

MANAGEMENT RESPONSE TO THE SECTOR ASSISTANCE PROGRAM EVALUATION OF THE ASIAN DEVELOPMENT BANK ASSISTANCE FOR ROADS AND RAILWAYS IN THE PEOPLE'S REPUBLIC OF CHINA

On 3 May 2007, the Director General, Operations Evaluation Department, received the following response from the Managing Director General on behalf of Management:

I. General Comments

1. We welcome OED's Sector Assistance Program Evaluation (SAPE) for Roads and Railways in the People's Republic of China (PRC). We find it comprehensive and balanced. The SAPE is timely and will provide valuable input in the preparation of our new Country Partnership Strategy (CPS) for the PRC.

2. We note the overall positive assessment of the SAPE: (i) ADB assistance to the road and railway sector in the PRC over the 1997-2005 period was successful, (ii) ADB's strategic priorities in these sectors were well aligned with the needs of the PRC, and (iii) ADB road and railway projects added significant value through mobilizing finance.

3. We agree with the thrust of the recommendations. Although we have some specific comments as presented in Section II below, we are also encouraged to note that the recommendations contained in paragraph 185 generally confirm the importance of several on-going ADB-wide reform initiatives.

II. Comments on Specific Recommendations

4. **Formulation of New Focus and Priorities for Lending Assistance.** We agree with the recommendation that we need to formulate new focus and priorities for the lending program to roads and railways sector taking into account the Government's priorities and ADB's experience and resources. We are pursuing it as part of our on-going policy dialogue with the Government as we prepare a new CPS for the PRC for 2008-2010.

5. **Enhance Performance of Technical Assistance.** We agree that, while much of the technical assistance program has been successful, there is scope to further improve the quality of TA operations. Several of the recommendations made in the SAPE are of an ADB-wide nature while others are country specific, rather than sector specific. We are currently reviewing the country-specific issues as part of the preparation of the new CPS. ADB-wide issues are also being reviewed as part of the on-going ADB initiative on TA management.

6. **Increase Responsiveness to Client Concerns.** We generally agree with the suggestion that ADB should move towards the use of country systems for safeguard policies. However, since this has Bank-wide implications, it is being considered as part of the safeguard policy update being undertaken by the Regional and Sustainable Development Department.

7. We also agree in principle with the suggestion that ADB should strengthen staffing at PRC Resident Mission (PRCM) and delegate further responsibilities for project related and advisory work to PRCM. However, we note that these will have cost implications, which will need to be considered in the light of both the ongoing review of the RM policy and the new CPS.