Early Warning System

ADB-48463-001

Pilot Program for Establishing a Support Framework for Sustainable Village Community Funds

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Quick Facts

Countries	China
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	B
Voting Date	2015-07-21
Borrower	Government of People's Republic of China
Sectors	Finance
Investment Type(s)	Grant
Investment Amount (USD)	$ 0.30 million
Project Cost (USD)	$ 0.30 million

Project Description

The Technical Assistance (TA) aims to improve the outreach and long-term financial sustainability of the village community fund program by (i) developing an efficient monitoring and supervision framework for the village funds, (ii) enhancing the capacity of village community fund managers and regulators, (iii) introducing advanced lending operations and systems, and (iv) establishing a strategy and road map to reform fund operations and broaden access to wholesale lending.

The TA will develop an efficient monitoring and supervision framework to govern the village funds and prepare a knowledge product and service. It will assess the feasibility of improving the capacity and system of local LGOPs, creating a separate monitoring and supervision agency, or shifting the responsibilities to other agencies or institutions. Ways to involve local social organizations for capacity building of regulators will be explored. Based on the recommendations, pilot village community funds will be selected in IMAR and the new support framework will be implemented. The TA will also provide monitoring and reporting equipment for the pilot programs. The monitoring system will include sex-disaggregated data collection.

The TA will boost the general capacity of village community fund managers and regulators through training sessions, a study tour, seminars, and workshops.10 It will design training modules for fund managers, accountants, and supervisors, so that the capacity-building program can be easily replicated and conducted in other provinces. Training for the regulators, in particular, has a gender target—30% of participants are to be women. Village fund managers from different provinces, government officials, and regulators will be invited to a dissemination workshop to share the results of the pilot programs and their views on the final report.

The TA will also introduce advanced lending operations and systems, and prepare guidelines for the proper operation of a village community fund, including anticorruption and governance measures. A manual for lending operations and risk management will be published and shared.

The TA will prepare a final report to summarize the results of the pilot programs. The report will include a strategy to reform and improve the concept of the village community fund, and a step-by-step road map to achieve better access to wholesale financing. The final recommendations from this report, including guidelines and manuals for the operation of village community funds, will form the basis for replicating and expanding the improved program and for informing other communities in the PRC about it.

IMPACT

Access to finance for the rural and poor households in IMAR improved (12th Five-Year Plan)

CONSULTING SERVICES

The TA will engage four consultants one international (3 person-months in total, microfinance specialist) and three national (12 person-months in total, microfinance regulatory specialist, microfinance institutions specialist, and microfinance risk and operation specialist) through a firm using output-based (lump-sum) contracts and biodata technical proposals.

Investment Description

- Asian Development Bank (ADB)

Contact Information

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ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

Bank Documents

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