



Technical Assistance Report

Project Number: 48009-001
Policy and Advisory Technical Assistance (PATA)
September 2014

People's Republic of China: Study of Financial Reform in Rural Areas of the Central Plains Economic Zone

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 11 September 2014)

Currency unit	–	yuan (CNY)
CNY1.00	=	\$0.1631
\$1.00	=	CNY6.1296

ABBREVIATIONS

ADB	–	Asian Development Bank
CPEZ	–	Central Plains Economic Zone
FSO	–	Financial Services Office of Henan Province
GDP	–	gross domestic product
PRC	–	People's Republic of China
RCC	–	rural credit cooperative
TA	–	technical assistance

NOTE

In this report, "\$" refers to US dollars.

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POLICY AND ADVISORY TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 48009-001	
Project Name	Study of Financial Reform in Rural Areas of the Central Plains Economic Zone	Department /Division	EARD/EAPF
Country Borrower	China, People's Republic of N/A	Executing Agency	Henan Finance Bureau
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Finance	Finance sector development		0.40
		Total	0.40
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Public financial governance	No gender elements (NGE)	✓
5. Poverty Targeting		Location Impact	
Project directly targets poverty	No	Rural	High
6. TA Category:	B		
7. Safeguard Categorization	Not Applicable		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.40	
Sovereign Policy and advisory technical assistance: Technical Assistance Special Fund		0.40	
Cofinancing		0.00	
None		0.00	
Counterpart		0.10	
Government		0.10	
Total		0.50	
9. Effective Development Cooperation			
Use of country procurement systems		No	
Use of country public financial management systems		No	

I. INTRODUCTION

1. The Government of the People's Republic of China (PRC) requested the Asian Development Bank (ADB) to provide technical assistance (TA) to support Henan province in formulating its financial reform policy and strategy for rural areas of the Central Plains Economic Zone (CPEZ). ADB fielded a mission to the PRC on 26–27 May 2014 and reached an understanding with the government on the impact, outcome, outputs, implementation arrangements, cost estimates, financial arrangements, and the consultants' terms of reference. The design and monitoring framework is in Appendix 1.¹

II. ISSUES

2. The PRC is the world's second largest economy with nominal gross domestic product (GDP) of \$9.28 trillion in 2013. The overall national prosperity, however, has not been distributed fairly across the regions. Industrialization and urbanization have generally been focused in the coastal region, leaving the socioeconomic needs of the western and interior regions mostly unaddressed. Widening regional and urban–rural disparity remains a key challenge for the government.

3. The CPEZ is the largest economic zone in the PRC in terms of area and population.² Located in the central region, it has traditionally been the PRC's key grain production and agriculture base. The region produces more than 18% of the nation's total grain output, and is the biggest producer of wheat with nearly half of the total national output. Considering its significance in agricultural production, the government is keen to maintain the farmland and grain output in balance with the region's demand for industrialization and urbanization.

4. Areas with greater dependency on primary production or agriculture for income tend to exhibit lower per capita incomes. As of 2011, per capita disposable income of urban residents in the CPEZ was \$2,852, significantly lower than the national average of \$3,492. The net per capita income of rural residents in the CPEZ (\$1,061) is relatively comparable with the national average (\$1,117 in 2011). However, it falls far below the urban level, and this leads to rural–urban migration.³

5. The government has recognized the importance of access to finance in providing opportunities for development. It is particularly true for many rural populations, as the provision of reliable and affordable financial services is limited. Financial institutions in general are reluctant to respond to the demands of rural finance because of higher transaction costs and credit risk. Despite the government's substantial policy drive to address this issue, finance remains one of the main lagging sectors in rural areas. While total lending through banking institutions in the PRC has increased by 80% since 2009, and thus increased from 124.8% of GDP to 134.7% of GDP, the share of rural lending in total bank lending has increased only marginally.⁴

¹ The TA first appeared in the business opportunities section of ADB's website on 31 July 2014.

² The CPEZ covers the entire Henan province as well as part of the adjoining provinces of Anhui, Hebei, Shandong, and Shanxi, with a total population of 179 million as of 2011 and an area of 289,000 square kilometers. Henan province represents the majority in terms of population and area. The State Council officially issued the guidance on supporting Henan province to be built into the CPEZ in October 2011, and approved the development plan for 2012–2020.

³ Government of the PRC, National Development and Reform Commission. 2012. *The Development Plan for the CPEZ (2012–2020)*. Beijing.

⁴ The share of rural lending to total lending was 21.5% in 2009 and 22.5% in 2013. ADB. 2014. *Knowledge Work on Credit Growth in Microfinance and Rural Finance*. Consultant's report. Manila.

6. The State Council called for financial reform tailored to rural areas of the CPEZ in 2011. The importance of establishing a strong rural financial system was reinforced in 2012 through the approval of a development plan for the CPEZ. The plan unveiled the government's vision to transform the region into a modern agricultural base with increased per capita income and rural living standards. The Henan provincial government is engaged in formulating a development strategy, and one of its key strategic priorities is to improve the access to and quality of financial services for its population in rural areas. An improved rural financial system will promote social and economic development and poverty reduction, thus lessening the long-standing issue of inequality.

7. The majority of rural residents in the CPEZ is engaged in agriculture and agribusinesses as a source of livelihood. Rural enterprises and residents are mainly serviced by four types of banking institutions: (i) a policy bank (Agricultural Development Bank of China); (ii) a large commercial bank (Agricultural Bank of China); (iii) the Postal Savings Bank of China; and (iv) cooperative financial institutions, including rural credit cooperatives (RCCs). RCCs have collectively played a major role in servicing the financing needs of rural residents by mobilizing savings and extending credit. Along with the government's reform agendas, RCCs have undergone numerous reforms and restructuring, and alternative rural financial institutions—such as village or township banks, rural mutual credit cooperatives, and loan companies—have emerged in recent years.⁵ RCCs are important for rural finance nonetheless, accounting for nearly 20% of total outstanding rural lending in 2013, while the provision of credit to rural areas remains inadequate.

8. It is also notable that the demand for financial products has become more sophisticated with the development of rural economies. In line with the government's drive to develop rural livelihoods, economic activities in rural areas have diversified and become more dynamic. A rising number of rural entrepreneurs and increased household income induce demand for more capital and varied financial services, which adds further pressure on the rural financial system to improve. There is a growing need for financial institutions to offer a full range of financial products and services and to work closely with rural businesses and households. The regulatory framework should be upgraded to encourage financial institutions to provide adequate financial services to rural areas while ensuring financial stability.

9. Given the diverse characteristics of rural areas in the PRC, there is no single best rural financial system that would adequately satisfy the needs across the whole country. Hence, the Henan provincial government needs a good grasp of the prevailing conditions of its financial system in comparison with the actual needs of rural enterprises and residents in order to identify areas for development. Domestic and international best practices and innovation in rural financial products will also be studied for potential policy and strategy options. Based on the findings, a reform policy will be formulated and presented to the Henan provincial government for approval and implementation.

10. ADB's country partnership strategy, 2011–2015 for the PRC promotes inclusive growth as one of three strategic pillars.⁶ An improved rural financial system will support promoting rural

⁵ The RCC is highly recognized for making credit available in rural areas since its establishment in the 1950s, and at the same time is criticized for having problems such as unclear ownership, poor asset quality and losses from operations, weak risk-taking capacity, heavy government intervention, and lack of competition in the local financial market. The government has implemented a series of reforms aiming at channeling credit to the needed agricultural and rural development and improving sustainability.

⁶ ADB. 2012. *Country Partnership Strategy: People's Republic of China, 2011–2015*. Manila.

livelihoods for more balanced development. ADB has previously supported building an inclusive, market-oriented, rural finance system and strengthening financial supervision in rural finance. The proposed TA is the continuation of ADB's support for rural finance development in the PRC⁷ and for balanced growth in agricultural areas of Henan province.⁸ Based on previous TA findings and outputs that delivered national analysis on rural finance, the proposed TA will provide further assistance to the Henan provincial government in promoting the development of an effective and sustainable rural financial system tailored to agricultural areas of the CPEZ.

III. THE POLICY AND ADVISORY TECHNICAL ASSISTANCE

A. Impact and Outcome

11. The impact will be more effective and sustainable rural financial services provided in the CPEZ. This will be measured by adoption of recommendations that emerge from the TA. The outcome will be improved policy with an actionable road map for the establishment of a rural financial system in the CPEZ.

B. Methodology and Key Activities

12. **Output 1: Comprehensive report on rural financial system completed.** This output will include (i) analysis of the prevailing conditions and key issues of the rural financial system in the CPEZ; (ii) assessment of national and international rural financial reform policies, principles, and practices for potential policy and strategy options; (iii) identification of suitable financial products for rural enterprises, farmers, and households; and (iv) observation of regulatory practices to give recommendations on promoting reliable and sustainable financial services in rural areas. Under this output, consultants will be engaged to compile diagnostic studies, review relevant policy and legal documents, examine the state of the financial system in rural areas, and incorporate applicable findings and lessons from previous ADB operations in order to develop an effective reform strategy. Consultants will be required to (i) conduct field surveys and interviews with financial consumers and institutions in selected areas of the CPEZ to collect information and to understand shortcomings of the existing financial system and policy; and (ii) undertake in-depth consultations with policy makers, ministries and regulatory bodies, leading specialists, and rural financial institutions in other provinces of the PRC such as Zhejiang and Jiangsu, where the rural financial system is considered well-established. A report in English and Chinese will be generated in interim and final versions for wide dissemination of TA findings. Inception and midterm workshops will be held to discuss the framework and methodology of the study, and provide timely inputs on the progress.

13. **Output 2: Policy recommendation and road map on financial reform in rural areas of the Central Plains Economic Zone formulated and presented.** Under this output, the consultants will assist the Henan provincial government in formulating a rural finance reform strategy to facilitate the development of the CPEZ into a modern agricultural base, and a road map to implement the reforms. An international study tour to an ADB member country in Asia

⁷ ADB. 2008. *Technical Assistance to the People's Republic of China for Rural Finance Development and Supervision*. Manila; ADB. 2009. *Technical Assistance to the People's Republic of China for Rural Finance Innovation and Rural and Agriculture Financial Statistical System Development*. Manila.

⁸ ADB. 2007. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Technical Assistance to the People's Republic of China for Henan Sustainable Agriculture and Productivity Improvement Project*. Manila; ADB. 2012. *Technical Assistance to the People's Republic of China for Fiscal Policy for Urbanization, Industrialization, and Agricultural Modernization in Henan*. Manila; ADB. 2013. *Technical Assistance to the People's Republic of China for Henan Value Chain and Products Safety Demonstration Project*. Manila.

with an advanced rural finance system will be conducted for local government officials. The purpose of the study tour is to observe international best practices on rural financial systems and innovation in financial products, as well as identify policies and regulatory frameworks relevant to the Henan context. Meetings and workshops with policy makers and other key stakeholders will be organized for in-depth discussion and guidance on further improvement of the study. A final workshop will be organized to invite experts, government officials, and industry leaders to present ideas and provide feedback on recommendations in order to promote consensus and concerted actions later on, and to disseminate the TA findings. A policy brief enumerating key recommendations and road map will be generated and disseminated to high-level policy makers for support. The final outputs will be presented to the Henan provincial government for approval and implementation. Upon approval, it is expected that pilot cities will be selected in rural areas of Henan province to implement financial reforms.

14. Potential risks are (i) inadequate capacity of the market and participants for full-scale implementation of rural financial reform, (ii) insufficient support from the government and market, and (iii) inadequate coordination and communication between various stakeholders. To mitigate risks, the government has agreed to provide adequate counterpart support and all necessary data in a timely manner. Regular consultation with policy makers and industry participants will also be arranged during implementation for shared understanding and desired support.

C. Cost and Financing

15. The TA is estimated to cost \$500,000, of which \$400,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The government will provide counterpart support in the form of counterpart staff, access to data sources, office accommodation, office equipment and supplies, secretarial assistance, logistical support, and other in-kind contributions. Detailed cost estimates are in Appendix 2.

D. Implementation Arrangements

16. The TA will be implemented over 21 months, from 1 October 2014 to 30 June 2016. The Finance Bureau of the Henan provincial government will be the executing agency and the Financial Services Office (FSO) of the Henan provincial government will be the implementing agency. The executing and implementing agencies will consult with officials from relevant government offices, including provinces that are part of the CPEZ as well as regulatory agencies, during project implementation.

17. Under close supervision of the implementing agency and ADB, the TA will be undertaken by consultants with substantial expertise in rural finance. The team leader will develop a detailed work plan with the FSO at the outset of the TA, and will take the lead responsibility in coordinating with other consultants. ADB will facilitate implementation and supervision of the TA through regular communication and review missions with the executing and implementing agencies, and the consultants. ADB will also facilitate the access to pertinent available information and data from previous operations. The implementing agency will supervise the day-to-day work of the consultants and take responsibility for administering consultation with stakeholders, seminars, workshops, and international study tour.

18. One international consultant for 4 person-months and five national consultants for 18 person-months in total will be recruited individually in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The consultants will be selected based on their academic qualifications and relevant work experience. Individual recruitment will

be used in view of each consultant's experience and qualification being the main requirements, and streamlined recruitment requirements to expedite the process. Outline terms of reference for all consultants are in Appendix 3. Consulting services contracts will include expenses related to consultants and surveys as indicated in the cost estimates and financing plan (Appendix 2). The proceeds of the TA will be disbursed in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). An advance payment facility may be provided to the executing agency to administer the activities of workshops and study tour.

19. With support from the consultants, the FSO will submit quarterly progress reports to ADB. The TA will be periodically monitored and evaluated based on the implementation of activities and satisfactory delivery of intended outcome and outputs, as defined in the design and monitoring framework. The FSO will monitor project progress against the project implementation schedule, and will inform ADB of any significant deviations. A report and policy briefs will be prepared and disseminated during the final stakeholders' workshop.

IV. THE PRESIDENT'S DECISION

20. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$400,000 on a grant basis to the Government of the People's Republic of China for the Study of Financial Reform in Rural Areas of the Central Plains Economic Zone, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>Impact More effective and sustainable rural financial services provided in the CPEZ</p>	<p>Amount of rural lending and savings mobilized in the CPEZ to be increased by 10% in 2020 (baseline to be established)</p>	<p>Statistical documents</p> <p>Documentation of executing and implementing agencies</p>	<p>Assumption Sound rural financial reform policy implemented</p> <p>Risk Capacity of the market and participants are inadequate for full-scale implementation of rural financial reform</p>
<p>Outcome Improved policy with actionable road map for the establishment of rural financial system in the CPEZ</p>	<p>Reform proposal on rural financial system in the CPEZ presented to the provincial government for approval by June 2016</p>	<p>Documentation of executing and implementing agencies</p>	<p>Assumption Central and provincial governments are committed to improve rural financial system</p> <p>Risk Reform is delayed with lack of support from the government and market</p>
<p>Outputs</p> <p>1. Comprehensive report on rural financial system in the CPEZ completed</p> <p>2. Policy recommendation and road map on financial reform in rural areas of the CPEZ formulated and presented</p>	<p>Final report covering (i) analysis of the prevailing conditions of rural financial system in the CPEZ, (ii) assessment of national and international rural financial reform policies, (iii) identification of rural financial products, and (iv) observation of regulatory practices generated by June 2016</p> <p>National workshops organized with key stakeholders, including experts, government officials, and industry leaders, by April 2016</p> <p>Policy brief knowledge product enumerating key recommendations and road map on financial reform in rural areas of the CPEZ generated and disseminated to high-level policy makers for support by June 2016</p>	<p>TA reports and review mission reports</p> <p>Minutes of meetings and workshops</p> <p>Field survey summaries</p> <p>Project assessment and evaluation</p>	<p>Assumptions Consultants have access to data, information, and other support in time</p> <p>The Henan provincial government is willing to invest adequate resources to complete the study</p> <p>Risk Lack of coordination and communication between the various stakeholders</p>

Activities with Milestones	Inputs
<ul style="list-style-type: none"> 1.1 Inception meeting held by February 2015 1.2 Detailed work plan submitted by March 2015 1.3 Field survey completed by July 2015 1.4 Sector assessments completed by September 2015 1.5 Research on international best practices completed by September 2015 1.6 Draft interim report submitted by October 2015 1.7 Interim workshop held by November 2015 1.8 Draft final report submitted by January 2016 1.9 Draft final report review workshop held by February 2016 2.1 International study tour conducted by September 2015 2.2 Policy brief knowledge product enumerating key recommendations and road map generated by March 2016 2.3 Dissemination workshop held by April 2016 2.4 Policy recommendation on financial reform in rural areas of the CPEZ presented to the Henan provincial government by June 2016 	<p>ADB: \$400,000.00</p> <p>Note: The government will provide counterpart support in the form of counterpart staff, access to data sources, assistance with field trips and meetings, use of office space and facilities, logistical support, and other in-kind contributions.</p>

ADB = Asian Development Bank, CPEZ = Central Plains Economic Zone, TA = technical assistance.
Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN

(\$'000)

Item	Amount
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultant	120.0
ii. National consultants	140.0
b. International and local travel	25.0
c. Reports and communications ^b	10.0
2. Workshops and study tour	
a. Workshops ^c	25.0
b. Study tour ^d	20.0
3. Surveys ^e	15.0
4. Miscellaneous administration and support costs ^f	5.0
5. Contingencies	40.0
Total	400.0

Note: The technical assistance (TA) is estimated to cost \$500,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of counterpart staff, access to data sources, assistance with field trips and meetings, use of office space and facilities, logistical support, and other in-kind contributions. The value of government contribution is estimated to account for 20% of the total TA cost.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-other sources).

^b Includes translation, interpretation, editing, and printing cost of reports.

^c Includes provision for honoraria and travel cost for resource persons in workshops, and translations and interpretation, subject to prior approval from ADB.

^d Study tour to ADB member countries subject to prior approval from ADB.

^e Includes provision for research assistants, and recruitment of which will be in line with the memo on Engagement of Administrative Assistants and Contractors for TA Projects dated 29 January 2013. Subject to prior approval from ADB.

^f Includes costs of translation, interpretation, and printing.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The technical assistance (TA) will require 22 person-months of consulting services, comprising the services of one international consultant for a total of 4 person-months and five national consultants for a total of 18 person-months. The international consultant will be primarily responsible for introducing international experiences and best practices, providing advisory services on key technical issues, disseminating lessons, and providing recommendations to policy makers. National consultants will be responsible for all technical aspects of the TA implementation. The team of experts will be recruited as individual consultants, in accordance with the Asian Development Bank (ADB) Guidelines on the Use of Consultants (2013, as amended from time to time).

2. All consultants will work under the coordination and monitoring of the team leader, and in close cooperation with the executing agency, the implementing agency, and ADB project officer. All reports are to be of high quality and produced in English, with copies in Chinese.

A. International Consultant

3. **Rural finance specialist and deputy team leader** (4 person-months, intermittent basis). The specialist should have a degree in economics and/or finance or other relevant fields, preferably at the postgraduate level. The specialist should have substantial expertise gained from at least 10 years' experience in rural financial reform in developing countries, preferably in the People's Republic of China (PRC), and strong English language writing and speaking skills. Knowledge of Chinese language will be an advantage. The specialist will undertake, but not be limited to, the following tasks:

- (i) support the team leader in coordinating with ADB, the executing agency, the implementing agency, and other related government agencies during the TA implementation;
- (ii) assist in design and continued improvement of study framework, methodology, and report outlines;
- (iii) conduct research on international best practices for rural financial reform and development, and compile and prepare reports on policies, approaches, and experiences while identifying those replicable in the Central Plains Economic Zone (CPEZ) and in the PRC;
- (iv) review and incorporate experiences and lessons of previous ADB projects on the topic;
- (v) advise and participate, together with national consultants, in designing survey and interview questionnaires and conducting field activities;
- (vi) assist the implementing agency in coordinating an international study tour;
- (vii) prepare policy recommendation and relevant sections of the main report;
- (viii) lead in drafting and reviewing the main report to ensure high-quality English-language reports;
- (ix) assist the implementing agency and coordinate with national consultants in identifying key issues to be covered in workshops, preparing information materials, and recommending resource persons;
- (x) deliver sessions during workshops to disseminate the study findings; and
- (xi) perform quality control on all final outputs in English.

B. National Consultants (18 person-months)

4. **Rural and agricultural finance specialist and team leader** (6 person-months, intermittent basis). The specialist will assume the role of the team leader and overall technical and administrative responsibility for effective TA implementation and delivering quality outputs on time. The specialist should (i) have a degree in economics, and/or finance or other relevant fields, preferably at the postgraduate level; (ii) assist the team leader in studies on financial development in traditional agricultural regions; (iii) have at least 10 years' experience in policy consultancy related to rural finance; and (iv) be experienced in project management, particularly in projects assisted by international organizations. The expert must be fluent in English. Project-related experience of financial reform at provincial or higher level is desirable. The specialist will undertake, but not be limited to, the following tasks:

- (i) coordinate with ADB, the executing agency, the implementing agency, and other related government agencies during the TA implementation;
- (ii) develop a detailed study framework, methodology, and report outlines with the executing agency, key stakeholders, and other experts;
- (iii) coordinate and supervise the team of consultants and resource persons to ensure timely inputs;
- (iv) design, organize, and lead the team's field activities, including field survey, data collection, meetings, and workshops;
- (v) conduct comprehensive research on rural financial reform in the CPEZ and develop a plan to develop a rural financial system with improved access to finance, broadened range of services, and enhanced sustainability;
- (vi) analyze policies, approaches, and experiences and lessons with respect to financial support to modern agricultural development in the PRC;
- (vii) review and incorporate experiences and lessons of previous ADB projects on the topic;
- (viii) compile and finalize inception, interim, and final reports, and their revised versions in English and Chinese;
- (ix) produce a policy brief knowledge product enumerating key recommendations and road map;
- (x) conduct consultations with experts, policy makers, and key stakeholders on the draft reform plans, and improve the draft based on the comments received;
- (xi) assist the implementing agency in organizing workshops and deliver sessions to disseminate the study findings;
- (xii) carry out other related work assigned by the ADB project officer; and
- (xiii) perform quality control on all final outputs in Chinese.

5. **Rural banking specialist** (3 person-months, intermittent basis). The specialist should have tertiary qualifications in banking, finance, and/or other relevant fields, and at least 7 years' experience in rural finance. Demonstrated project-related experience and fluent English language skills are required. The specialist will undertake the following tasks:

- (i) provide substantial inputs in designing and continue improving the study framework, methodology, and report outlines;
- (ii) identify key issues to be addressed in the current rural financial system in the CPEZ;
- (iii) conduct research on rural financial institutional structures and innovative financial instruments;
- (iv) conduct field activities, including field survey, data collection, and meetings;
- (v) prepare policy recommendation and relevant sections of the main report in English and Chinese;

- (vi) participate and deliver sessions during workshops to disseminate the study findings; and
- (vii) perform other related work assigned by the team leader.

6. **Agricultural insurance specialist** (3 person-months, intermittent basis). The specialist should have tertiary qualifications and at least 5 years' experience in crop and agricultural insurance. Demonstrated project-related experience and fluent English language skills are required. The specialist will undertake the following tasks:

- (i) provide substantial inputs in designing and continue improving the study framework, methodology, and report outlines;
- (ii) conduct research on innovative agricultural insurance instruments for the CPEZ;
- (iii) review insurance-related domestic policies, approaches, and experiences and lessons with respect to modern agriculture development;
- (iv) conduct field activities, including field survey, data collection, and meetings;
- (v) prepare policy recommendation and relevant sections of the main report in English and Chinese;
- (vi) participate and deliver sessions during workshops to disseminate the study findings; and
- (vii) perform other related work assigned by the team leader.

7. **Small and medium-sized enterprise finance specialist** (3 person-months, intermittent basis). The specialist should have tertiary qualifications in business administration, economics, and/or other relevant fields, and at least 5 years' experience in small and medium-sized enterprise financing, with special focus on the access to capital markets. Demonstrated project-related experience and fluent English language skills are required. The specialist will undertake the following tasks:

- (i) provide substantial inputs in designing and continue improving the study framework, methodology, and report outlines;
- (ii) conduct research on access to finance by rural-based small and medium-sized enterprises, with special focus on equity financing;
- (iii) conduct field activities, including field survey, data collection, and meetings;
- (iv) prepare policy recommendation and relevant sections of the main report in English and Chinese;
- (v) participate and deliver sessions during workshops to disseminate the study findings; and
- (vi) perform other related work assigned by the team leader.

8. **Rural finance regulatory specialist** (3 person-months, intermittent basis). The specialist should have tertiary qualifications in business administration, economics, and/or other relevant fields, and at least 7 years' experience in rural finance regulation and supervision. Demonstrated project-related experience and fluent English language skills are required. The specialist will undertake the following tasks:

- (i) provide substantial inputs in designing and continue improving the study framework, methodology, and report outlines;
- (ii) assess the regulatory policies and practices for rural financial institutions and products in the PRC;
- (iii) identify a sustainable regulatory framework for the rural financial system that ensures adequate financial services are provided in rural areas while maintaining financial soundness of the rural financial institutions;

- (iv) consult and coordinate with government agencies to formulate a policy recommendation and practices that support a sustainable rural financial system in the CPEZ;
- (v) conduct field activities, including field survey, data collection, and meetings;
- (vi) prepare policy recommendation and relevant sections of the main report in English and Chinese;
- (vii) participate and deliver sessions during workshops to disseminate the study findings; and
- (viii) perform other related work assigned by the team leader.