

ASIAN DEVELOPMENT BANK

TECHNICAL ASSISTANCE
(TA NO. 3375 - PRC)

TO THE

PEOPLE'S REPUBLIC OF CHINA

FOR

PROJECT PERFORMANCE MANAGEMENT

AND

EVALUATION CAPACITY BUILDING

DRAFT FINAL REPORT

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I. INTRODUCTION

A. Background and Rationale

1. Post evaluation (PE) of development projects and programs in the People's Republic of China (PRC) started in the middle of 1980s. To address the investment efficiencies, independent evaluation and self-evaluation have been recognized as a management tool to improve future, on-going and completed projects. The WB, ADB and ODA have supported the PRC in strengthening monitoring and evaluation (M & E) agencies and developing evaluation methodologies. However, this assistance has been fragmented, and its effectiveness has been constrained by the lack of coordination and management to the evaluation activities undertaken by different agencies. A major effort is required to build an evaluation capacity through strengthening concerned institutions and developing approaches appropriate to provide feedback to improve the quality of investment.

2. In TA 2821-PRC, an earlier ADB- funded technical assistance (TA) to PRC, it was recommended that the newly created Key Project Inspectors Office (KPIO) under the State Development Planning Commission (SDPC) would be one of the most important units during the process of project performance management capacity building in PRC and should be strengthened institutionally and operationally.

3. Following the recommendations of TA 2821-PRC, ADB granted an additional technical assistance to the PRC for project performance management and evaluation capacity building. The first formal meeting between ADB and KPIO was held in Aug. 1st 1999, and the memorandum was officially signed in Dec. in the same year. During the subsequent year, through several sessions of discussion, international and domestic coordinators were selected, cooperative partner and training experts chosen, the training contents determined and the training plan and schedule prepared. In Jan. 2001, ADB and KPIO signed supplementary memorandum.

B. Objectives and Scope

4. The objective of this TA is to push PRC Government to improve its

project performance management capacity. With its focus on KPIO, the TA aims at upgrading staff's capacity in project monitoring and evaluation (M&E) in KPIO and its branch agencies across the country. And the TA also intends to develop an M&E culture within KPIO and its branch agencies.

5. The focus of this TA is on human resource development and institutional building. In order to identify skills and competence required for KPIO staff, the needs assessment was conducted in July 2000. And based on the report of needs assessment, a training program and curriculum were designed to meet the needs identified. Specific training activities, including seminars and workshops, were conducted with both domestic and overseas experts.

II. IMPLEMENTATION ACTIVITIES

A. Inception Delays

6. The TA was approved by ADB and went into effect in December 1999. KPIO established a Technical Advisory Committee (TC), comprising KPIO's Director General and the two Deputy Directors, on 27 January 2000. And a TC office was created soon to provide effective support for the TA.

7. Under the contract with ADB, the World Bank Institute (WBI) had agreed to commence TA implementation with a training " needs assessment" of KPIO staff. Based on much negotiation and rescheduling, the exercise of "needs assessment" should 've been conducted in early April 2000. However, because of schedule conflicts within WBI, the exercise had to be postponed to early July 2000. WBI actually finalized the report of "needs assessment" in early September which was accepted by both ADB and KPIO. In December 2000, a TA Review Mission of ADB visited Beijing. Through discussion and consultation with KPIO, the ADB Mission made alternative arrangements and the implementation resumed in January 2001.

B. Training Activities

8. In-Country Workshops

(1) The component of the domestic training activities funded by this TA was a workshop on performance-based monitoring and evaluation(PME) of development projects, a seminar on result-based monitoring and

evaluation (RME) of development projects and a “Hands-on Case Study” workshop on ADB financed projects in PRC.

(2) The PME Workshop was the first in-country workshop funded by this TA and it was conducted from 27th June to 10th July 2001 in Beijing and Tianjin. The workshop lasted about two weeks and foreign resource speakers lectured at the workshop. Almost all KPIO headquarters staff and more than 90 participants from local branch agencies of KPIO attended the Workshop.

The core aim of the Workshop was to improve PME skills of senior KPIO staff and to enhance the quality of key investment projects in the PRC. During the two weeks, the principles, methodologies and procedures for PME, as practiced by some multilateral development organization and bilateral agencies were discussed.

(3) The RME Workshop was the second in-country workshop funded by this TA and it took place from 10th to 19th December 2001 in Tianjin. There were 62 participants attending the Workshop and they came from all different parts of the country.

The emphasis was on “result-oriented ” M&E, with special reference to ADB practices. Mr. Graham Walter, Director of OED and Project Officer for this TA, officially opened the RME Workshop and lectured on the role of ADB in M&E capacity building efforts in Asia. In addition, the ADB’s PPMS, Project Performance Report/Country Portfolio Review (PPR/CPR), the concept of RME and its practice in Australia and the importance of feedback of evaluation results etc. were presented during the 10 days Workshop.

(4) The Hands-on Case Study Workshop was the last in-country training intervention funded by this TA. It was held from 13th to 17th May 2002 in Tianjin. There were 43 participants attending the workshop.

Dr. Zhang Jianfei, Director of Transport Planning and Research Institute, was the resource speaker. He lectured on cost control in designing and managing transport projects in the PRC. For hands-on case studies, the ADB-financed Shanghai Nanpu Bridge Project and the WB-financed Beijing-Tianjin-Tanggu Expressway Project were selected for the Workshop.

9. International Study Tour

(1) The first international study tour was to attend a DAC Workshop in Tokoy on 26th to 28th September 2000. And it focused on “Evaluation Feedback for Effective Learning and Accountability” . The three-member delegation comprised Chen Dajiang, Liu Shihu and Feng Xianghua.

(2) The second international study tour was to a visit to ADB

Headquarters in Manila first and then to SGS (Societe Generale de Surveillance) Headquarters in Geneva and selected European Union countries. A 10-member delegation comprised high-level KPIO staffs visited ADB on 20th to 23rd April 2001. ADB offered a 3-days program, covering various aspects of ADB operations.

After Manila, from 26th March to 7th April 2001 the activities were organized by SGS. Experts on project inspection and evaluation from SGS gave systematic course lecturing and conducted extensive exchange on project management, inspection, evaluation modes, methodologies, principles and operational methods and buildup of project data system with KPIO delegation.

(3) The study tour to Australia was the third and last international study tour. The 18-member team from KPIO visited Australia from 2nd to 17th April 2002. The study tour was organized by Stanton Partners of Perth.

This study tour focused on “performance audit” , especially on the point of “risk management” and “contract management” .

III. Experience and Evaluation of Training Activities

10. After two and half years' efficient work, the TA will conclude by the end of Aug., 2002. It has basically achieved its intended purpose. The success of the TA project has been due to the cooperation and efforts made by all the people involved from ADB, KPIO at SDPC and provincial KPIO, Ministry of Finance, international and domestic coordinators, Tianjin University, SGS company and Stanton Partners of Perth.

11. The foremost factor contributing to the success of the TA is clear cut objective. ADB wishes to share its experience in raising investment project efficiency, transparency and management and inspection with Chinese governmental organization, chiefly through conducting personnel training. ADB, through the implementation of TA2821, aimed at locating a cooperative partner who is experienced in project management procedures. The establishment of Office of Key Projects Inspectors by State Development Planning Commission in 1998 as part of the governmental organization reform has furnished ADB with a perfect EA for this TA in a timely manner. Meanwhile, as the nature of the work at KPIO required special quality and abilities to its people, KPIO has been in urgent need of conducting cooperation with an organization like ADB in personnel training to upgrade its evaluation capacity. Thus, KPIO's needs have been completely met by ADB.

12. The second contributing factor to the TA's success has been the good preparation. During the preparation stage and in almost every meeting with ADB, KPIO has repeatedly emphasized its need for training and explicitly summarized this in its need assessment as follow:

- ADB/WB methodology and procedures for project performance management and the lessons learned therefrom;
- Policies, practices and procedures for M&E in market-economy countries;
- Management and supervision of public sector investment projects in foreign countries on fund management and control, construction quality control, awarding of contracts, etc.;
- Current development trends and latest theories and methodologies on project performance management;
- Overseas study tours to provide exposure to best foreign practices;
- System of performance indicators for M&E in foreign countries and ADB/WB;
- Training by foreign experts on performance-based M&E with a focus on macroeconomic policy issues.

Based on the training need assessment report, and with the coordinated efforts by the international and domestic coordinators, ADB has drawn up detailed training plan, specifically including the selection of trainees, determination of the courses, selection of foreign training organizations, and implementation schedule. ADB and KPIO discussed the plan repeatedly until they were in complete agreement. Once the plan was finalized, every training session, either domestic one or international one, has been carried out in strict compliance with the plan.

13. The third factor has been the mutual understanding and cooperation between ADB and KPIO, the professional course lecturing and case studies presentation by SGS and Stanton Partners of Perth and the careful and efficient activities arrangement.

14. The fourth factor has been the outstanding services rendered by the international coordinator. Doctor Zhang, as an ADB retiree and experienced expert on project management and evaluation, has played a key role in the implementation of the TA. He has made great contribution in KPIO selection, designing, drawing and implementation of the training plan, communication between ADB and KPIO and the handling of unexpected incidents during the implementation. Particularly, on his tour with KPIO delegation in foreign country for training, his fluency in

Chinese has been a great help in improving the training results

15. The fifth factor has been the availability of domestic coordinator and its hard work. The domestic coordinator has undertaken the following activities during the TA's implementation:

- (1) Facilitated the communication between KPIO, ADB and international coordinator;
- (2) Participated in the work of TA project team, assisted international coordinator in preparing training objectives and plan;
- (3) Assisted KPIO in selecting trainee and organizing the domestic training activities;
- (4) Assisted international coordinator in handling unexpected incidents to ensure the smooth undertaking of training in Europe and Australia;
- (5) Responsible for contact and communication with foreign organization such as SGS; contact with tourism agents and embassies for visa; assisted KPIO in processing documents concerning their trip abroad;
- (6) Help KPIO to prepare the reports as required by ADB;
- (7) Responsible for the translation of training materials for the domestic trainin, and worked as interpreter for needs assessment and ADB assessment team.

16. Evaluation of Training Activities

(1) The training activities under this TA, either domestic or international one, have basically achieved its intended purpose. The Tour Report on Inspection and Evaluation of ADB Projects, Tour Report on SGS Project Inspection and the Tour Report on Australia under ADB TA have appeared in the journal of Key Project Inspection Updates; and have also been submitted to the ministers of SDPC for their reference and been distributed across the country to provinces, autonomous regions and the municipalities under the direct administration of the central government, thus spreading the benefits of the TA to the fullest.

(2) Under this TA, as many as 350 persons from KPIO and its branches have received training on PME and RME of ADB

(3) Three sessions of domestic training, particularly the case study, have helped the personnel from KPIO of SDPC and the KPIO in 30 provinces, autonomous regions and municipalities under the direct administration of central government achieve a deeper understanding of PPMS, RME and

PPR/CPR. These concepts have been gaining acceptance and are being incorporated in project management procedures in China.

(4) Through the training abroad, KPIO people have studied the mechanism of project performance management and inspection and assessment, the implementation procedure and experience in ADB, governmental organizations and agents in the market economy countries; have basically learned how to select the indexes according to the required standards and scope, and how to prepare the report and the feedback mode when undertaking project inspection and assessment. These methods and procedures have been used by KPIO people extensively and skillfully in their daily work.

(5) On the basis of the training and study, KPIO has started the pilot buildup of the inspection and assessment data system on key state construction projects. The buildup of the credibility and integrity system of project contractors and the post evaluation system on the owners of key state projects are also underway.

(6) KPIO, through the implementation of this TA, has formed close partner relations with SGS and Stanton Partners of Perth.

17. Lessons Learned

During the project preparation stage, the withdraw of the originally selected cooperative partner World Bank Research Institute from the project has caused a delay of 12 months with the implementation of the TA. It is hoped that, in the future, ADB would inform the Chinese party of its coordination with World Bank in a timely manner so as to avoid meaningless delay and misunderstanding.

18. Recommendations

Project management capacity buildup is a continuous process. As the development of supervision of government-funded projects is still in its primary stage, and China is currently in the process of transforming its economy from a planned one to a market-oriented one, KPIO is under active preparation to establish ^①project monitoring and evaluation data system, ^②credibility and integrity system for the contractors of construction projects and ^③project post evaluation system. As the above-mentioned systems are of great importance to the development of management system of project construction in China, we strongly hope that ADB would continue to give us guidance and help in this aspect. That is, on the basis of the TA just concluded, ADB would continue to help us under a new TA to establish the basic framework of the three systems which would constitute China's project management systems under market-oriented economy. In

3 systems

the case that ADB would find it difficult to cover the three system buildup under one new TA, we hope one or two systems would be covered under the new TA.