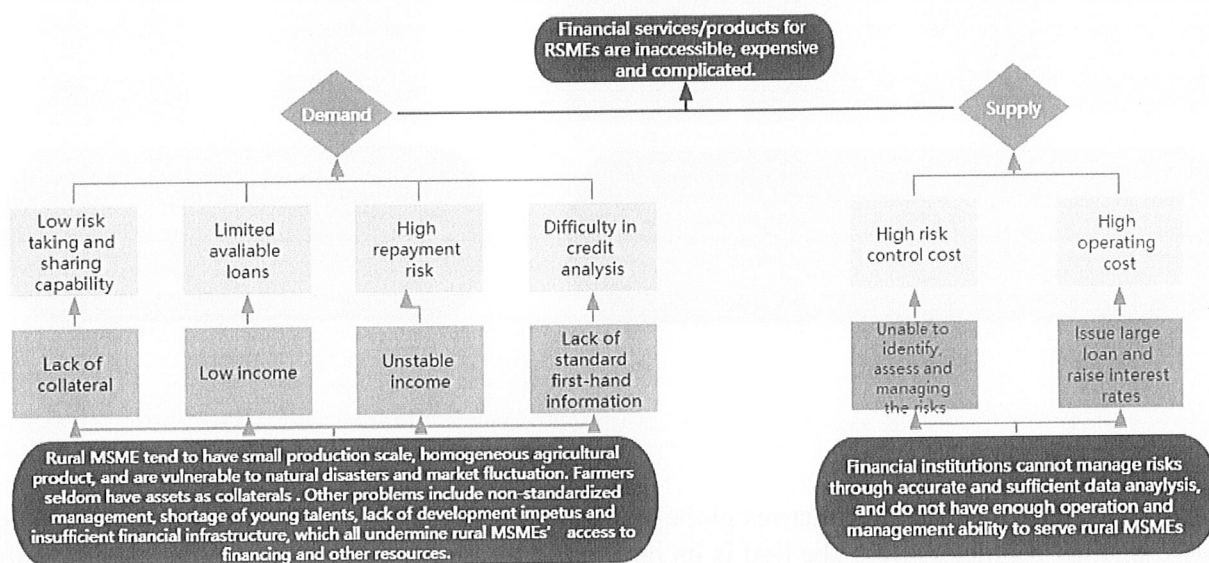
Completion of the above tasks will contribute directly to 11 goals of the 17 SDGs, including: Goal 1 No Poverty; Goal 2 Zero Hunger; Goal 4 Quality Education; Goal 5 Gender Equality; Goal 8 Decent Work and Economic Growth; Goal 9 Industry, Innovation, and Infrastructure; Goal 10 Reduced Inequality; Goal 11 Sustainable Cities and Communities; Goal 12 Responsible Consumption and Production; Goal 15 Life on Land; and Goal 17 Partnerships.

Challenge analysis and problem tree

As per the problems raised in the above challenges section, traditional financial institutions rely heavily on collateral as the main form of credit guarantee in rural areas which constitutes an irreconcilable contradiction with the farmers' lack of collateral status (refer to Figure 1 problem tree). As a result, bridging the gap between traditional financial institutions and rural farmers would require financial institutions to rectify their dependence on collateral, develop smallholder farmer-friendly financial products and services.

⁴ CGTN News: China to improve policy support for SMEs on 23rd Nov 2021, <https://news.cgtn.com/news/2021-11-23/China-to-improve-policy-support-for-SMEs-15pR2uor3kQ/index.html>

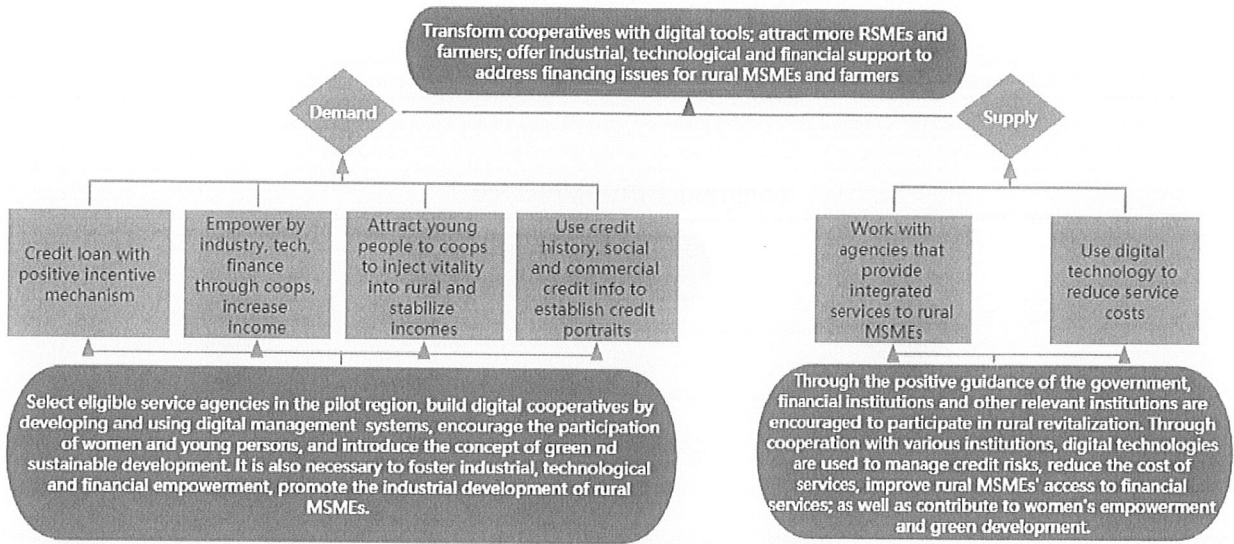
Diagram 1 Problem Tree



Intervention analysis and solution tree

The project aims to foster the digital transformation of rural MSMEs and enhance their capacity in terms of agricultural techniques, financial literacy, and management. Digitalisation would enable financial institutions to have sufficient credit information on rural customers and design tailored financial products and cost-effective management processes. By encouraging financial institutions to align their financing with the SDGs, the project will promote sustainable rural development through digitalisation, empowerment, and SDG impact financing tools (see the solution tree below).

Diagram 2 Solution Tree



Theory of Change:

Compared to other developing countries globally, China's poverty reduction and rural development has two distinct characteristics. The first is its rapid progress in digitalization, and the second is the “hollow village” phenomenon caused by internal migration. China's digital technologies and tools enable this Project to explore solutions to two problems that have been troubling international rural development: gender equality and green development or nature positive development. Digitalisation presents a major opportunity: women as caregivers in rural areas can be equipped with digital skills, agricultural skills and cooperate management skills, which will facilitate their economic empowerment. The inclusive and green finance services in this project will be designed to include women in the credit assessment process and prioritize women’s needs in services provision. The second problem is that rapid and excessive rural development always sacrifices the local environment. In the context of the climate crisis, rural development must adopt a nature positive and green approach. Through the application of digital technology, the Project can strengthen the environmental protection awareness of rural MSMEs and farmers through capacity building and positive incentives. Such incentives include loan application conditions, selections standards, and production process and supply chain control etc.

Based on the above strategies, this Project designs the corresponding output according to the Theory of Change (ToC), to achieve the expected outcomes and the possible influence, as shown in Diagram 3.

Diagram 3: Theory of Change Chart

Challenge	Strategy	Output	Activity	Outcome	Impact
Demand	Demand				
Rural MSME tend to have small production scale, homogeneous agricultural product, and are vulnerable to natural disasters and market fluctuation. Farmers seldom have assets as collaterals. Other problems include non-standardized management, shortage of young talents, lack of development impetus and insufficient financial infrastructure, which all undermine rural MSMEs' access to financing and other resources.	Select eligible service agencies in the pilot region, build digital cooperatives by developing and using management information systems, encourage the participation of women remained in rural areas and young migrant workers, and introduce the concept of green and sustainable development. It is also necessary to foster industrial, technological and financial empowerment, promote the industrial development of rural MSMEs	1 Streamlining the SDG aligned investment for RMSMEs, promoting the sustainable eco-system of SDG Impact finance for rural revitalization.	1.1 Regular project meetings with government departments and regulatory agencies; 1.2 Engage research institutions to carry out investigations and prepare research reports	Research report on financing status of RSMEs	Create a favorable policy environment in order to solve the financing problems of RSMEs
		2 Build a digital industry service platform that links rural MSMEs with financial services	2.1 Use management software to build digital cooperatives and serve rural industrial supply chains supply chain. 2.2 Setting up SDISC to serve rural MSMEs and farmers	Digital platforms for cooperatives, including SDISCs and management software systems	Innovative means developed through pilot projects are used to provide solutions to problems faced by rural finance
Supply	Supply				
Financial institutions cannot manage risks through accurate and sufficient data analysis, and do not have enough operation and management ability to serve rural MSMEs	Through the positive guidance of the government, financial institutions and other relevant institutions are encouraged to participate in rural revitalization. Through cooperation with various institutions, digital technologies are used to ease customers' credit risks, reduce the cost of serving customers, improve customers' digital financial literacy, and help women's development and green development.	3 Capacity building for women and young persons in project areas, advocating green and sustainable development	3.1 Develop training materials for women and youth in rural areas; 3.2 Build a team of professional trainers; 3.3 deliver online and offline training	Training materials and trainers for rural women and youth	Improve the survival and development capacity of rural women and youth to achieve common prosperity
		4 Publicity and promotion of project experience and model, fostering an enabling and supportive environment for rural MSMEs development	4.1 Series of forums, seminar and conference to publicize project achievements; 4.2 Develop multiple promotion materials (such as brochures, videos, and articles etc.)	The annual MSME Financing Summit. Seminars in pilot areas. Promotional videos and brochures of project achievements	More regions and countries adopt project results

III. RESULTS AND PARTNERSHIPS

Expected Results

In the Project, a digital service platform is going to be set up through the work of Sustainable Development Innovation Service Centre (SDISC), to enable financial institutions to offer effective support to rural MSMEs. SDISC is responsible in the areas such as facilitating the green transformation of the agriculture supply chain and exploring the establishment of "digital cooperatives" model with youth and women as the driving force of development in rural areas.

The technical path of this Project covers the following aspects: to develop the SDISC; to build digital agricultural supply chains; to promote the innovation and application of digital technology in the rural MSMEs' procurement, production and sales; to promote private sector participation in and support to the development of green agriculture transformation; to link the rural MSMEs with sustainable innovative financial services through digital tools; to establish positive incentive mechanisms attracting young people, especially women's active participation. To sum up, the project seeks to establish strategic cooperation with the private sector to support the green transformation of rural MSMEs based on inclusive financial support in rural China and to achieve the Sustainable Development Goals.

The expected outputs, outcomes, impacts and supporting activities of the Project are explained as follows:

Output 1: Streamlining SDG-aligned investment for rural MSMEs, promoting the sustainable eco-system of SDG Impact finance for rural revitalization: Regularly develop and release high quality reports on financing needs and gaps, strategic measures to enhance and enrich financial instruments to support rural MSMEs; Establish a long-term communication mechanism with government and regulatory agencies, advocating for a favourable policy environment.

Activity 1.1: Regular project meetings with government departments and regulatory agencies, and advocate for supportive policy environment.

Activity 1.2: Engage research institutions to carry out investigations and prepare research reports on financing rural MSMEs.

Output 2: Build a digital industry service platform that links rural MSMEs with financial services, including setting up the SDISC and adopting a management software system.

Activity 2.1: Use management software to build digital cooperatives and serve rural industrial supply chains: Adopt digital platforms that trace rural MSMEs' procurement, production and sales activities; Establish automatic integration, induction and analysis mechanism of digital data.

Activity 2.2: Setting up SDISC to serve rural MSMEs and farmers.

This activity included the processes of followings:

(1) The SDISC shall be established to support the digitalisation, industry upgrading and empowerment of rural MSMEs: the SDISC is established to help rural MSMEs in leading industries;

The SDISC shall, under the support of the Project, carry out capacity building activities in agricultural technology, e-commerce, financial literacy and business management etc. Young persons, especially women would be the main target groups. Digitalisation is the major instrument to increase competitiveness and economic revenue for rural MSMEs.

(2) SDISC links rural MSMEs with available financial institutions by providing required credit assessment information, which in turn enable the financial institutions to better design their products and services for rural MSMEs: the digital platform is updated iteratively according to the actual needs of rural MSMEs and financial institutions; the SDISC further integrates rural MSME's purchasing, production and sales activities into the digital supply chain platform; the SDISC collects and analyses the data in the digital supply chain and provides required credit assessment information for financial institutions (personal data and privacy will be highly protected during the process by law); One local government institution will function as the administrator to oversee the operation and compliance of the SDISC; the SDISC provides consultation services to the selected financial institutions in modelling risk management, product design and upgrade, procedure optimisation etc; the SDISC supports the marketisation of rural MSMEs: the establishment of a mechanism for young people to participate in digital cooperatives, who will serve as the linkage between rural MSMEs and broader markets.

(3) Mapping local green industries, creating purchase catalogues for high-end consumer in cities, establishing a trace-tracked food security evaluation system.

(4) Select pilot counties and their major industries to carry out the Project according to certain standards:

- Population density: Running the Project in under-populated counties will incur high project operation cost, and the return of project investment is low. Such counties are normally under-developed in terms of agricultural industrialization and have a relatively small demand for financial services).

- Industry development level: This can be measured by the proportion of the leading industry value in the county. If the proportion is large, it indicates that the industrial concentration is high and thus conducive to the formation of a supply chain).

- Return rate of the leading industry: the return rate of the leading industry can be estimated by the average local price in the past 3 years/retail price in the past three years; price in big cities could be considered as retail price).

- Local private lending rates: Rather than the rates for loans between relatives, but the actual rates in private lending can be used to evaluate the supply of existing local financial services. The higher the interest rate, the more attractive the interest-free or low-interest loans are, and the easier it is for the Project to design incentives mechanism.

- Support and capacity of the local government: The proportion of the number of executed civil lending cases in the total number of civil lending verdicts in a year is a strong indicator of the local justice system's efficiency.

Output 3: Capacity building for women and young persons in project areas, advocating green and sustainable development

Activity 3.1: Develop training materials for women and youth in rural areas: training courses should help them to acquire practical knowledge and improve their ability to acquire financial

support. Other training topics such as e-commerce, marketing, account and business management could be covered as well.

Activity 3.2: Build a team of professional trainers: Recruit and select teams of professional trainers in the area of inclusive finance, agricultural technology, e-commerce etc; Establish an online and offline training mechanism for women and young persons in project areas: these women and young persons are the active members of digital cooperatives in rural areas; Establish a volunteer mechanism for young persons in cities to participate in digital cooperatives.

Activity 3.3: Deliver online and offline training.

Output 4: Publicity and promotion of project experience and model, fostering an enabling and supportive environment for rural MSMEs development.

Activity 4.1: Series of forums, seminars or conferences to publicize project achievements: Annual summit of SDG financing for rural MSMEs on UN SMEs day (6.27): organize annual summit on SDG financing for MSMEs, where the financiers could showcase, discuss, collaborate and do business, and meet with government and private sector leaders, driving for the advancement of financing for MSMEs; Seminars will be held in the pilot counties every year.

Activity 4.2: Develop multiple promotion materials (such as brochures, videos, and articles etc.), exchange successful models and experiences to the international community through social media, platforms, and seminars.

Resources required to achieve the expected outcomes

To achieve the expected project outcomes, especially the implementation of supporting activities, it is necessary to invest human and financial resources and provide technical support.

The Project budget is 2 million USD, which is mainly used for project activity expenditures and technical support. At the same time, project stakeholder also need to devote adequate human resources to the Project. The same applies to other UNDP China, China International Center for Economic and Technical Exchanges (CICETE) and the private sectors that will need to assign staff time.

The Project end date will be on 31st Dec 2025, and project revision for extension will be applicable based on the evaluation of implementation progress and outcomes.

Partnerships

To integrate the resources of various partners and develop a coordination mechanism, this Project will establish a project Steering Committee to ensure that all parties are engaged in the substantial participation and joint decision-making of project management and implementation. Members of the Project Steering Committee include CICETE, UNDP China, and Duxiaoman Financial.

Duxiaoman Financial is the main funder of this Project and it visions itself as a booster to China's rural revitalization by providing innovative financial solutions. It offers Fintech solutions, consumer

finance, payment option, and online investment and insurance choices based on inclusive financial practice. The company announced Xiaoman Empowerment project in May 2020 to provide interest-free loans to MSMEs in rural areas. By doing so, Duxiaoman aims to support the sustainable development and transformation of rural economies, which eventually benefit the communities and individuals.

To further achieve the goal of sustainable development and leave no one behind, UNDP has been leveraging public and private financing. Duxiaoman is a private partner with huge potential and share the same vision with UNDP in terms of supporting the sustainable and green transformation of rural MSMEs by providing capacity building and affordable financial services.

In addition to the above-mentioned stakeholders, partnerships for the smooth implementation of the Project include:

The People's Bank of China (PBC): The PBC is the monetary policymaker and one of the major influencers on the development of the financial industry. As an institution that has been focusing on and supporting financial inclusion for many years, the PBC has played an essential role in promoting policymaking in financial inclusion. This Project hopes to establish a good communication mechanism with the PBC, and timely obtain the policy suggestions, guidance, and support of the PBC for the Project in Output 1 and Output 4.

The China Banking and Insurance Regulatory Commission (CBIRC): The CBIRC is the banking and insurance regulator. Through the assessment of the financial inclusion index, CBIRC has played a significant role in promoting financial inclusion. This Project hopes to establish a good communication mechanism with CBIRC, and timely obtain policy suggestions, guidance and support from CBIRC in Output 1 and Output 4.

The Ministry of Agriculture and Rural Affairs (MARA): The MARA is the main authority for rural development, especially the development of agriculture. Promoting the development of cooperatives with sound systems is one of the tasks of the MARA. This Project aims to establish a good communication mechanism with the MARA, and obtain policy suggestions, guidance and support from the MARA in exploring agricultural industrial technology, agricultural digital supply chain and cooperatives in Outputs 1 and 4, and other Outputs.

The National Administration of Rural Revitalization (NARR): The NARR is the principal agency for the rural revitalization strategy. As a department derived from poverty alleviation work, it has experience in financial inclusion and industrial poverty alleviation. This Project hopes to establish a good communication and cooperation mechanism with the NARR, and get policy suggestions, guidance and support from them in exploring agricultural industry development in Outputs 1 and 4 and other Outputs.

Regional financial offices: as the main regulatory body of local governments in the field of financial inclusion, local financial offices can provide specific policy guidance and support for this Project. This Project should establish a good communication and cooperation mechanism with the selected project regions and the regional financial offices, and closely work with them in the exploration of financial inclusion in Outputs 1 and 4, as well as other Outputs. In supporting the development of the agricultural industry, this Project needs industrial breeding data, thus it is of great significance to obtain the required data within legal framework. Thus, the guidance and support from the regional

financial office and the local government is necessary. In specific implementation areas, financial offices are important project promotion partners.

Rural financial institutions: formal financial institutions are active in rural areas, especially banks with numerous branches, such as rural commercial banks, Postal Savings Bank, village and township banks and some urban commercial banks. This Project is to promote rural industry development, and the sustainability depends on whether this Project can attract the participation of local formal financial institutions. Through empowering these institutions, we enable them to offer more effective service to rural MSMEs and thus fundamentally change the status quo of insufficient sustainable rural financial services.

Other rural institutions: agricultural technology stations involved in this Project, rural grassroots organizations, and other civil society organizations, which can play an important role in the implementation of this Project. The specific mode of cooperation shall be formulated according to the actual situation of the project area.

Risks and Assumptions

The risks of the Project arise from many aspects. The first is the selection of pilot regions. The Project has several critical assessment criteria, such as the development plan and policy of local government, the industrial basis, the capacity of existing cooperatives, and the willingness of youth participation. These selection process needs to be based on credible data. An oral commitment of local government is far from enough. Second, if there are too many pilot areas, the resources and human capital could not be guaranteed, which would affect the quality of project. In addition, without proper capacity building process, youth should not be urged as the leaders of the Project, because social skills and experiences are required to deal with complicated local social environment. With enhanced capacity and growing experience, they could gradually play the leading role in the late stage of the project.

In this regard, the following prevention and intervention measures can be taken. First, the Project should draw experience and learn lessons from previous poverty alleviation practices and make discreet choice on pilot regions. We could also select from existing areas supported by UNDP and CICETE. Second, in the early stage, resources should be concentrated in a small number of regions that already have some good industrial basis. Based on the financial needs of such industries, the Project should seek to optimize the standards of agricultural related procurement and production, and then provide targeted financial services. Third, a project implementation team should be established, leading by youth and middle-aged talents. Youth could gradually take the leadership role during the implementation.

The results of the Project also depend on the following assumptions. First, the private sector, relevant government departments, and academic research institutions are involved in project implementation. Second, the long-term operating funds of SDISC are guaranteed. In the implementation process, insufficient participation of the private sector or academic research institutions may affect the effectiveness of project implementation, including the sustainable development of SDISC.

Sustainable financial services are the core in initiating the Project. It is necessary to reduce the service cost and loan risk, improve service access, enhance consumer experience, and strengthen financial institutions' sustainability in serving rural MSMEs. Such a strategy is based on the following assumptions. First, the data resources of the agricultural supply chain are effectively utilized. Second,

external risks related to digital technological innovation have been effectively managed in accordance with relevant regulations. Third, the problem of information security has been effectively solved.

The following prevention mechanisms can be adopted. First, professional, and skilled personnel need to be hired for the operation and development of SDISC, so that the center can meet the demands of financial institutions and enterprises. Second, the Project should establish stable long-term cooperation with universities and other academic research institutions and rely on university resources to promote theoretical research and fundamental work. Third, the Project should strengthen communication and mutually beneficial cooperation with local governments and obtain support from local governments when organizing forums, building capacities, and promoting models and experiences. The CICETE and the UNDP in China are two significant coordinators of the Project.

Further, as the use of digital finance grows, it becomes increasingly important to ensure the protection of personal information. China has formulated several laws on personal data protection, among which the *Cybersecurity Law of the People's Republic of China* became effective on June 1, 2017, the *Data Security Law of the People's Republic of China* on September 1, 2021, and the *Personal Information Protection Law of the People's Republic of China* on November 1, 2021. Therefore, while efforts must be made to promote the development of rural digital financial inclusion and the revitalization of rural industries, it is equally important to collect and use any credit information collected properly and lawfully.

Stakeholder Engagement

Stakeholders of the Project mainly include various agricultural production organizations, youth organizations, financial institutions, government departments and industrial organizations, as well as vulnerable groups and the public served by the Project. Specific ways of stakeholder participation include:

Government departments and industry associations: the Project provides policy suggestions on exploring digital agricultural supply chain and digital cooperatives to government departments and industry associations through research and seminars. It will provide fundamental evidence for government to make overall decisions and industry associations to carry out activities.

Financial institutions: The Project builds a digital agricultural supply chain, helps financial institutions obtain more transaction data through the platform, and develop more accurate financial products, so as to direct investments to support the realization of the sustainable development of rural MSMEs. The Project is a step further of process transformation of financial institutions through digitization.

Agricultural production organizations: through sustainable development and digital technology capacity building for agricultural production cooperatives and family farms, the Project aims at enhancing their ability to adapt to digital market competition. The Project also provides solutions to agricultural production organizations that meet current development needs.

Youth organizations: The Project, through digital empowerment for and organization of left-behind young women and youth migrant workers, provides a platform for the young to participate in the

development of their hometowns, or even return to their hometown to start their businesses. Step by step, young people become the leaders of rural area development.

Disadvantaged groups of digital cooperatives and the general public: The Project, through high-quality development of agriculture and enhanced market competitiveness, promotes rural employment, improves the possibility of the disadvantaged groups to participate in the economic growth. The Project will, through committed private sector players and their corporate social responsibility initiatives, create incentives to channel financial resources to young people, especially women, who are capable and open-minded.

Knowledge

The project will generate a high quality report on scoping existing financing landscape in support of rural MSMEs and exploring the strategic measures to enhance and enrich the financial instruments for the support of rural MSMEs in aligning with SDGs. The project also explores a practice model based on digital supply chain and service innovation. Furthermore, the project will develop and upgrade series of training materials for rural MSMEs. All the good practice and experience will be well summarized and shared in relevant forums, seminars, and conference. The annual summit for rural MSMEs will be the main stage for knowledge sharing.

IV. PROJECT MANAGEMENT

The Project Steering Committee (PSC) is the highest decision-making body of the Project. Its functions and essential tasks are as follows: 1) to understand relevant policies and steer the development direction and to make decisions on all major issues related to the Project; 2) to supervise and guide the work of the implementing agency, research and solve the problems encountered; 3) to ensure that all members of the Committee have the right to know the project implementation and operation; 4) to reasonably determine the frequency and method of the Project Steering Committee meeting based on the scale and complexity of the Project (at least one meeting a year). In case of important events or major adjustments to the Project, the Committee can be held at any time; 5) to properly schedule the meeting in advance to ensure that all authorized representatives of member institutions can attend the meeting; 6) host of the meeting should be personnel from CICETE or UNDP China; 7) ensure that reports and materials submitted to the meeting for deliberation must be delivered to all parties one week in advance. Resolutions and minutes of the meeting must be promptly distributed to all parties for confirmation and be appropriately archived.

The Project Management Office (PMO), as the core implementation team of the Project, is temporarily located at CICETE and employs internal and external technical experts to form a technical support network. The PSC is collectively responsible to find a long-term suitable PMO for the Project. Once the long-term PMO is confirmed, the PSC meeting should be held to change the temporary PMO to the designated long-term PMO. The steering committee appoints the Director and staff of the PMO, who are responsible for overall project implementation and quality management.

V. RESULTS FRAMEWORK

<p>Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework:</p> <p>CPD Outcome 1: Relative poverty and multi-dimensional poverty are reduced, and more coordinated development leads to reduction in gaps between rural and urban areas and among regions, as more people in China, including left-behind groups, benefit from sustainable, innovation-driven and shared high-quality economic development, with enhanced access to economic opportunities arising through innovation, entrepreneurship and rural revitalization, enjoying decent work, sustainable livelihoods, and the right to development equally for both women and men.</p>
<p>Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets:</p> <p>1.1.2 The amount of public and private sector investment newly mobilized and (or) leveraged to provide better diversified opportunities and services to the elderly, women and youth and to contribute to the achievement of the Sustainable Development Goals with the support of UN</p> <p>1.1.3 Number of newly registered rural enterprises and cooperatives with the support of UN-funded projects</p> <p>1.1.4 Number of farmers (by gender) newly trained and applying new learning skills into practice with the support of UN</p> <p>1.1.5 Number of tested gender-inclusive models, implemented in modern family agriculture, nutrition-oriented agricultural development, inclusive food value chain development, and the means of small funding with the support of UN</p>
<p>Applicable Output(s) from the UNDP Strategic Plan:</p> <p>OUTCOME 2 No-one left behind, centring on equitable access to opportunities and a rights-based approach to human agency and human development</p>
<p>Project title and Atlas Project Number: Award: 00113214 Output: 00128857</p>

EXPECTED OUTPUTS	OUTPUT INDICATORS ⁵	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)					DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3	Year 4	FINAL	
Output 1: Streamlining the SDG aligned investment for rural MSMEs, promoting the sustainable eco-system of SDG Impact finance for rural revitalization	1.1 Regular project meetings with government departments and regulatory agencies, and advocate for supportive policy environment	PMO documents, minutes of meetings	0	2022	1	1	1	2	5	Annual report, periodic technical report
	1.2 Engage research institutions to carry out investigations and prepare research reports on financing rural MSMEs.	PMO documents, annual research report	0	2022	1	1	1	2	5	Annual research report, periodic technical report
	2.1 Use management software to build digital cooperatives and serve rural industrial supply chains.	PMO documents, Management Software System	0	2022	1				1	PMO documents, Management Software System
Output 2: Build a digital industry service platform that links rural MSMEs with financial services	2.2 Setting up SDISC to serve rural MSMEs and farmers.	PMO documents, SDISC documents	0	2022	3	3	3	6	15	PMO documents, SDISC documents
	3.1 Develop training materials for women and youth in rural areas	PMO documents	0	2022	1				1	PMO documents, periodic technical report
Output 3: Capacity building for women and young persons in project areas, advocating green and sustainable development	3.2 Number of trainers providing training for rural women and youth	PMO documents, list of trainers	0	2022	10	10	10	20	50	PMO documents, list of trainers
	3.3 Provide regular and irregular online and offline training for targeted groups in pilot counties	PMO documents, training reports	0	2022	0	30	30	60	150	PMO documents, training reports

⁵ It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or

Output 4: Publicity and promotion of project experience and model, fostering an enabling and supportive environment for rural MSMEs development	4.1 Annual summit of SDG financing for rural MSMEs on UN SMEs day (6.27)	PMO documents, meeting summary	0	2022	1	1	1	1	2	5	PMO documents, meeting summary
	4.2 Produce promotional videos, with a focus on female beneficiaries, and publicize project results.	PMO documents, minutes of meetings	0	2022	1	1	1	1	2	5	PMO documents, minutes of meetings

for other targeted groups where relevant.

VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans: [Note: monitoring and evaluation plans should be adapted to project context, as needed]

Monitoring Plan

Monitoring Activity	Goal(s)	Frequency	Expected Action	Partners (if any)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the Project in achieving the agreed outputs.	At least once a year, or in the frequency required for each indicator.	If the progress is postponed, the PSC will strive to resolve it.	PMO, project county government departments, technical consultants	
Monitor and Manage Risk	Identify specific risks that may threaten the achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	At least once a year	If the PSC identifies risks, actions should be taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	PMO, project county government departments, technical consultants	
Learn	Knowledge, good practices and lessons will be collected regularly; borrow experiences and learn lessons from other projects and partners integrate them in the Project.	At least once a year	Relevant lessons are collected by the project team and used to inform management decisions.	PMO, project county government departments, technical consultants	
Annual Project Quality Assurance	The quality of the Project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision-making to improve the Project.	Every two years	The PSC will review areas of strength and weakness and used to inform decision-making to improve project performance.	PMO, project county government departments, technical consultants	

Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least once a year	The PSC will discuss performance data, risks, lessons, and quality and used to make course corrections.	PMO, project county government departments, technical consultants	
Project Review (PSC)	The Project's governance mechanism (i.e., the Project Steering Committee, PSC) will hold regular project reviews to assess the Project performance and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the Project. In the final year of the Project, the PSC shall hold an end-of-project review to draw lessons learned and discuss opportunities for scaling up and to promote project results and lessons learned with relevant audiences.	At least once a year	The PSC should discuss any quality concerns or progress slower than expected, and then management actions will be issued to address the problems identified.	PMO, project county government departments, technical consultants	

Evaluation Plan

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Mid-Term Evaluation	UNDP, CICETE	Structural transformation, particularly green, inclusive and digital transitions	CPD Output 1, 3	Jun, 2024	PMO, Local Government in Project Areas, UNDP, CICETE	5,000
Final Evaluation	UNDP, CICETE	Structural transformation, particularly green, inclusive and digital transitions	CPD Output 1, 3	December, 2025	PMO, Local Government in Project Areas, UNDP, CICETE	10,000

VII. MULTI-YEAR WORK PLAN ⁶⁷

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	PLANNED BUDGET by Year				RESPONSIBLE PARTY	PLANNED BUDGET		
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount
Output 1: Streamlining the SDG aligned investment for RMSMEs, promoting the sustainable eco-system of SDG Impact finance for rural revitalization	Activity 1.1: Regular project meetings with government departments and regulatory agencies, and advocate for supportive policy environment	3,000	3,000	3,000	6,000	PMO	Du Xiaoman Fund	Expenses for participants, venue and other materials	15,000
	Activity 1.2: Engage research institutions to carry out investigations and prepare research reports on financing rural MSMEs.	30,000	30,000	30,000	60,000	PMO	Du Xiaoman Fund	Consultancy fee	150,000
	Sub-Total for Output 1	33,000	33,000	33,000	66,000				165,000
	Activity 2.1: Use management software to build digital cooperatives and serve rural industrial supply chains	60,000	10,000	10,000	20,000	PMO	Du Xiaoman Fund	Software development/management fee	100,000
Output 2: Build a digital industry service platform that links rural MSMEs with financial services	Activity 2.2: Setting up SDISC to serve rural MSMEs and farmers	200,000	132,000	120,000	240,000	PMO	Du Xiaoman Fund	Personnel, training and consultancy etc.	692,000
	Sub-Total for Output 2	260,000	142,000	130,000	260,000				792,000
Output 3: Capacity building for women and young persons in project areas,	Activity 3.1: training courses should help them to acquire practical knowledge and improve their ability to acquire financial support	10,000	3,000	3,000	6,000	PMO	Du Xiaoman Fund	Teaching material development fee	22,000

⁶ Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

⁷ Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

advocating green and sustainable development	Activity 3.2: Build a team of professional trainers	15,000	10,000	10,000	20,000	PMO	Du Xiaoman Fund	Project execution cost	55,000	
	Activity 3.3: deliver online and offline training.		15,000	15,000	15,000	PMO	Du Xiaoman Fund	Project execution cost	45,000	
	Sub-Total for Output 3	25,000	28,000	28,000	41,000				122,000	
	Activity 4.1: Series of forums, seminar and conference to publicize project achievements	65,000	65,000	65,000	130,000	PMO	Du Xiaoman Fund	Consultancy, venue, transport and other fees	325,000	
Output 4: Publicity and promotion of project experience and model, fostering an enabling and supportive environment for rural MSMEs development	Activity 4.2: Develop multiple promotion materials (such as brochures, videos, and articles etc.), exchange successful models and experiences to the international community through social media, platforms, and seminars	1,000	3,000	15,000	50,000	PMO	Du Xiaoman Fund	Sub-contracts	69,000	
	Sub-Total for Output 4	66,000	68,000	80,000	180,000				394,000	
	Overall Technical Support	expert team and technical advisor	Chief	100,000	22,000	22,000	PMO	Du Xiaoman Fund	Consultancy and trave etc	166,000
	Monitoring and Evaluation	audit, monitoring and evaluation		5,000	11,000	20,000	PMO	Du Xiaoman Fund	M&E	41,000
General Management Support (GMS)	CICETE	43,000	29,250	29,250	58,500	PMO	Du Xiaoman Fund	8%	160,000	
	UNDP	43,000	29,250	29,250	58,500	PMO	Du Xiaoman Fund	8%	160,000	
TOTAL		575,000	356,500	362,500	706,000			2,000,000		

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

Cooperation parties of the Project include the government coordinating agency, the national implementation partner, the implementing agency, and the UNDP Country Office. Their roles and responsibilities in project implementation and the governance and management arrangement of the project are explicitly prescribed in project document, and are listed as follows:

1. The Project Steering Committee

The Project Steering Committee, consisting of senior representatives of IPRCC, UNDP, CICETE and donors will oversee the work of the Project with overall guidance on the project implementation, coordinate inputs of related agencies, and communicate outputs to appropriate agencies. All members of the committee shall understand their responsibilities and conscientiously honor them accordingly. As the highest decision-making body of the project, the Project Steering Committee undertakes the following responsibilities:

- (1) To align with government policies and general direction of project, and to make decisions on all strategically important issues through discussion.
- (2) To oversee and provide guidance to the work of implementing agencies (RCRE and county-level PMOs), and to discuss and resolve challenges of project implementation.
- (3) To keep track of project implementation, and to ensure that all members are entitled to have full knowledge about the progress.
- (4) To decide the frequency (at least once a year) and means of committee meetings according to scale and complexity of project, and to convene meetings in case of important events or major adjustments.
- (5) To plan and arrange the meetings deliberately in advance so as to ensure all committee members are available.
- (6) To authorize CICETE or UNDP representatives to preside over the committee meeting.
- (7) To distribute reports and materials submitted for review to all parties at least a week in advance, to timely circulate resolutions and meeting minutes to all parties for confirmation, and to carefully archive meeting documents.

2. UNDP Country Office

UNDP and CICETE jointly ensure effective monitoring, review and evaluation of the project. In addition, UNDP China will work with CICETE to raise funding for the project from central and local governments, enterprises, CSOs and other national and international channels.

In terms of project implementation, UNDP China has the following responsibilities:

(1) To make available committed core resources, third-party cost-sharing and other trust funds in accordance with project documents in a timely manner.

(2) To provide necessary operational guidance, technical support and capacity building to NIM projects as required by the Government of China.

(3) To oversee and review progress of project implementation and financial management and to ensure that all related rules and that procedures are followed, and resources used effectively and properly.

(4) To participate in the monitoring and evaluation of projects to determine their impact and results, thereby facilitating effective communications and promotion.

(5) To arrange project audits, and to take necessary corrective actions together with CICETE based on audit findings; and

(6) To fulfill responsibilities as the responsible party as per Letter of Agreement signed with CICETE, when direct support is needed.

UNDP will also work to liaise with other international organizations to promote the promotion of the experience of this demonstration project globally, so that the project experience can be disseminated and discussed in other countries.

3. National Implementation Partner

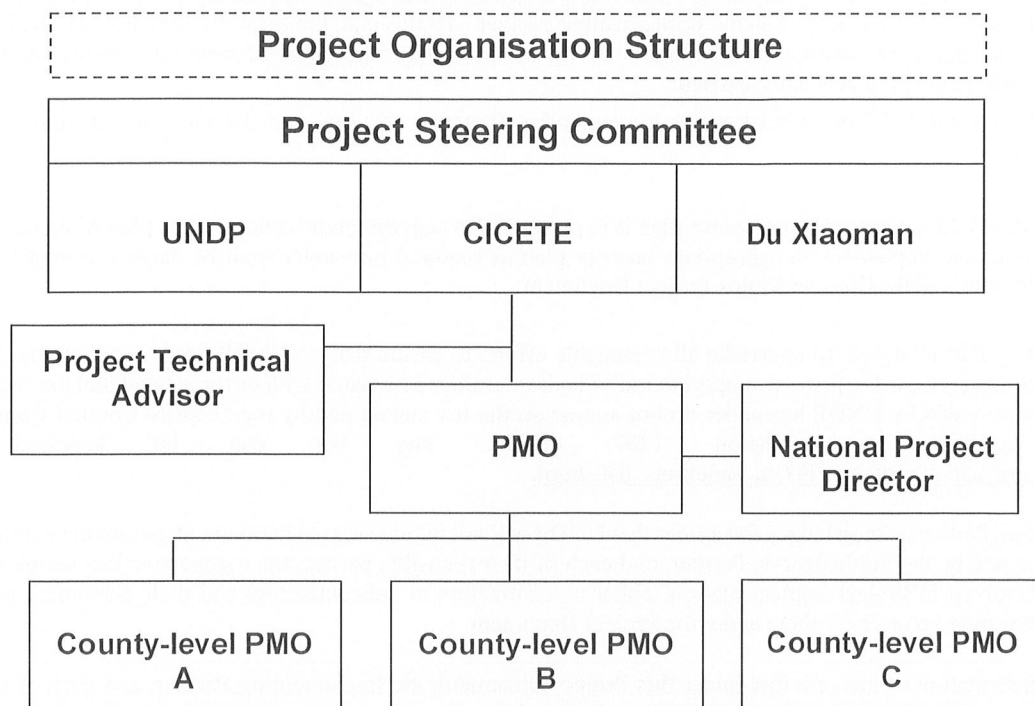
The China International Center for Economic and Technical Exchanges (CICETE), entrusted and designated by MOFCOM, is responsible for overall coordination and management of the Project. CICETE together with UNDP is responsible for setting up necessary monitoring and evaluation mechanisms, methodologies and conducting regular reviews and offer services and support to other partners and IPRCC through the project implementation process.

Generally, CICETE will act as Government coordinator (on behalf of MOFCOM) and Implementing Partner to sign the project document and be responsible for the following project management activities: (i) provide guidance and coordination for related foreign affairs approval to the Project (ii) effectively implement and manage the project based on workplans and ensure that goals and outcomes set in the project document are achieved; (iii) monitor the effective use of project funds and ensure timely delivery of project activities and outputs. (iv) strictly follow the financial management rules and regulations and use project funds in an efficient, transparent and responsible manner, and (v) share information and do the publication of the project results.

4. Project Management Office (PMO)

Project Management Office (PMO) will be responsible for managing and coordinating the implementation of all project activities, including: (i) preparation/updates of project work and budget plans, record keeping accounting and quarterly and annual progress reporting; (ii) drafting of terms of reference, technical specifications and other documents as necessary; (iii) identification, proposal of project consultants to be approved by the Project Steering Committee, coordination and supervision of consultants

and suppliers; (iv) prepare and organize the material and equipment procurement based on the RRF and work plan through tendering; (v) organization of duty travel, seminars, public outreach activities and other project events; (vi) maintaining working contacts with project partners at the central and local levels; and (vii) organize the exchange and cooperation activities.



IX. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of (country) and UNDP, signed on (date). All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner.”

This project will be implemented by [CICETE] (“Implementing Partner”) in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

X. RISK MANAGEMENT

Government Entity (NIM)

1. Consistent with the Article III of the SBAA *[for the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
 - a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
 - b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan.
2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document.
3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml.
4. The Implementing Partner acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the Implementing Partner, and each of its responsible parties, their respective sub-recipients and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.
 - (a) In the implementation of the activities under this Project Document, the Implementing Partner, and each of its sub-parties referred to above, shall comply with the standards of conduct set forth in the Secretary General's Bulletin ST/SGB/2003/13 of 9 October 2003, concerning "Special measures for protection from sexual exploitation and sexual abuse" ("SEA").
 - (b) Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, the Implementing Partner, and each of its sub-parties referred to above, shall not engage in any form of sexual harassment ("SH"). SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment.
5.
 - a) In the performance of the activities under this Project Document, the Implementing Partner shall (with respect to its own activities), and shall require from its sub-parties referred to in paragraph 4 (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, the Implementing Partner will and will require that such sub-parties will take all appropriate measures to:
 - i. Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA.
 - ii. Offer employees and associated personnel training on prevention and response to SH and SEA, where the Implementing Partner and its sub-parties referred to in paragraph 4 have not put in place its own training regarding the prevention of SH and SEA, the Implementing Partner and its sub-parties may use the training material available at UNDP.

- iii. Report and monitor allegations of SH and SEA of which the Implementing Partner and its sub-parties referred to in paragraph 4 have been informed or have otherwise become aware, and status thereof.
- iv. Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and
- v. Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. The Implementing Partner shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties referred to in paragraph 4 with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the Implementing Partner shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.

b) The Implementing Partner shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the Implementing Partner, and each of its sub-parties referred to in paragraph 4, to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.

6. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
7. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
8. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
9. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or using UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
10. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.
11. In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programmes in accordance with UNDP's regulations, rules, policies and procedures. The Implementing Partner shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with the Implementing Partner to find a solution.
12. The signatories to this Project Document will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head

of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

13. *Choose one of the three following options:*

Option 1: UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail the Implementing Partner's obligations under this Project Document.

Option 2: The Implementing Partner agrees that, where applicable, donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities which are the subject of this Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Option 3: UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement.

Where such funds have not been refunded to UNDP, the Implementing Partner agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

14. Each contract issued by the Implementing Partner in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.
15. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
16. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled "Risk Management Standard Clauses" are included, *mutatis mutandis*, in all sub-contracts or sub-agreements entered into further to this Project Document.

Special Clauses. In case of government cost-sharing through the project, the following clauses should be included:

1. The schedule of payments and UNDP bank account details.
2. The value of the payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by the UNDP of the payment, the value of the balance of funds still

held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the project may be reduced, suspended or terminated by UNDP.

3. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.

4. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.

5. All financial accounts and statements shall be expressed in United States dollars.

6. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to the government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavors to obtain the additional funds required.

7. If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph [] above is not forthcoming from the Government or other sources, the assistance to be provided to the project under this Agreement may be reduced, suspended or terminated by UNDP.

8. Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.

In accordance with the decisions and directives of UNDP's Executive Board:

The contribution shall be charged:

- (a) [8%] cost recovery for the provision of general management support (GMS) by UNDP headquarters and country offices
- (b) Direct cost for implementation support services (ISS) provided by UNDP and/or an executing entity/implementing partner.

9. Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

10. The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.”

XI. ANNEXES

Annex 1: Project Quality Assurance Report

PROJECT QA ASSESSMENT: DESIGN AND APPRAISAL

OVERALL PROJECT

EXEMPLARY (5) ●●●●●	HIGHLY SATISFACTORY (4) ●●●●○	SATISFACTORY (3) ●●●○○	NEEDS IMPROVEMENT (2) ●●○○○	INADEQUATE (1) ●○○○○
At least four criteria are rated Exemplary, and all criteria are rated High or Exemplary.	All criteria are rated Satisfactory or higher, and at least four criteria are rated High or Exemplary.	At least six criteria are rated Satisfactory or higher, and only one may be rated Needs Improvement. The Principled criterion must be rated Satisfactory or above.	At least three criteria are rated Satisfactory or higher, and only four criteria may be rated Needs Improvement.	One or more criteria are rated Inadequate, or five or more criteria are rated Needs Improvement.

DECISION

- **APPROVE** – the project is of sufficient quality to be approved in its current form. Any management actions must be addressed in a timely manner.
- **APPROVE WITH QUALIFICATIONS** – the project has issues that must be addressed before the project document can be approved. Any management actions must be addressed in a timely manner.
- **DISAPPROVE** – the project has significant issues that should prevent the project from being approved as drafted.

RATING CRITERIA

For all questions, select the option that best reflects the project

STRATEGIC

<p>1. Does the project specify how it will contribute to higher level change through linkage to the programme's Theory of Change?</p> <ul style="list-style-type: none"> • 3: The project is clearly linked to the programme's theory of change. It has an explicit change pathway that explains how the project will contribute to outcome level change and why the project's strategy will likely lead to this change. This analysis is backed by credible evidence of what works effectively in this context and includes assumptions and risks. • 2: The project is clearly linked to the programme's theory of change. It has a change pathway that explains how the project will contribute to outcome-level change and why the project strategy will likely lead to this change. • 1: The project document may describe in generic terms how the project will contribute to development results, without an explicit link to the programme's theory of change. <p><i>*Note: Projects not contributing to a programme must have a project-specific Theory of Change. See alternative question under the lightbulb for these cases.</i></p>	3√	2
	1	
	Evidence	
<p>Scoring based on: the strategy and objectives of the project are in line with China's national development strategy of "Rural Revitalization". The project design fully considers the history and current situation of China's rural Inclusive Finance, considers the reasons for the insufficient supply of funds for rural development by traditional financial institutions, and also pays attention to China's rapid development of digital finance. In order to achieve the project objectives, the project design accurately analyzes the development challenges, development prerequisites, strategic objectives, expected outputs and planned activities in China's Rural Revitalization. The project design also carries out risk assessment and designs the corresponding risk avoidance methods.</p>		
<p>2. Is the project aligned with the UNDP Strategic Plan?</p>	3√	2
	1	

<ul style="list-style-type: none"> • 3: The project responds to at least one of the development settings as specified in the Strategic Plan⁸ and adapts at least one Signature Solution⁹. The project's RRF includes all the relevant SP output indicators. (<i>all must be true</i>) • 2: The project responds to at least one of the development settings as specified in the Strategic Plan⁴. The project's RRF includes at least one SP output indicator, if relevant. (<i>both must be true</i>) • 1: The project responds to a partner's identified need, but this need falls outside of the UNDP Strategic Plan. Also select this option if none of the relevant SP indicators are included in the RRF. 	Evidence	
<p>Scoring based on: the project strengthens one of the three development dimensions: 1. Eliminate all forms of poverty and directly contribute to the dimension 2. Accelerate structural transformation to promote sustainable development. The project focuses on specific solutions 1. Eradicating poverty and integrating solutions 2. Strengthening governance, building peace, justice and inclusive societies and 6 promoting women's empowerment and gender equality.</p>		
3. Is the project linked to the programme outputs? (i.e., UNDAF Results Group Workplan/CPD, RPD or Strategic Plan IRRF for global projects/strategic interventions not part of a programme)	Yes √	No
<p>The project contributes to the following outputs of the United Nations Development Programme country programme document:</p> <p>Output 1.1: develop, finance and apply public and private solutions in selected regions to reduce Multidimensional Poverty, increase income and build coping capacity.</p> <p>Output 1.3: through the life cycle approach and adequate preparation for future work, the capacity of target sector institutions to accelerate the demographic transformation promoting gender equality is enhanced.</p> <p>Output 1.4: the urban poor in the target areas have access to inclusive social security mechanisms and services</p>		
RELEVANT		
<p>4. Does the project target groups left furthest behind?</p> <ul style="list-style-type: none"> • 3: The target groups are clearly specified, prioritising discriminated, and marginalized groups left furthest behind, identified through a rigorous process based on evidence. • 2: The target groups are clearly specified, prioritizing groups left furthest behind. • 1: The target groups are not clearly specified. <p><i>*Note: Management Action must be taken for a score of 1. Projects that build institutional capacity should still identify targeted groups to justify support</i></p>	3√	2
1		
Evidence		
<p>Scoring based on: the project is aimed at vulnerable groups in economically under-developed areas, namely farmers and rural small and micro enterprises. The project fully takes into account the traditional culture in these areas and their impact on gender equality. The project design will promote the economic status of women in the project area through new design of financial products, especially the inclusion of women in financial services. In addition, the project specially designs digital literacy empowerment activities and budgets for rural young women and young female migration workers, so as to support them to better participate in the economic development and to promote gender equality in the digital era.</p>		
<p>5. Have knowledge, good practices, and past lessons learned of UNDP and others informed the project design?</p> <ul style="list-style-type: none"> • 3: Knowledge and lessons learned backed by credible evidence from sources such as evaluation, corporate policies/strategies, and/or monitoring have been explicitly used, with appropriate referencing, to justify the approach used by the project. • 2: The project design mentions knowledge and lessons learned backed by evidence/sources but have not been used to justify the approach selected. • 1: There is little, or no mention of knowledge and lessons learned informing the project design. Any references made are anecdotal and not backed by evidence. <p><i>*Note: Management Action or strong management justification must be given for a score of 1</i></p>	3√	2
1		
Evidence		

⁸ The three development settings in UNDP's 2018-2021 Strategic Plan are: a) Eradicate poverty in all its forms and dimensions; b) Accelerate structural transformations for sustainable development; and c) Build resilience to shocks and crises

⁹ The six Signature Solutions of UNDP's 2018-2021 Strategic Plan are: a) Keeping people out of poverty; b) Strengthen effective, inclusive and accountable governance; c) Enhance national prevention and recovery capacities for resilient societies; d) Promote nature-based solutions for a sustainable planet; e) Close the energy gap; and f) Strengthen gender equality and the empowerment of women and girls.

<p>Scoring based on: the project design is based on the experiences and of long-term observation and exploration of China's rural development of the experts team, and based on investigation in Sichuan Yilong project supported by UNDP China and by CICETE all the year round. The project design team has a deep understanding of the knowledge and lessons learned from the Yilong project. Yilong experience has important reference value in project design.</p>							
<p>6. Does UNDP have a clear advantage to engage in the role envisioned by the project vis-à-vis national/regional/global partners and other actors?</p> <ul style="list-style-type: none"> • 3: An analysis has been conducted on the role of other partners in the area where the project intends to work, and credible evidence supports the proposed engagement of UNDP and partners through the project, including identification of potential funding partners. It is clear how results achieved by partners will complement the project's intended results and a communication strategy is in place to communicate results and raise visibility vis-à-vis key partners. Options for south-south and triangular cooperation have been considered, as appropriate. <i>(all must be true)</i> • 2: Some analysis has been conducted on the role of other partners in the area where the project intends to work, and relatively limited evidence supports the proposed engagement of and division of labour between UNDP and partners through the project, with unclear funding and communications strategies or plans. • 1: No clear analysis has been conducted on the role of other partners in the area that the project intends to work. There is risk that the project overlaps and/or does not coordinate with partners' interventions in this area. Options for south-south and triangular cooperation have not been considered, despite its potential relevance. <p><i>*Note: Management Action or strong management justification must be given for a score of 1</i></p>	<table border="1"> <tr> <td>3√</td> <td>2</td> </tr> <tr> <td colspan="2">1</td> </tr> <tr> <td colspan="2">Evidence</td> </tr> </table>	3√	2	1		Evidence	
3√	2						
1							
Evidence							
<p>Scoring based on: UNDP has many years of experience in poverty alleviation and supporting rural development in China, and its partner China International Economic Exchange Center has rich experience and knowledge in the field of inclusive finance and rural cooperatives. The experience gained by UNDP and CICETE through Sichuan and Hunan projects can provide important strategic direction reference and tactical optimization ideas for the project. The good communication between the United Nations Development Programme and China's new digital technology enterprises also enables the United Nations Development Programme to have excellent ability to coordinate digital technology to support rural development. Compared with other partners, UNDP / CICETE has obvious advantages in promoting "Rural Revitalization", and can play the role of guiding the direction and coordinating resources.</p>							
PRINCIPLED							
<p>7. Does the project apply a human rights-based approach?</p> <ul style="list-style-type: none"> • 3: The project is guided by human rights and incorporates the principles of accountability, meaningful participation, and non-discrimination in the project's strategy. The project upholds the relevant international and national laws and standards. Any potential adverse impacts on enjoyment of human rights were rigorously identified and assessed as relevant, with appropriate mitigation and management measures incorporated into project design and budget. <i>(all must be true)</i> • 2: The project is guided by human rights by prioritizing accountability, meaningful participation and non-discrimination. Potential adverse impacts on enjoyment of human rights were identified and assessed as relevant, and appropriate mitigation and management measures incorporated into the project design and budget. <i>(both must be true)</i> • 1: No evidence that the project is guided by human rights. Limited or no evidence that potential adverse impacts on enjoyment of human rights were considered. <p><i>*Note: Management action or strong management justification must be given for a score of 1</i></p>	<table border="1"> <tr> <td>3</td> <td>2√</td> </tr> <tr> <td colspan="2">1</td> </tr> <tr> <td colspan="2">Evidence</td> </tr> </table>	3	2√	1		Evidence	
3	2√						
1							
Evidence							
<p>Scoring based on: guided by the concept of human rights, the project integrates the principles of accountability, meaningful participation and nondiscrimination into the project strategy, pays attention to the empowerment of vulnerable groups such as rural women, returning or migrant youth, and promotes the realization of their rights. The project strictly obeys Chinese laws, the project operation requirements of the United Nations Development Programme and the China International Economic Exchange Center, and takes measures according to the code of conduct to avoid any violation and discrimination in the project, and any human rights violations will be will not be tolerated.</p>							

<p>8. Does the project use gender analysis in the project design?</p> <ul style="list-style-type: none"> 3: A participatory gender analysis has been conducted and results from this gender analysis inform the development challenge, strategy and expected results sections of the project document. Outputs and indicators of the results framework include explicit references to gender equality, and specific indicators measure and monitor results to ensure women are fully benefitting from the project. <i>(all must be true)</i> 2: A basic gender analysis has been carried out and results from this analysis are scattered (i.e., fragmented and not consistent) across the development challenge and strategy sections of the project document. The results framework may include some gender sensitive outputs and/or activities but gender inequalities are not consistently integrated across each output. <i>(all must be true)</i> 1: The project design may or may not mention information and/or data on the differential impact of the project's development situation on gender relations, women and men, but the gender inequalities have not been clearly identified and reflected in the project document. <p>*Note: Management Action or strong management justification must be given for a score of 1</p>	3√	2
1		
Evidence		
<p>Scoring based on: the project design makes full use of gender analysis. In the field research, it also identify the disadvantage of women in financial behaviors such as in loan application. The project design is to improve the financial services in the fields of products, in processes and risk management, so that women can fully benefit from the project. In addition, according to experiences and lessons learned in China's rural financial development, strengthening the position of women in rural inclusive finance can support financial institutions reduce risks and achieve sustainable goals.</p>		
<p>9. Did the project support the resilience and sustainability of societies and/or ecosystems?</p> <ul style="list-style-type: none"> 3: Credible evidence that the project addresses sustainability and resilience dimensions of development challenges, which are integrated in the project strategy and design. The project reflects the interconnections between the social, economic and environmental dimensions of sustainable development. Relevant shocks, hazards and adverse social and environmental impacts have been identified and rigorously assessed with appropriate management and mitigation measures incorporated into project design and budget. <i>(all must be true)</i>. 2: The project design integrates sustainability and resilience dimensions of development challenges. Relevant shocks, hazards and adverse social and environmental impacts have been identified and assessed, and relevant management and mitigation measures incorporated into project design and budget. <i>(both must be true)</i> 1: Sustainability and resilience dimensions and impacts were not adequately considered. <p>*Note: Management action or strong management justification must be given for a score of 1</p>	3√	2
1		
Evidence		
<p>Scoring based on: the design of the project emphasizes the impact of digital supply chain on agricultural production. Through the market mechanism, the concept of environmental protection, carbon reduction and green agriculture is reflected in procurement, production and sales, so as to promote the resilience and sustainability of the ecosystem. In addition, the project designs an incentive mechanism to enable the beneficiaries of Inclusive Finance to support others and achieve common prosperity, so as to support the re-build of cultural ecology in the rural areas, and promote the resilience and sustainability of rural social system.</p>		
<p>10. Has the Social and Environmental Screening Procedure (SESP) been conducted to identify potential social and environmental impacts and risks? The SESP is not required for projects in which UNDP is Administrative Agent only and/or projects comprised solely of reports, coordination of events, trainings, workshops, meetings, conferences and/or communication materials and information dissemination. [if yes, upload the completed checklist. If SESP is not required, provide the reason for the exemption in the evidence section.]</p>	Yes √	No
SESP Not Required		
<p>Scoring based on: the project is aimed at vulnerable groups in economically under-developed areas, namely farmers and rural small and micro enterprises. Compared with industrial enterprises, rural small and micro enterprises and farmers engaged in small agriculture have less negative impact and risk on society and environment. The social and environmental screening and evaluation conclusion put it as a low-risk project.</p>		
MANAGEMENT & MONITORING		
<p style="text-align: right;">3√ 2</p>		

<p>11. Does the project have a strong results framework?</p> <ul style="list-style-type: none"> • 3: The project’s selection of outputs and activities are at an appropriate level. Outputs are accompanied by SMART, results-oriented indicators that measure the key expected development changes, each with credible data sources and populated baselines and targets, including gender sensitive, target group focused, sex-disaggregated indicators where appropriate. <i>(all must be true)</i> • 2: The project’s selection of outputs and activities are at an appropriate level. Outputs are accompanied by SMART, results-oriented indicators, but baselines, targets and data sources may not yet be fully specified. Some use of target group focused, sex-disaggregated indicators, as appropriate. <i>(all must be true)</i> • 1: The project’s selection of outputs and activities are not at an appropriate level; outputs are not accompanied by SMART, results-oriented indicators that measure the expected change and have not been populated with baselines and targets; data sources are not specified, and/or no gender sensitive, sex-disaggregation of indicators. <i>(if any is true)</i> <p><i>*Note: Management Action or strong management justification must be given for a score of 1</i></p>	1	
<p>Scoring based on: the project has a clear results framework. Through the digital supply chain, the limited inclusive financial resources are directed to farmers, rural cooperatives (purchase, production and sales), family farms and rural small and micro enterprises. The following indicators enable the project to accurately measure the quality and progress of the project: number of loan beneficiary households (including women), average loan amount, number of beneficiaries of enabling training (including women), etc.</p>	Evidence	
<p>12. Is the project’s governance mechanism clearly defined in the project document, including composition of the project board?</p> <ul style="list-style-type: none"> • 3: The project’s governance mechanism is fully defined. Individuals have been specified for each position in the governance mechanism (especially all members of the project board.) Project Board members have agreed on their roles and responsibilities as specified in the terms of reference. The ToR of the project board has been attached to the project document. <i>(all must be true)</i>. • 2: The project’s governance mechanism is defined; specific institutions are noted as holding key governance roles, but individuals may not have been specified yet. The project document lists the most important responsibilities of the project board, project director/manager and quality assurance roles. <i>(all must be true)</i> • 1: The project’s governance mechanism is loosely defined in the project document, only mentioning key roles that will need to be filled at a later date. No information on the responsibilities of key positions in the governance mechanism is provided. <p><i>*Note: Management Action or strong management justification must be given for a score of 1</i></p>	3√	2
<p>Scoring based on: the project document clearly sets the management mechanism of the project, led by the UNDP and CICETE, and defines the works and responsibilities. The roles and responsibilities of each position are specified in the project management framework and the terms of reference of the project organs and key management positions.</p>	1	
<p>13. Have the project risks been identified with clear plans stated to manage and mitigate each risk?</p> <ul style="list-style-type: none"> • 3: Project risks related to the achievement of results are fully described in the project risk log, based on comprehensive analysis drawing on the programme’s theory of change, Social and Environmental Standards and screening, situation analysis, capacity assessments and other analysis such as funding potential and reputational risk. Risks have been identified through a consultative process with key internal and external stakeholders. Clear and complete plan in place to manage and mitigate each risk, reflected in project budgeting and monitoring plans. <i>(both must be true)</i> • 2: Project risks related to the achievement of results are identified in the initial project risk log based on a minimum level of analysis and consultation, with mitigation measures identified for each risk. • 1: Some risks may be identified in the initial project risk log, but no evidence of consultation or analysis and no clear risk mitigation measures identified. This option is also selected if risks are not clearly identified and/or no initial risk log is included with the project document. <p><i>*Note: Management Action must be taken for a score of 1</i></p>	3√	2
	1	
	Evidence	

<p>Scoring based on: the risk of the project comes from the possible wrong selection of pilot areas. The waste of resources and time caused by selecting too many pilot areas in the beginning, and the lack of empowerment may endanger the participation enthusiasm of young people and with it the long-term development of the project. Following preventive and intervention measures are taken: 1. summarize the experience and lessons learned in poverty alleviation in the past, careful selection of pilot areas to reduce the risk caused by wrong area selection. 2. in the early stage, resources will be concentrated in a few areas with a good agricultural industrial development level. 3. establish a project implementation team with youth and middle-aged persons, and gradually hand over the leading role of the work to young people.</p>		
EFFICIENT		
<p>14. Have specific measures for ensuring cost-efficient use of resources been explicitly mentioned as part of the project design? This can include, for example: i) using the theory of change analysis to explore different options of achieving the maximum results with the resources available; ii) using a portfolio management approach to improve cost effectiveness through synergies with other interventions; iii) through joint operations (e.g., monitoring or procurement) with other partners; iv) sharing resources or coordinating delivery with other projects, v) using innovative approaches and technologies to reduce the cost of service delivery or other types of interventions.</p> <p><i>(Note: Evidence of at least one measure must be provided to answer yes for this question)</i></p>	Yes (3) √	No (1)
<p>Scoring based on: the project uses the change theory to explore how to use the existing resources in the selected project area to achieve the outcomes of project design and avoid repeating work and waste of resources. The specific measures are to select the pilot project area from the past projects under certain conditions, especially the projects implemented by the UNDP. The project funds are mainly used to build a project implementation mechanism for sustainable development in the field, so as to ensure that the project can continue to serve the vulnerable groups in the project area after the end of the project period, so as to maximize the project outcomes and achieve sustainable development.</p>		
<p>15. Is the budget justified and supported with valid estimates?</p> <ul style="list-style-type: none"> • 3: The project's budget is at the activity level with funding sources, and is specified for the duration of the project period in a multi-year budget. Realistic resource mobilisation plans are in place to fill unfunded components. Costs are supported with valid estimates using benchmarks from similar projects or activities. Cost implications from inflation and foreign exchange exposure have been estimated and incorporated in the budget. Adequate costs for monitoring, evaluation, communications and security have been incorporated. • 2: The project's budget is at the activity level with funding sources, when possible, and is specified for the duration of the project in a multi-year budget, but no funding plan is in place. Costs are supported with valid estimates based on prevailing rates. • 1: The project's budget is not specified at the activity level, and/or may not be captured in a multi-year budget. 	3√	2
	1	
	Evidence	
<p>16. Is the Country Office/Regional Hub/Global Project fully recovering the costs involved with project implementation?</p> <ul style="list-style-type: none"> • 3: The budget fully covers all project costs that are attributable to the project, including programme management and development effectiveness services related to strategic country programme planning, quality assurance, pipeline development, policy advocacy services, finance, procurement, human resources, administration, issuance of contracts, security, travel, assets, general services, information and communications based on full costing in accordance with prevailing UNDP policies (i.e., UPL, LPL.) • 2: The budget covers significant project costs that are attributable to the project based on prevailing UNDP policies (i.e., UPL, LPL) as relevant. • 1: The budget does not adequately cover project costs that are attributable to the project, and UNDP is cross-subsidizing the project. 	3√	2
	1	
	Evidence	

*Note: Management Action must be given for a score of 1. The budget must be revised to fully reflect the costs of implementation before the project commences.		
Scoring based on: the project budget fully covers all activities under the project and the management expenses of the project implementation organs.		
EFFECTIVE		
17. Have targeted groups been engaged in the design of the project? <ul style="list-style-type: none"> 3: Credible evidence that all targeted groups, prioritising discriminated and marginalized populations that will be involved in or affected by the project, have been actively engaged in the design of the project. The project has an explicit strategy to identify, engage and ensure the meaningful participation of target groups as stakeholders throughout the project, including through monitoring and decision-making (e.g., representation on the project board, inclusion in samples for evaluations, etc.) 2: Some evidence that key targeted groups have been consulted in the design of the project. 1: No evidence of engagement with targeted groups during project design. 	3√	2
	1	
	Evidence	
Scoring based on: through field interviews, the project design collected data from more than 60 customers of project partners in Fengdu and Fulin in Chongqing, and communicated with most of them. In addition, through the communication with Sichuan Yilong rural cooperatives and Yilong Fumin center, the expert team had discussions with the target groups directly or indirectly, and the information fed back by these institutions were used in the design of the project.		
18. Does the project plan for adaptation and course correction if regular monitoring activities, evaluation, and lesson learned demonstrate there are better approaches to achieve the intended results and/or circumstances change during implementation?	Yes (3)	No (1) √
Scoring based on: the design of the project is clear and simple, it has an obvious monitoring index system that reveals the operation quality of the project, and can intervene and even correct in the implementation process according to necessity.		
19. The gender marker for all project outputs are scored at GEN2 or GEN3, indicating that gender has been fully mainstreamed into all project outputs at a minimum. *Note: Management Action or strong management justification must be given for a score of "no"	Yes (3) √	No (1)
	Evidence	
Scoring based on: gender measurement markers of all outputs are Gen2 or gen3.		
SUSTAINABILITY & NATIONAL OWNERSHIP		
20. Have national/regional/global partners led, or proactively engaged in, the design of the project? <ul style="list-style-type: none"> 3: National partners (or regional/global partners for regional and global projects) have full ownership of the project and led the process of the development of the project jointly with UNDP. 2: The project has been developed by UNDP in close consultation with national/regional/global partners. 1: The project has been developed by UNDP with limited or no engagement with national partners. 	3√	2
	1	
	Evidence	
Scoring based on: China International Center for Economic and Technical Exchanges (CICETE), the Chinese partner of the United Nations Development Programme, has full autonomy and jointly led the project formulation process with the United Nations Development Programme.		
	3√	2
	1	

<p>21. Are key institutions and systems identified, and is there a strategy for strengthening specific/ comprehensive capacities based on capacity assessments conducted?</p> <ul style="list-style-type: none"> • 3: The project has a strategy for strengthening specific capacities of national institutions and/or actors based on a completed capacity assessment. This strategy includes an approach to regularly monitor national capacities using clear indicators and rigorous methods of data collection, and adjust the strategy to strengthen national capacities accordingly. • 2: A capacity assessment has been completed. There are plans to develop a strategy to strengthen specific capacities of national institutions and/or actors based on the results of the capacity assessment. • 1: Capacity assessments have not been carried out. 	Evidence	
<p>Scoring based on: before the design of the project, the field investigation and evaluation of the projects promoted by the United Nations development programme were carried out, the improvement scheme of the original project was reflected in the design of the project, and the operation mechanism of the project management office and the field SDISCs in pilot areas. This ensures the improvement of the project in the implementation.</p>		
<p>22. Is there is a clear strategy embedded in the project specifying how the project will use national systems (i.e., procurement, monitoring, evaluations, etc.,) to the extent possible?</p>	Yes (3) √	No (1)
<p>Scoring based on: UNDP and CICETE have more than 40 years of cooperation experience. The project continues the perfect national execution mode and strictly abides by the provisions of the national execution management manual, which keeps pace with the times for procurement, monitoring and evaluation. The cooperation between the two sides ensures the high efficiency and high quality of the project in the implementation stage.</p>		
<p>23. Is there a clear transition arrangement/ phase-out plan developed with key stakeholders in order to sustain or scale up results (including resource mobilisation and communications strategy)?</p>	Yes (3) √	No (1)
<p>Scoring based on: the project has fully communicated with all stakeholders, formulated a series of activity arrangements for the implementation of the project, and the prevention mechanism of risk which can appear in the implementation of the project.</p>		

Annex 2: Social and Environmental Screening (2021 SESP Template, Version 1)

The completed template, which constitutes the Social and Environmental Screening Report, must be included as an annex to the Project Document at the design stage. Note: this template will be converted into an online tool. The online version will guide users through the process and will embed relevant guidance.

Project Information

Project Information	
1. Project Title	Leveraging Sustainable Development Finance, Accelerating the Revitalization of Rural MSMEs
2. Project Number (i.e. Atlas project ID, PIMS+)	Award: 00113214 Output: 00128857
3. Location (Global/Region/Country)	China
4. Project stage (Design or Implementation)	Design
5. Date	2021.12.15

Part A. Integrating Programming Principles to Strengthen Social and Environmental Sustainability

QUESTION 1: How Does the Project Integrate the Programming Principles in Order to Strengthen Social and Environmental Sustainability?

Briefly describe in the space below how the project mainstreams the human rights-based approach

Briefly describe in the space below how the project is likely to improve gender equality and women's empowerment

The core method of the project to promote the development of rural Inclusive Finance in the digital era is to obtain the right of women to participate in major family economic and financial matters by supporting women's equal right in loan application, so as to obtain more decision power in family economic issues. The project emphasizes the digital literacy empowerment of young left-behind women in rural areas, especially to enable vulnerable women in relatively under-developed areas to obtain the equal right to participate in China's rapidly development of digital economy.

Briefly describe in the space below how the project mainstreams sustainability and resilience

The project is designed to support 11 sustainable development goals. Through financial empowerment, agriculture industrial empowerment and digital empowerment, the vulnerable groups who benefit from the project, improve their living level, professional ability, anti-risk ability and toughness through all or part of the 11 sustainable development goals involved activities in the project.

Briefly describe in the space below how the project strengthens accountability to stakeholders

The project needs multi-party cooperation. The activities of project design focus on specific stakeholders. The project will specify the responsibilities, obligations and benefits through the design of incentive mechanism.

Part B. Identifying and Managing Social and Environmental Risks


<p>QUESTION 2: What are the Potential Social and Environmental Risks? <i>Note: Complete SESP Attachment 1 before responding to Question 2.</i></p>	<p>QUESTION 3: What is the level of significance of the potential social and environmental risks? <i>Note: Respond to Questions 4 and 5 below before proceeding to Question 5</i></p>	<p>QUESTION 6: Describe the assessment and management measures for each risk rated Moderate, Substantial or High</p>
<p><i>Risk Description (broken down by event, cause, impact)</i></p>	<p><i>Impact and Likelihood (1-5)</i></p>	<p><i>Significance (Low, Moderate Substantial, High)</i></p>
<p><i>Risk 1: And in the case of insufficient empowerment, putting young people rashly in the leading position in the early stage of the project can endanger their enthusiasm for participation and the long-term development of the project, once setbacks in the project implementation appeared.</i></p>	<p>I = 3 L = 1</p>	<p><i>Comments (optional)</i></p>
<p>Risk 1: And in the case of insufficient empowerment, putting young people rashly in the leading position in the early stage of the project can endanger their enthusiasm for participation and the long-term development of the project, once setbacks in the project implementation appeared.</p>	<p>Low</p>	<p><i>Description of assessment and management measures for risks rated as Moderate, Substantial or High</i></p> <p>This project designs empowerment activities to enable young people's leadership in Rural Revitalization. In addition, the project will establish a project implementation team including youth and middle-aged people, and the work leadership will be hand over to young people step by step. Therefore, the risk level is very low</p>
<p>Risk 2: If the supervision of the agricultural industries supported in the project is not functioning well, it may cause activities danger the environment</p>	<p>low</p>	<p>The project involves selecting and supporting agricultural industries in rural areas. Criteria for green and nature-positive industries are included in the selection. During the implementation of the project, the guidance and monitoring of the production and operation activities of these small and micro enterprises are also strengthened through the SDISCs. Therefore, the probability of this risk is very low, and the level of this risk is very low</p>
<p>[add additional rows as needed]</p>		
<p>QUESTION 4: What is the overall project risk categorization?</p>		
<p>Low Risk <input checked="" type="checkbox"/></p>		
<p>Moderate Risk <input type="checkbox"/></p>		
<p>Substantial Risk <input type="checkbox"/></p>		
<p>High Risk <input type="checkbox"/></p>		
<p>QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are triggered? (check all that apply)</p>		
<p>Question only required for Moderate, Substantial and High Risk projects</p>		
<p><i>Is assessment required? (check if "yes")</i></p>	<p><input type="checkbox"/></p>	<p><i>No</i></p>
<p><i>if yes, indicate overall type and status</i></p>	<p><input type="checkbox"/></p>	<p>Targeted assessment(s)</p>
<p><i>Status? (completed, planned)</i></p>		

			<input type="checkbox"/>	ESIA (Environmental and Social Impact Assessment)
			<input type="checkbox"/>	SESA (Strategic Environmental and Social Assessment)
	<input type="checkbox"/>		<input type="checkbox"/>	Targeted management plans (e.g. Gender Action Plan, Emergency Response Plan, Waste Management Plan, others)
			<input type="checkbox"/>	ESMP (Environmental and Social Management Plan which may include range of targeted plans)
			<input type="checkbox"/>	ESMF (Environmental and Social Management Framework)
				Comments (not required)
Based on identified risks, which Principles/Project-level Standards triggered?				
<i>Overarching Principle: Leave No One Behind</i>				
			<input type="checkbox"/>	<i>Human Rights</i>
			<input type="checkbox"/>	<i>Gender Equality and Women's Empowerment</i>
			<input type="checkbox"/>	<i>Accountability</i>
			<input type="checkbox"/>	<i>1. Biodiversity Conservation and Sustainable Natural Resource Management</i>
			<input type="checkbox"/>	<i>2. Climate Change and Disaster Risks</i>
			<input type="checkbox"/>	<i>3. Community Health, Safety and Security</i>
			<input type="checkbox"/>	<i>4. Cultural Heritage</i>
			<input type="checkbox"/>	<i>5. Displacement and Resettlement</i>
			<input type="checkbox"/>	<i>6. Indigenous Peoples</i>
			<input type="checkbox"/>	<i>7. Labour and Working Conditions</i>
			<input type="checkbox"/>	<i>8. Pollution Prevention and Resource Efficiency</i>

Final Sign Off

Final Screening at the design-stage is not complete until the following signatures are included

Signature	Date	Description
QA Assessor WANG Chen	12.15.2021	UNDP staff member responsible for the project, typically a UNDP Programme Officer. Final signature confirms they have "checked" to ensure that the SESP is adequately conducted.

<p>QA Approver Jameas George</p> 		<p>UNDP senior manager, typically the UNDP Deputy Country Director (DCD), Country Director (CD), Deputy Resident Representative (DRR), or Resident Representative (RR). The QA Approver cannot also be the QA Assessor. Final signature confirms they have "cleared" the SESP prior to submittal to the PAC.</p>
<p>PAC Chair Dr. Zhang Weidong</p>	<p>01.15.2022</p>	<p>UNDP chair of the PAC. In some cases PAC Chair may also be the QA Approver. Final signature confirms that the SESP was considered as part of the project appraisal and considered in recommendations of the PAC.</p>

SESP Attachment 1. Social and Environmental Risk Screening Checklist

Checklist Potential Social and Environmental Risks		
<p>INSTRUCTIONS: The risk screening checklist will assist in answering Questions 2-6 of the Screening Template. Answers to the checklist questions help to (1) identify potential risks, (2) determine the overall risk categorization of the project, and (3) determine required level of assessment and management measures. Refer to the SES toolkit for further guidance on addressing screening questions.</p>		
Overarching Principle: Leave No One Behind		Answer (Yes/No)
Human Rights		
P.1	Have local communities or individuals raised human rights concerns regarding the project (e.g. during the stakeholder engagement process, grievance processes, public statements)?	No
P.2	Is there a risk that duty-bearers (e.g. government agencies) do not have the capacity to meet their obligations in the project?	No
P.3	Is there a risk that rights-holders (e.g. project-affected persons) do not have the capacity to claim their rights?	Yes
<i>Would the project potentially involve or lead to:</i>		
P.4	adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups?	No
P.5	inequitable or discriminatory impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups, including persons with disabilities? ¹⁰	No
P.6	restrictions in availability, quality of and/or access to resources or basic services, in particular to marginalized individuals or groups, including persons with disabilities?	No
P.7	exacerbation of conflicts among and/or the risk of violence to project-affected communities and individuals?	No
Gender Equality and Women's Empowerment		
P.8	Have women's groups/leaders raised gender equality concerns regarding the project, (e.g. during the stakeholder engagement process, grievance processes, public statements)?	No
<i>Would the project potentially involve or lead to:</i>		
P.9	adverse impacts on gender equality and/or the situation of women and girls?	No
P.10	reproducing discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	No
P.11	limitations on women's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services? <i>For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being</i>	No
P.12	exacerbation of risks of gender-based violence? <i>For example, through the influx of workers to a community, changes in community and household power dynamics, increased exposure to unsafe public places and/or transport, etc.</i>	No
Sustainability and Resilience: Screening questions regarding risks associated with sustainability and resilience are encompassed by the Standard-specific questions below		
Accountability		
<i>Would the project potentially involve or lead to:</i>		

¹⁰ Prohibited grounds of discrimination include race, ethnicity, sex, age, language, disability, sexual orientation, gender identity, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to "women and men" or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender and transsexual people.

P.13	exclusion of any potentially affected stakeholders, in particular marginalized groups and excluded individuals (including persons with disabilities), from fully participating in decisions that may affect them?	No
P.14	grievances or objections from potentially affected stakeholders?	No
P.15	risks of retaliation or reprisals against stakeholders who express concerns or grievances, or who seek to participate in or to obtain information on the project?	No
Project-Level Standards		
Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management		
<i>Would the project potentially involve or lead to:</i>		
1.1	adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services? <i>For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes</i>	No
1.2	activities within or adjacent to critical habitats and/or environmentally sensitive areas, including (but not limited to) legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?	No
1.3	changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)	No
1.4	risks to endangered species (e.g. reduction, encroachment on habitat)?	No
1.5	exacerbation of illegal wildlife trade?	No
1.6	introduction of invasive alien species?	No
1.7	adverse impacts on soils?	No
1.8	harvesting of natural forests, plantation development, or reforestation?	No
1.9	significant agricultural production?	No
1.10	animal husbandry or harvesting of fish populations or other aquatic species?	No
1.11	significant extraction, diversion or containment of surface or ground water? <i>For example, construction of dams, reservoirs, river basin developments, groundwater extraction</i>	No
1.12	handling or utilization of genetically modified organisms/living modified organisms? ¹¹	No
1.13	utilization of genetic resources? (e.g. collection and/or harvesting, commercial development) ¹²	No
1.14	adverse transboundary or global environmental concerns?	No
Standard 2: Climate Change and Disaster Risks		
<i>Would the project potentially involve or lead to:</i>		
2.1	areas subject to hazards such as earthquakes, floods, landslides, severe winds, storm surges, tsunami or volcanic eruptions?	No
2.2	outputs and outcomes sensitive or vulnerable to potential impacts of climate change or disasters? <i>For example, through increased precipitation, drought, temperature, salinity, extreme events, earthquakes</i>	No
2.3	increases in vulnerability to climate change impacts or disaster risks now or in the future (also known as maladaptive or negative coping practices)? <i>For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population's vulnerability to climate change, specifically flooding</i>	No
2.4	increases of greenhouse gas emissions, black carbon emissions or other drivers of climate change?	No
Standard 3: Community Health, Safety and Security		
<i>Would the project potentially involve or lead to:</i>		

¹¹ See the [Convention on Biological Diversity](#) and its [Cartagena Protocol on Biosafety](#).

¹² See the [Convention on Biological Diversity](#) and its [Nagoya Protocol](#) on access and benefit sharing from use of genetic resources.

3.1	construction and/or infrastructure development (e.g. roads, buildings, dams)? (Note: the GEF does not finance projects that would involve the construction or rehabilitation of large or complex dams)	No
3.2	air pollution, noise, vibration, traffic, injuries, physical hazards, poor surface water quality due to runoff, erosion, sanitation?	No
3.3	harm or losses due to failure of structural elements of the project (e.g. collapse of buildings or infrastructure)?	No
3.4	risks of water-borne or other vector-borne diseases (e.g. temporary breeding habitats), communicable and noncommunicable diseases, nutritional disorders, mental health?	No
3.5	transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	No
3.6	adverse impacts on ecosystems and ecosystem services relevant to communities' health (e.g. food, surface water purification, natural buffers from flooding)?	No
3.7	influx of project workers to project areas?	No
3.8	engagement of security personnel to protect facilities and property or to support project activities?	No
Standard 4: Cultural Heritage		
<i>Would the project potentially involve or lead to:</i>		
4.1	activities adjacent to or within a Cultural Heritage site?	No
4.2	significant excavations, demolitions, movement of earth, flooding or other environmental changes?	No
4.3	adverse impacts to sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No
4.4	alterations to landscapes and natural features with cultural significance?	No
4.5	utilization of tangible and/or intangible forms (e.g. practices, traditional knowledge) of Cultural Heritage for commercial or other purposes?	No
Standard 5: Displacement and Resettlement		
<i>Would the project potentially involve or lead to:</i>		
5.1	temporary or permanent and full or partial physical displacement (including people without legally recognizable claims to land)?	No
5.2	economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No
5.3	risk of forced evictions? ¹³	No
5.4	impacts on or changes to land tenure arrangements and/or community-based property rights/customary rights to land, territories and/or resources?	No
Standard 6: Indigenous Peoples		
<i>Would the project potentially involve or lead to:</i>		
6.1	areas where indigenous peoples are present (including project area of influence)?	No
6.2	activities located on lands and territories claimed by indigenous peoples?	No
6.3	impacts (positive or negative) to the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)?	No

¹³ Forced eviction is defined here as the permanent or temporary removal against their will of individuals, families or communities from the homes and/or land which they occupy, without the provision of, and access to, appropriate forms of legal or other protection. Forced evictions constitute gross violations of a range of internationally recognized human rights.

	<i>If the answer to screening question 6.3 is "yes", then the potential risk impacts are considered significant and the project would be categorized as either Substantial Risk or High Risk</i>	
6.4	the absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	No
6.5	the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No
6.6	forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources? <i>Consider, and where appropriate ensure, consistency with the answers under Standard 5 above</i>	No
6.7	adverse impacts on the development priorities of indigenous peoples as defined by them?	No
6.8	risks to the physical and cultural survival of indigenous peoples?	No
6.9	impacts on the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices? <i>Consider, and where appropriate ensure, consistency with the answers under Standard 4 above.</i>	No
Standard 7: Labour and Working Conditions		
<i>Would the project potentially involve or lead to: (note: applies to project and contractor workers)</i>		
7.1	working conditions that do not meet national labour laws and international commitments?	No
7.2	working conditions that may deny freedom of association and collective bargaining?	No
7.3	use of child labour?	No
7.4	use of forced labour?	No
7.5	discriminatory working conditions and/or lack of equal opportunity?	No
7.6	occupational health and safety risks due to physical, chemical, biological and psychosocial hazards (including violence and harassment) throughout the project life-cycle?	No
Standard 8: Pollution Prevention and Resource Efficiency		
<i>Would the project potentially involve or lead to:</i>		
8.1	the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	No
8.2	the generation of waste (both hazardous and non-hazardous)?	No
8.3	the manufacture, trade, release, and/or use of hazardous materials and/or chemicals?	No
8.4	the use of chemicals or materials subject to international bans or phase-outs? <i>For example, DDT, PCBs and other chemicals listed in international conventions such as the <u>Montreal Protocol</u>, <u>Minamata Convention</u>, <u>Basel Convention</u>, <u>Rotterdam Convention</u>, <u>Stockholm Convention</u></i>	No
8.5	the application of pesticides that may have a negative effect on the environment or human health?	No
8.6	significant consumption of raw materials, energy, and/or water?	No

Annex 3: OFFLINE PROJECT RISK REGISTER

Project Title:		Project Number:			Date:			
#	Event	Cause	Impact(s)	Risk Category	Impact and Likelihood = Risk Level	Risk Treatment / Management Measures	Risk Owner	Risk Valid From/To
1	1. Local government rather than help project implementation.	The local government of the project area does not understand the Project and provides little support.	This is a significant impact; when the Project expands, this is a minor impact.	Policy risk	P = 1 I = 4	-When selecting pilot counties, be careful and prioritize areas that have good cooperation with international organizations. -The project implementation can not only rely on the cooperation of local governments; a market-oriented mechanism shall be used as much as possible -Projects cannot rely on the verbal commitments of local governments.	Project manager	2021.11.2 2
2	2. Doubts from Financial Regulation Institutions	There are inherent risks when a project is related to preferential rural finance services.	The Project involves financial services. The free interest loan may still affect the borrower's credit record when the principal cannot be repaid. If the Project cannot control the loan risk, it will have a negative impact on rural finance.	Regulatory Risk	P = 1 I = 4	-Normally, the regulatory authorities support the exploration of Inclusive Finance, but the specific product design, process and risk management principles should be well communicated with the regulatory authorities -It is recommended that regulators be the members of the PSC. -It is recommended to establish a regular communication mechanism with the regulatory authorities (the People's Bank of China and the CBIRC) -The Project needs to implement the regulatory requirements strictly. It is recommended to hire a regulatory compliance consultant.	Project manager	2021.11.2 2
3	Failure to form a positive incentive mechanism	Inaccurate selection of target beneficiary groups or inaccurate needs assessment of	Without a positive incentive mechanism, project funds may be abused	Implementation Risk	P = 1 I = 3	-The incentive mechanism shall be established at the initial stage of the Project. For the application of interest-free loans, accepting the code of conduct and social responsibilities should be ensured (such as becoming a trainer on the platform) -Try to prevent interest-free loans from being misappropriated by local vested interest groups	Project manager	2021.11.2 2

4	The Project is not replicable	beneficiary groups	The implementation of a pilot project is not standardized, so the Project is not replicable	In the past, many international projects in China are not standardized, and thus cannot be properly replicated or promoted, which then undermined the public influence of the projects.	Implementation Risk	P = 2 I = 3	-Focus firmly on agriculture industries. -Operation should follow market mechanisms and reduce dependence on local governments. -Enabling activities shall be standardised, digitised, modularised	Project manager	2021.11.2 2
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Annex 4: Capacity Assessment: Results of capacity assessments of Implementing Partner (including HACT Micro Assessment)

Evaluation of the partnership

1. The Project is implemented in a national execution model. UNDP and CICETE have over 30 years of experience in sustainable development cooperation in China and have established a mature national execution model and corresponding regulations and procedures. This will provide an effective institutional guarantee for the smooth, effective and compliant implementation of the Project, and bring lessons learned to implement international cooperation projects. Based on the above analysis, the Project's partnership is solid and effective.
2. Main activities of project management include project planning, project implementation and management, monitoring and evaluation, annual audit, project information dissemination, exchange and knowledge sharing. In addition to the national project director, project management and implementation personnel include the project manager, financial officer, information and communication officer, and chief technology officer.
3. It is a multi-regional project. For consideration of the selection of pilot regions and cost management, the PMO will be located in Rural Revitalization Bureau of Chongqing (need to be discussed). The PMO is responsible for the coordination and implementation management of the Project. The PMO is also responsible for implementing the project activity management, monitoring and evaluation and reporting according to the work plan.
4. Monitoring and evaluation activities and budgets are designed for this Project. Independent and systematic evaluation will be conducted in the middle and final phases of the Project, respectively, including assessment of participants' capabilities and training needs, so as to propose targeted solutions.

Annex 5: Terms of Reference of the Project Steering Committee and Key Management Positions

In order to provide policy and strategic guidance for the implementation of the Project, the Project formed a "Project Steering Committee (hereinafter referred to as PSC)". The PSC comprises representatives from UNDP, CICETE, Du Xiaoman and PMO.

1. The PSC shall meet at least once a year.

The responsibilities of the PSC include: 1) Approve annual work plan; 2) Review and approve the annual project work report; 3) Provide technical input and suggestions to the Project according to the industry; 4) Mobilize policy, human resources and supporting financial resources to support project implementation; 5) Coordinate different opinions within the Project to ensure collaboration among member institutions; 6) Comprehensive evaluation of the final results of the Project.

2. UNDP

UNDP China office will be responsible for: 1) Participate in project design and project document compilation; 2) Monitor and evaluate project progress together with CICETE to ensure expected results; 3) Provide international experience and technology and promote project results.

3. CICETE

CICETE is designated by the Ministry of Commerce of the People's Republic of China as the focal point for UNDP cooperation projects in China. CICETE has more than 30 years of experience in UNDP project management and has successfully organized and implemented over 900 projects in the field of development. CICETE signs Project documents on behalf of the Government and, together with UNDP, supervises projects, ensures overall project quality and provides necessary support to projects.

4. Chongqing Rural Revitalisation Bureau

Chongqing Rural Revitalization Bureau provides guidance, policy, organization and coordination support to implement this Project. Given that the Project results include policy reform, planning adjustment, industrial structure layout, financial and credit policy, all of which are policy-sensitive areas, and knowing that the Project involves cross-industry, inter-departmental coordination, Chongqing Rural Revitalization Bureau and Finance Bureau will coordinate the PMO, and provide offices, staff and equipment necessary for project implementation.

5. PMO

Under the leadership and guidance of the PSC, PMO is responsible for the coordination and management of the Project. Inside the PMO, a National Project Director will be designated by the PSC and assumed by a leader of the PSC. Under the policy guidance and supervision of the PSC, the PMO shall be responsible for the detailed implementation of project activities and ensure the realization of project outputs and results in accordance with the management requirements of CICETE and UNDP. The PMO is responsible for preparing work plans, managing project implementation, monitoring project implementation progress and funding progress, promoting experience exchange, preparing for regular project reports, and so on, and responsible for all administrative and financial accounting during project implementation. The staff of the PMO includes the project manager, project coordinator, project assistant, information officer, project accountant, and cashier.

Annex 6: Job Responsibilities of the National Project Director

Location: PMO, Beijing

Duration: Part-time, 24 months in total

The National Project Director (hereinafter referred to as NPD) reports to the PSC and manages the day-to-day work of the PMO. The NPD will act as the main and responsible person for the implementation of the Project and ensure that the funds committed by all partners are delivered timely. The NPD will also be responsible for policy support and coordination, and communication between all relevant departments.

Selection criteria:

1. More than 10 years of working experience, with technical and management experience in the project area, and knowledge in inclusive finance, rural revitalization, poverty alleviation, and public welfare.
2. Held senior leadership positions in comprehensive planning, agricultural science and technology, agricultural industry development, and financial departments.
3. Able to lead and develop interdisciplinary professional teams.

Annex 7: Job Responsibilities of the PMO Director

Location: PMO

Duration: Part-time, 24 months in total

The PMO Director will be responsible for the implementation of the Project. The PMO Director will assist the NPD to sign agreements on behalf of the project office and approve the semi-annual project report, annual report, financial report, work plan and various documents submitted following the management requirements. In the absence of the NPD, the PMO Director will fully execute the responsibilities of the NPD.

The PMO Director will perform the following duties:

1. Assist in the implementation of project activities and coordinate with partners; Attends and represents the Project at PSC meetings in the absence of the NPD; Conduct daily discussions with project managers and experts on project implementation.
2. Ensure that projects are carried out following established decision-making and implementation procedures; Plan project activities in advance and provide the required funds, personnel and equipment for project implementation promptly.
3. Responsible for making annual and quarterly work plans of the Project, and applying for project funds according to the procedures of UNDP and CICETE.
4. Promote good collaboration between the PMO and the major project partners, and communicate with them formally and informally as needed.
5. Responsible for the use of project funds received, and submit financial reports as required.
6. Review technical, financial and work reports before release, circulation or submission; Ensure that the work plan is implemented according to the established schedule and ensure that the project monitoring and evaluation is comprehensive and effective.

Selection criteria:

1. More than 10 years of working experience, with technical and management experience in the project area, and knowledge in inclusive finance, rural revitalization, poverty alleviation and public welfare;
2. Held senior leadership positions in comprehensive planning, agricultural science and technology, agricultural industry development, and financial departments.
3. Experience in managing international cooperative projects, familiar with procedures and requirements of international cooperation project management and reporting.
4. Able to establish and develop teamwork and team spirit.

Annex8: Job Responsibilities of Technical Advisor

Location: PMO

Duration: 10 months

Working under the supervision of the NPD, the Technical Advisor is responsible for providing technical advice, developing work plans, reviewing the quality of project outputs, and directing project monitoring, evaluation and reporting. The specific responsibilities of the technical advisor are as follows:

1. Provide technical guidance and advice to project staff on sustainable development goals, rural financial services, green finance, agricultural industry development, agricultural supply chain, gender equality, environmental protection, climate change, low-carbon development, capacity strengthening and project implementation management.
2. Provide technical guidance on the design of capacity-building training courses and participate in seminars and policy and technical meetings at all levels.
3. Participate in the preparation of project work plan and progress report as the primary technical person.
4. Assist the Project Manager in preparing various technical reports at multiple stages of project implementation.
5. Promote good cooperation between the PMO and the project partners and communicate with them formally and informally as needed.
6. Lead and participate in the implementation of policy and planning projects.

Minimum requirements:

1. Master's degree in finance, agricultural technology, ecology, economics, social science, or other related fields.
2. More than 10 years working experience in related fields.
3. Proficient in English, good writing, expression, and communication skills.

Selection criteria:

1. Experience in project design, implementation and management (those with direct project management experience are preferred).
2. Participated in the policy development process in the field of technology.
3. Solid professional skills.
4. Ability to establish and maintain strategic cooperation relationships.
5. Strong organizational coordination ability.
6. Ability to work creatively and independently.
7. Familiar with project management policies, procedures and practices of the UNDP or other international agencies.

Annex 9: Job Responsibilities of Project Manager

Location: PMO

Duration: 45 months

The Project Manager will work under the direct leadership and supervision of the NPD. The Project Manager's main responsibilities include:

1. Assist the NPD in the detailed work of the PMO, and coordinate project activity planning and implementation management.
2. Work closely with all parties to ensure all project partners act and coordinate in the technical direction of the Project.
3. Ensure that project information is shared with all stakeholders openly and transparently.
4. Coordinate the formulation of a detailed annual work plan for project implementation to keep it consistent with expected project results and outputs.
5. Manage the project budget under the leadership of the NPD and ensure that all project execution parties submit financial reports on time.
6. Participate in the recruitment of project personnel, subcontractors and consultants, and be responsible for effective performance management of project staff and ensure the timely and effective quality control system of the Project.
7. Assist in the procurement and maintenance of project equipment.
8. Supervise the timely preparation and submission of quarterly and annual progress reports, work plans, budgets and financial reports by project partners.
9. Maintain regular communication with government departments and project partners.
10. Responsible for project monitoring and evaluation, assisting in the internal and external evaluations, and sharing experience and lessons learned from project implementation among partners.
11. Provide technical support for project financing and development of new partnerships.

Minimum requirements:

1. Bachelor's degree (master's degree preferred) in economics, finance, environmental economics, project management or other related disciplines.
2. Native Chinese, with professional English proficiency.

Selection criteria:

1. Good organizational skills, responsible for project planning and implementation management in projects funded by non-governmental organizations, bilateral or multilateral international organizations.
2. Knowledge of China's poverty alleviation and rural revitalization policies, as well as laws, regulations and policies related to social and economic development, finance, rural industrial development, climate change, low-carbon development, environmental governance, and ecological compensation in the project region is preferred.
3. Familiar with government policy formulation process.

Strong influence and interpersonal skills

Annex 10: Gender Action Plan

<p>Output 1 Streamlining the SDG aligned investment for rural MSMEs, promoting the sustainable eco-system of SDG Impact finance for rural revitalization.</p> <ul style="list-style-type: none"> Activity 1.2: Engage research institutions to carry out investigations and prepare research reports on financing rural MSMEs. 						
Action	Indicator	Objective	Baseline	Responsible party	Time	Budget
Action 1: Ensure the special focus on the financing problems of women when conducting investigations and preparing research reports.	- Report data and description of financing problems of women	- gender-related analysis and intervention are included in the report	- 0	PMO	2022	150,000 for reports
<p>Output 2: Build a digital industry service platform that links rural MSMEs with financial services</p> <ul style="list-style-type: none"> Activity 2.2: Setting up SDISC to serve rural MSMEs and farmers 						
Action 1: Ensure a high proportion of women when screening candidates to play a role as staff of SDISC.	- Proportion of female participants in SDISCs	- At least 50% of members and 50% of managers who are female	- 0	PMO	2022	180,000 for the setup of SDISCs for first year from donor
Action 2: Ensure the SDISC provides advice to selected financial institutions to support the sustainable development of female entrepreneurs and farmers.	- Proportion of female borrowers of selected financial institutions supported by SDISCs	- At least 50% of female borrowers	- 0	PMO	2022	450,000 for the operation of SDISCs from donor
Action 3: Ensure the industrial map of new green agricultural products and industries to be labelled with female participation data.	- Label of industrial map of new green agricultural products and industries with female participation data	-Achieve the labelling of all sectors with female participation	- 0	PMO	2022	32,000 for mapping from donor
<p>Output 3: Capacity building for women and young persons in project areas, advocating green and sustainable development</p> <ul style="list-style-type: none"> Activity 3.2: Build a team of professional trainers. Activity 3.3: deliver online and offline training. 						
Action 1: Provide rural training to rural women to improve their financial capacity, farming technologies and digital skills, and train them to become trainers.	- Number of female trainers	- At least 50% of trainers who are female	- 0	PMO	2023	30,000 from donor
Action 2: Ensure women participation of digital literacy center and make them the communicator to	- Number of female communicators	- At least 50% of communicators who are female	- 0	PMO	2023	15,000 from donor

support agricultural supply chain.						
Action 3: Ensure women participation of a youth volunteer service platform to support rural revitalization in non-project areas.	- Number of female volunteers	- At least 50% of volunteers who are female	- 0	PMO	2023	45,000 from donor
Action 4: Organize online and offline training, especially for female participants.	- Number of female participants	- At least 50% of participants who are female	- 0	PMO	2023	45,000 from donor
Output 4: Publicity and promotion of project experience and model, fostering an enabling and supportive environment for rural MSMEs development <ul style="list-style-type: none"> Activity 4.2: Develop multiple promotion materials (such as brochures, videos, and articles etc.), exchange successful models and experiences to the international community through social media, platforms, and seminars. 						
Action 1: Ensure female focus when making promotional video about this project.	- Special focus on female participants in video	- At least 50% of interviewees who are female	- 0	PMO	2024	38,000 from donor
Action 2: Ensure female focus when making promotional materials about this project.	- Special focus on female participants in materials	- At least 50% of interviewees who are female	- 0	PMO	2025	15,000 from donor