DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. Since 1990, the Hebei provincial government (HPG) has received financial assistance from various bilateral development agencies and international financial institutions (IFIs). As of August 2015, the agreed loan amount from the IFIs—Asian Development Bank (ADB), Nordic Investment Bank, and World Bank—accounted for $2.4 billion equivalent. For bilateral financial assistance, HPG received a total of $650.7 million from 16 countries mainly in the agriculture, communication, education, health, and urban sectors (87.4% of the total).

2. Among the IFIs, ADB is the second-largest development partner of HPG after the World Bank. Since 1998, ADB has provided six investment loans totaling $706.0 million for projects that contribute to Hebei’s energy efficiency, urban and water infrastructure, and environmental improvements. Two investment loan projects—Hebei Small Cities and Towns Development Demonstration Sector Project ($100.0 million, approved in 2009) and Hebei Energy Efficiency Improvement and Emission Reduction Project ($100.0 million, approved in 2011)—are ongoing and directly contribute to (i) the improvement of air quality by reducing coal usage in inefficient heating boilers in small cities and towns, (ii) greater energy efficiency in key industries, and (iii) the promotion of energy service companies in Hebei. The two ADB projects also highlight the importance of policy reforms in key sectors to strengthen the overall framework for incremental policy and investment actions that will improve the air quality in Hebei. If approved, the Beijing–Tianjin–Hebei Air Quality Improvement–Hebei Policy Reforms Program will be ADB’s seventh loan to Hebei and the first policy-based loan to the People’s Republic of China (PRC). The total amount approved for Hebei will reach $1.0 billion.

3. Various sectors directly and indirectly contribute to air-quality improvements by reducing direct pollution emissions and promoting medium- and long-term economic and social structural changes. These contributions include industry upgrades, better energy efficiency in businesses as well as homes, purchase of high-tech medical equipment and reforms to the public health system, inclusive education and vocational training to support industrial transformation, cleaner and efficient urban heating services, and better transport management and infrastructure. Hebei received financial assistance under 62 projects from 15 multi- and bilateral donors, totaling about $2.0 billion. Among the 62 projects, 44 are in the health sector and involve purchasing medical equipment for public hospitals and universities. The other 18 projects cover various other sectors with an approved amount of approximately $1.7 billion. These were financed by ADB, Agence Française de Développement, the Government of Australia, KfW, Export-Import Bank of Korea, Japan Bank for International Cooperation, Spanish Agency for International Development, Swedish International Development Cooperation Agency, and the World Bank, as shown in the table below.

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1 The figure includes the total amount for the eight projects in which Hebei is one of several participating provinces.
2 Bilateral assistance came from Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Israel, Italy, Japan, Republic of Korea, Netherlands, Norway, Saudi Arabia, Spain, Sweden, and Switzerland.
3 The total loan amount excludes the Comprehensive Agricultural Development Project (Loan 2943-PRC, approved in 2012), which covers Yunnan Province and five other provinces.
B. Institutional Arrangements and Processes for Development Coordination

4. ADB is committed to sharing sector information and experience with its developing member countries and other development agencies. In support of the 2005 Paris Declaration and the 2008 Accra Agenda for Action, ADB has been harmonizing its policies, procedures, and practices with key development partners through parallel implementation structures, technical working groups, and joint missions. In addition, ADB has been supporting global and regional efforts to boost aid effectiveness.

5. In the PRC, development coordination is mainly in the hands of the central government. Development partners are requested to align their operations to support the implementation of the national development strategy, as set out in the PRC’s Twelfth Five-Year Plan, 2011–2015 for social and economic development and approved by the People’s Congress. ADB’s PRC Resident Mission plays a key role in drawing lessons from project processing and implementation, and in sharing knowledge and experience with other development partners.

6. Within HPG, the Hebei Development and Reform Commission and Hebei Finance Department are responsible for development coordination. They receive requests for
development assistance from 11 municipal governments under their jurisdiction, match needs to the priorities and programs of the different development partners, and make requests to the central government for projects to be included in the relevant support program.

C. Achievements and Issues

7. Since 1992, coordination with development partners such as the World Bank, other bilateral development agencies, and IFIs to support the PRC’s five-year plans has improved; specifically in the areas of public awareness and education, financial and institutional strengthening, and environmentally sustainable and balanced socioeconomic development. The Beijing–Tianjin–Hebei Air Quality Improvement–Hebei Policy Reforms Program made significant progress in development coordination in the PRC. Based on the central government’s request, ADB and World Bank fielded a joint mission to Hebei to discuss the scope of financial assistance to improve the air quality in the Beijing–Tianjin–Hebei region. The ADB project team regularly communicated and exchanged information with the World Bank. The contents of the program have been closely coordinated with the World Bank’s program-for-results on the Hebei Clean Air Action Plan in 2016–2017. After the dialogue, KfW joined the ADB program as a cofinancier.

D. Summary and Recommendations

8. The Beijing–Tianjin–Hebei Air Quality Improvement–Hebei Policy Reforms Program is the first ADB project cofinanced by KfW. The successful coordination with KfW and the World Bank is the result of concerted efforts to step up development coordination. The Beijing–Tianjin–Hebei Air Quality Improvement–Hebei Policy Reforms Program proved that active donor coordination makes it possible to tackle more complex development challenges facing a fast-developing upper middle-income country like the PRC. In addition to sharing lessons and innovative approaches in project processing and implementation, strengthening development coordination among multilateral and bilateral development agencies and IFIs is expected to minimize transaction costs, maximize responsiveness, deal with policy issues more systematically, provide greater support for reforms and capacity building, and promote greater accountability to achieve better development impact in the PRC.