

Chair's Summary of Meeting of the Board of Directors

25 April 2008

The People's Republic of China: Country Partnership Strategy (2008-2010)

Directors endorsed the People's Republic of China's (PRC) Country Partnership Strategy (CPS). Directors noted that the document was well-prepared, and appreciated the description of the PRC's current development challenges. While recognizing the PRC's successful development, some Directors highlighted that the PRC still has many poor people and growing problems with income inequality. They supported the strategic framework of the CPS and its close alignment with PRC's 11th 5-Year Plan, including the geographical focus on the poorer, less-developed western and central provinces. Several Directors welcomed the diversification of sectors and themes, including the declining share of lending for transport and the rising share of lending for agriculture and natural resources, energy, urban development and international public goods such as addressing climate change. Some other Directors considered the strategy too broad for the relatively small level of ADB operations in the PRC, and felt that CPS could have been better aligned with ADB's Strategy 2020.

Some Directors noted the importance of knowledge products and services, stressing that the quality and impact of ADB's assistance was more important than volume. They urged ADB to improve knowledge transfer, and ensure technical assistance is tailor-made and demand-driven. A few Directors pointed out the need to explore cost-sharing of technical assistance by middle income countries like the PRC, but one Director stated that ADB should not adopt fee-based service since no consensus had been reached on this. A few Directors also emphasized the need for building partnerships with the World Bank and other donors, particularly in providing knowledge solutions and in Strategy 2020's non-core areas.

The Directors generally supported the proposed move towards country systems but stressed the need for better practice in safeguards and stronger enforcement of laws and policies. Several Directors suggested that ADB carefully assess implementation capacity before moving towards country systems, to help ensure compliance with ADB's safeguard policies.

Some Directors noted that carrying out the strategy would require more resources, and that the resource implications of the CPS, including staffing, need to be carefully assessed and managed. Additional staff would be needed as lending diversified away from transport to other sectors with more complex projects and less capable executing agencies. The need for more and better knowledge products and services would also require new staff. This may involve the shift of more staff and responsibilities to the Resident Mission in the PRC.

Some Directors appreciated the focus on the private sector, but a few felt that private sector operations could have been better integrated into the CPS. They noted that posting staff from ADB's Private Sector Operations Department showed ADB's commitment to private sector operations in the PRC, but felt that communications between ADB's public and private sector operations could still be improved.