

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: PRCM

TA No. and Name: TA 4342-PRC: National Food Safety Regulatory and Strategic Framework		Amount Approved: \$400,000	
		Revised Amount:	
Executing Agency: State Food and Drug Administration	Source of Funding: JSF	TA Amount Undisbursed \$67,801.81	TA Amount Utilized \$332,198.19
Date		Completion Date	
Approval 28 May 2004	Signing 26 November 2004	Fielding of Consultants 14 January 2005	Original 31 August 2005
			Actual 31 October 2007
		Closing Date	
		Original 30 November 2005	Actual 21 December 2007
<p>Description. Sustained social and economic development in the People's Republic of China (PRC) has brought rapid shifts in agriculture and food production, processing, and service industries. Despite advances, persistent challenges remain, while both demand- and supply-side shifts pose new challenges for policy, regulation and enforcement, and food safety assurance systems. Such challenges have far-reaching implications. Unsafe food remains a serious threat to public health, with likely upwards of 300 million PRC citizens affected by foodborne disease annually, imposing losses on the order of 0.5% of gross domestic product from health expenditures and lost productivity alone. Additionally, particularly after the PRC's entry into the World Trade Organization, there is an urgent need to bring PRC food safety capacities and practices in line with international protocols: recent food safety-related bans on imports of PRC food products particularly affect its rural economy. Finally, the Government has recognized the need to (i) rationalize food safety policies and eliminate gaps and overlaps in regulations, standards, and food safety control systems; and (ii) improve coordination, as food safety management roles are often highly fractured across agencies and administrative levels, leaving gaps, duplication, and (in some cases) conflicting interests.</p> <p>Facing these challenges, during the Asian Development Bank (ADB) country programming mission to the PRC in July 2003, the Government requested advisory technical assistance (TA) to support improved national food safety. Involving dialogue with stakeholders from a range of agencies, industry, and consumers, the TA would directly support the executing agency (EA)—the State Food and Drug Administration (SFDA, reconstituted in 2003 to add food safety under its purview)—to formulate and propose policy and regulatory changes, broad strategies, and plans for implementation.</p>			
<p>Expected Impact, Outcome and Outputs. The TA's guiding impact (formerly goal) was protection of public health and promotion of economic development in the PRC through the implementation of a coordinated, comprehensive, science-based, and sustainable national system covering food safety at all stages of the cycle from primary production to consumption. Its outcome (formerly objective) was formulation and consensus building on a comprehensive framework covering food safety policies, laws and regulations, and standards, as well as cross-agency coordination to ensure their effective implementation.</p> <p>The TA design envisaged four principal outputs, including a sequence of three studies:</p> <ul style="list-style-type: none"> (i) an initial preparatory study outlining the current situation and institutional context of food safety in the PRC and reviewing and analyzing comparative international experience under a range of national food safety models; (ii) building on the above and multi-stakeholder dialogue, a final report outlining a comprehensive national food safety regulatory and strategic framework for strengthening legislative and policy foundations and guiding coordinated implementation by relevant agencies; and (iii) a report distilling related recommendations for submission to the State Council. <p>The TA's fourth output was strengthened analytical skills and a focused set of essential capacities built among key staff of SFDA and relevant agencies, based on identified needs.</p>			
<p>Delivery of Inputs and Conduct of Activities. The TA design and terms of reference remained very appropriate and timely, and (thanks to ongoing dialogue with the EA and consultants) allowed ample flexibility to respond to a changing context (see below). TA implementation validated justifications given in the TA paper for direct selection of the World Health Organization (WHO) to mobilize consultant inputs. While one international consultant had to withdraw due to illness, most (though not all) team members' inputs were excellent. Additionally, recognition of WHO's credibility and objective technical expertise was critical in helping the TA negotiate through sensitivities in an increasingly politically charged area. The TA marked ADB's first collaboration with SFDA, which, along with transfers of TA oversight within ADB, contributed to some difficulties and delays noted below. However, overall, cooperation with the EA was generally strong. Transfer of the TA to ADB's Resident Mission in the PRC (PRCM) and return to the original TA officer facilitated communication with SFDA and WHO, as well as the ADB officer's hands-on cooperation with the consultants in formulating the final deliverables and multi-agency dialogue. Overall, WHO's inputs (delivered well below budget) are assessed as "excellent", and those by the EA and ADB rated as "satisfactory", bordering on "highly satisfactory"</p> <p>TA implementation responded to a shifting context. Following several nationally and internationally publicized food safety incidents, food safety became hotly debated as a priority area at the highest levels of PRC leadership. This</p>			

presented both an opportunity and a challenge, as some agencies entrenched their stances. In view of this changing context, work on the framework focused more on presenting and justifying to senior leadership macro-level, foundational reforms rather than providing a more detailed technically-oriented report centered on implementation-side issues. Consultations were critical to identify core issues, including competing interests across multiple agencies and areas of possible consensus, as well as: dialogue with neutral non-line agencies (e.g., the Ministry of Finance [MOF] and representatives of the National People's Congress [NPC] and Communist Party organs) was particularly key. At the request of MOF and SFDA, ADB also agreed to extend the TA to conduct an additional seminar for dialogue and dissemination. Supported by close ADB participation in the work and policy dialogue (including drafting of policy-related extracts, as noted below), this shift in approaches proved very successful.

Evaluation of Outputs and Achievement of Outcome. Consultant reports for outputs (i-ii) noted above were of good quality and relevance, despite slippage in the initial timetable (due in part to delays in signing the TA letter and contract with WHO, ADB officer transitions, and the need to carefully negotiate a politically charged context). Under the fourth output area, tailor-fit capacity building programs for SFDA and related entities (ranging from an international study visit to seminars in various provinces) were well received. Most importantly, the TA exceeded targets in the third output area, directing key messages to senior leadership at two stages: (i) in November 2006, ADB submitted to the State Council (through MOF) an Observations and Suggestions (O&S) policy note; and (ii) SFDA submitted the TA's Focused Synopsis monograph to the Premier and other senior leaders in mid-2007. Distilling the TA's key findings and recommendations for reforms in two core areas—institutional reform for streamlining and improved coordination, and comprehensive legislation—these concise documents and related policy dialogue appear to have influenced key reforms in both areas. In August 2007, the State Council established a Leading Group of Product Quality and Food Safety, and in October, it endorsed (for final NPC approval) a draft Food Safety Law that substantially departs from earlier, fragmented legislation toward providing a comprehensive, overarching legal framework.

An additional, if unanticipated, indicator of the TA's influence was the unusually high level of media coverage, ranging from domestic media to prominent citations in *Newsweek*, *Time*, and the *Los Angeles Times*.

Overall Assessment and Rating. The TA delivered its intended outcome and provided high quality outputs. Despite its modest size (\$400,000), the TA appears to already have had a major influence on national policy dialogue, contributing, at least in part, to two major emerging changes that correspond closely with its two core recommendations: the noted establishment of a State Council leading group to provide overarching coordination, and new draft Food Safety Law. These suggest that benefits from the TA will be sustainable. In view of these, the TA is rated as highly successful.

Major Lessons. As the TA was ADB's first involvement in PRC food safety, the first lesson focuses on the role of a combination of hands-on ADB involvement (particularly after its transfer to PRCM) and cooperation. Effective partnership allowed ADB to dovetail its strengths (ranging from its ability to engage agencies like MOF to use of its O&S channel) with WHO's technical expertise. A related second lesson is the importance of packaging knowledge products: i.e., complementing full technical documents by distilling key TA findings into sharp, audience-targeted deliverables—in this case, an O&S piece targeting key messages to the State Council, and later a slightly longer (but still concise) final Focused Synopsis to disseminate findings on key issues and recommendations to government and broader stakeholders. Success in both of these areas demonstrates that ADB officers can play a key, value-added role in mediating between consultants (helping to ensure their technical expertise meets with local realities) and EAs (helping them grasp relevant international experience and look beyond line ministry perspectives).

A third lesson relates to ADB TA management more broadly. While including EA management of a portion of funds (e.g., for major workshops) is often strongly justified to deepen EA ownership, there is a need for ADB to provide clearer, user-friendly, and operational guidance to EAs. Upon taking over the TA, PRCM found that ADB had advanced the entire EA-administered amount without a clear EA workplan for fund use and/or documented discussions on ADB's liquidation requirements, which vary from the EA's prior international partners'. An initial briefing and provision of ADB's 1992 *Guidelines for Disbursement of TA Grants* during TA fact-finding were forgotten due to EA officer turnover. As a result, PRCM had to work with the EA in a lengthy and difficult process of tracking down receipts and other documentation required for liquidation of the advance, forcing an additional 5 month extension of the TA (to October 2007) to allow timely account closure.

Recommendations and Follow-Up Actions. While food safety will remain outside of ADB's core areas of support in the PRC, if requested formally by the Government, ADB may consider provision of follow-up support. The first two lessons above (which largely resonate with findings from earlier assessments of TA efficacy) suggest that ADB should rethink its own role during TA implementation, which in turn links to the larger issue of staff incentives for advisory TA implementation. On the third lesson, briefings and an informal reference handbook developed by PRCM staff for one new TA have been very well received by executing/implementing agencies, and may be useful as inputs to ongoing work by Controller's Department to update the 1992 *Guidelines*, which will hopefully provide a more definitive guide to facilitate TA implementation.

