

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: EAEN

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| TA No. and Name TA 4402-PRC: Heating Supply for Urban Poor in Liaoning Province | | | Amount Approved: US\$500,000 Revised Amount: US\$492,822 | |
| Executing Agency: Liaoning Development and Reform Commission | Source of Funding: Poverty Reduction and Cooperation Fund (PRF) | | TA Amount Undisbursed US\$7,178 | TA Amount Utilized US\$492,822 |
| Date | | | Completion Date | |
| Approval 5 Oct 2004 | Signing 28 Dec 2004 | Fielding of Consultants 3 May 2005 | Original 30 Sep 2005 | Actual 30 Jun 2006 |
| | | | Closing Date | |
| | | | Original 30 Sep 2005 | Actual 19 Sep 2006 |
| Description | | | | |
| <p>Urban heating demand in the People's Republic of China (PRC) has grown rapidly due to rising incomes, privatization of housing, and housing sector growth. Continued strong economic growth, combined with significant increase in urban housing construction, has resulted in heating demand outpacing supply, particularly in the old section of cities.</p> <p>The heating bill represents a large portion of the poor household's monthly income (21% in Anshan, 23% in Liaoyang, and 27% in Yingkou and Benxi), indicating that poor households can barely afford heat. In Liaoning, where the winter temperature can dip to minus 35 degree Celsius, insufficient heating severely affects the quality of life and health of the poor.</p> <p>Limited public resources have forced the Government of Liaoning Province (GLP) to rely increasingly on household financing of heating, but the urban poor cannot afford the rising heating costs. The GLP has thus developed assistance programs to reduce heating costs. However, the programs only cover the poor below the city poverty lines, leaving a vast number of near-poor households to deal with unaffordable heating. Therefore, heating supply policies need to be refined. Different heating supply options for the urban poor need to be evaluated, and comprehensive heating assistance programs established, taking into account the sustainability of the urban heating supply.</p> | | | | |
| Expected Impact, Outcome and Outputs | | | | |
| <p>The goal (impact) of the technical assistance (TA) was to provide adequate and affordable heating for the urban poor in Liaoning.</p> <p>The purpose (outcomes) was (i) successful implementation of pro-poor national heating tariff guidelines and effective heating tariff collection mechanism, and (ii) heating assistance programs for urban poor.</p> <p>The outputs were (i) developing comprehensive heating assistance programs to ensure adequate and affordable heating for the urban poor; (ii) developing a system to monitor, supervise, and evaluate implementation at the provincial and local levels; (iii) identifying and removing barriers, and developing an action plan, to implement pro-poor national heating tariff guidelines and improve heating tariff collection; and (iv) disseminating findings to key stakeholders.</p> <p>The design of the TA was relevant to Liaoning province because of the importance of district heating in maintaining the quality of life.</p> | | | | |
| Delivery of Inputs and Conduct of Activities | | | | |
| <p>The TA consisted of the following activities: (i) examining key urban heating supply issues; (ii) evaluating different heating supply options for the urban poor; (iii) assessing heating assistance programs' economic, poverty, environmental, and financial impact in selected pilot cities (Benxi and Yingkou); (iv) involving the urban poor in design, implementation, and monitoring of heating assistance programs; (v) conducting an international seminar; (vi) carrying out a field study; and (vii) conducting a consultation workshop with the main stakeholders.</p> <p>An international consulting firm (the Consultant) from the United States (associated with domestic experts) was engaged in accordance with the ADB's <i>Guidelines on the Use of Consultants</i> to carry out the TA. The international consulting team comprised of five specialists (total 9 person-months) and the domestic consulting team comprised eight specialists (total 29 person-months). The consulting services inputs were adequate to achieve the TA objectives and the tasks were carried out as outlined in the terms of reference (TOR). However, there was a delay in TA implementation, which led to an extension of the TA implementation period by 9 months. The delay was caused by the late signing of the TA letter and the longer time taken for consultant recruitment. Despite the delay, the Executing</p> | | | | |

Agency (EA) was satisfied with the implementation. The performance of the Consultant was satisfactory.¹ The international seminar and the field visits were well organized and efficient. The Final Report was submitted in June 2006. The EA's performance was also satisfactory, particularly in providing office, communication, and transportation facilities, and assigning counterpart staff who were fully involved in the study. Asian Development Bank (ADB) provided supervision through regular correspondence and review missions and its performance was considered satisfactory.

Evaluation of Outputs and Achievement of Outcome

The TA was completed within the approved budget. Achievement of outcome would only be known after the implementation of pro-poor national heating tariff guidelines, effective heating tariff collection mechanism, and heating assistance programs for urban poor. According to the action plan, these will be completed by the end of 2010. The quality of outputs was satisfactory; a comprehensive heating assistance programs for the urban poor; a system of monitoring, supervision, and evaluation of implementation; and an action plan for the implementation of pro-poor national heating tariff guidelines and improved heating tariff collection were developed under the TA. The TA findings were disseminated through an international seminar from 24 to 27 April 2006, to which international and domestic experts were invited to present papers and participate in discussions. An international field study was conducted from 23 March to 4 April 2006 to expose selected personnel to the latest trends and international best practices in heating assistance programs for the poor. At the end of the field study, the participants submitted to ADB a report summarizing their findings and recommendations.

The EA expressed that the TA outputs generally met expectations and were useful in supporting the Government's objective to reform the heating tariff setting, tariff collection system, and heating assistance program to the urban poor. The TA implementation took about 14 months instead of the planned 10 months. The TOR was met and the main objective was achieved.

Overall Assessment and Rating

The TA is categorized as successful. The TA was relevant because it developed the basis for commercialization of district heating. Its effectiveness can only be determined after the recommendations are fully implemented. The TA was efficient, it was implemented within the budget and a reasonable timeline. The TA is considered sustainable because the EA has a high level of ownership to the TA, and it is expected that action plan will be implemented within the timeline.

Major Lessons

The high level of ownership by the EA contributed to the successful TA implementation. Further, the close cooperation between the EA and the Consultant, and flexibility during TA implementation helped to improve the TA results.

Recommendations and Follow-Up Actions

Based on the monitoring and evaluation system developed by the Consultant, the EA will carry out an impact assessment. It is recommended that the implementation of heating tariff guidelines and collection mechanism, and the assistance programs be monitored during the review of the ongoing project.²

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¹ ADB Consultant Performance Evaluation report classified the consultant as "satisfactory".

² ADB. 2004. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the People's Republic of China for Liaoning Environmental Improvement Project*. Manila (Loan 2112-PRC, approved on 24 November 2004, for \$70,000,000).