

PEOPLE'S REPUBLIC OF CHINA COUNTRY KNOWLEDGE PLAN (SUMMARY)

1. The PRC Country Knowledge Plan sets out a process for knowledge creation and management suited to upper middle income countries (UMICs).¹ It works with country clients to systematize and resource the co-creation, management and use of knowledge; to encourage integration and incentivization of knowledge across One ADB operations in the PRC; and to begin building a knowledge culture and bank of knowledge that can support evolving PRC knowledge partnerships and operations.

I. PRC's Knowledge Needs

2. The PRC is entering an important but uncharted reform period in which its knowledge resources—of new institutions, mechanisms, processes, pilots, lessons, platforms for dialogue, and capacities—will be at least as important as financial resources in stimulating innovation, maintaining a reform mindset, taking reform choices and avoiding reform inertia.

3. Whereas earlier PRC development choices have solved some past problems, their very success has created new development challenges. Some hard to address planning problems also remain as unfinished business. And the very complexity of other interlinked or “wicked problems”² requires knowledge consensus-building and integrated responses. Third Plenum Reforms have necessarily adopted comprehensive and top down strategies to systemically address these issues.³ However, actual reform implementation mainly occurs at local levels where gaps exist between central and local government resources, capacities, incentives, tools and knowledge. Going forward, it will be essential to address institutional and implementation gaps and central-local level interest misalignments which could hamper the PRC's realization of its international environmental commitments and goal of a Moderately Prosperous Society by 2020. CPS consultations identified three areas in which these gaps were pronounced:

4. **Climate change.** Knowledge is needed to support government in instituting and implementing innovative mechanisms for climate change mitigation, including policies for carbon pricing, energy efficiency improvement, biogas promotion and reduced coal use; and for planning better climate proofing and investment in all sectors, including resilient and low carbon planning and development in the agricultural, transport and urban sectors (sponge cities, flooding, etc.).

5. **Environmental protection and management.** Knowledge is needed to institute and implement environmental protection and management systems, environmental law enforcement, ecological zoning and appraisals, ecosystem services and protection of cultural heritage and local traditional products; to invest in sustainable infrastructure and remediate contaminated agricultural land, develop food and drinking water security and safety plans, control air pollution, promote zero waste urban development and to create local, regional and global public goods.

6. **Socially inclusive economic transformation.** Multifaceted knowledge is needed to better coordinate and balance development across rural and urban social groups and regions.

¹ ADB. 2015. Clients–Contributors–Collaborators: A New Partnership with Upper Middle-Income Countries. Institutional Document. Unpublished. ADB is piloting its One-ADB approach in the PRC and Indonesia.

² S Howes and P. Wyrwoll. 2012. Asia's Wicked Environmental Problems. *ADB Working Paper Series*. No. 348. Tokyo: Asian Development Bank. The authors note that “Wicked problems are dynamic, complex, encompass many issues and stakeholders, and evade straightforward, lasting solutions.”

³ Incoming PRC national leadership introduced plans for comprehensive structural reform at the 2013 3rd Plenum.

Knowledge innovations in rural financial and insurance systems, value chains, gendered employment market mechanisms, poverty targeting, social safety nets, pensions, elderly care and other social services are needed to reduce multi-dimensional poverty, ensure (and upgrade) employment, economic opportunity and social equality. This also requires modernizing systems, e.g., for quality education, transport, logistics, skills professionalization, assessment, procurement, audit, disclosure, and for demarcating and fostering the private and social sectors.

II. ADB’s response to these needs – scope of knowledge operations

7. The PRC country knowledge planning process identifies and aligns One ADB knowledge resources and products to support client knowledge needs for reform implementation in areas of ADB programming. It also guides implementation of knowledge management practices that ensure ADB funded knowledge activities and products become more useful, used and recognized. This process is summarized below.

8. The three themes outlined in Table 1 are entry points for addressing the knowledge gaps and needs of para. 3 across five ADB sectoral programming areas⁴ and three new PRC regional initiatives. This approach is consistent with the proposed CPS, the demand-driven TA pipeline and the PRC CAPE recommendation to vastly increase support to address climate change and protect the environment, reduce social inequalities and poverty, and support tracking of relevant reform program implementation.⁵ It also encourages a programming shift from a single-sector focus toward the multi-sectoral problem-solving prioritized in the Third Plenum. Public finance and private sector development are taken as important reform mechanisms in all three themes.

Table 1: Country Knowledge Plan overview

KNOWLEDGE THEMES		KNOWLEDGE REGIONS	
1. Responding to climate change 2. Implementing modern management processes to support PRC socio-economic transformation, reduce poverty and inequality 3. Environmental protection, management and creation of local, regional and global public goods, including through RCI		1. Beijing, Tianjin, Hebei (BTH) ⁶ 2. Yangtze River Economic Belt (YREB) 3. the Belt and Road ⁷	
KNOWLEDGE TYPES (each involves sustained dialogue, reflection and cumulative co-learning)		KNOWLEDGE PROCESSES	
		Management	Dissemination
1. Knowledge from operations	4. Regional knowledge sharing	1. Identify	4. Synthesize
2. Knowledge to operations	5. Past TA and loan knowledge	2. Align	5. Share
3. Just in Time knowledge	6. Staff knowledge sharing	3. Manage	6. Apply

9. CKP knowledge processes are organized around six knowledge types:

10. **Knowledge from ongoing loans and TA operations** to ensure projects become a means to an end and can cluster or scale-up findings to inform policies, planning and legislation or scale-out to other locations. The aim is to sharpen processes for identifying good projects and project clusters while remaining responsive to reform needs and speed, and to encourage client ownership and advocacy of outcomes. Reforms to the TA proposal format, identification

⁴ Environment, natural resources and agriculture; energy; public management, financial sector and regional cooperation; urban and social sectors - including education and elderly care; and transport.

⁵ ADB. 2015. *Country Assistance Program Evaluation for PRC*. Manila.

⁶ Includes Beijing and Tianjin municipalities, Hebei, Shanxi, Inner Mongolia, Shandong and Henan.

⁷ Includes Central Asia Regional Economic Cooperation (CAREC) and Greater Mekong Subregion (GMS) initiatives.

process (including third party proposal review by a national think tank), knowledge tracking system, and TA-loan award selection, recognition and incentivization are underway.

11. **Knowledge work that leads to programming.** This can involve intensive client or ADB identified research or sequenced studies on reform issues and opportunities. For example, flagship PRC studies on the Country Water Assessment and Promoting the Decisive Role of the Market in Resource Allocation are anticipated to generate new reform knowledge and program activities. More regular discussions with key PRC think tanks and leading small groups are in preparation to identify further flagship opportunities.

12. **Just-in-time knowledge for policy makers on hot topics.** ADB can tap One ADB expertise and developing member country experiences to address urgent but unplanned knowledge needs. Topics would be generated in new periodic ADB-MOF meetings and greater interaction with PRC-based think tanks, government planning groups, private sector, donor and social organizations. Preparation of products would be supported through staff resources and TA facility subprojects, the Observations and Suggestions series and similar mechanisms.

13. **PRC-regional knowledge sharing.** As a UMIC, the PRC has both knowledge needs and an increasing regional knowledge sharing role with other DMCs. ADB can promote this two-way exchange, especially through the ADB-MOF funded Regional Knowledge Sharing Initiative (RKSI).

14. **Knowledge from completed loans and TAs.** The 30th anniversary of ADB-PRC partnership in 2016 provides a timely opportunity to identify, document and recognize ADB contributions to major development ideas and actions, and lessons learned. ADB will also ensure that past work is better stored, accessible, synthesized, shared, and reviewed for relevance as new reform opportunities and challenges emerge, and to build on these lessons and reduce TA topic redundancy.

15. **Staff knowledge sharing.** Steps to strengthen synthesis and sharing of tacit and internal knowledge across One-ADB would include more staff placements, cross-sectoral TA and loan teams, sector and thematic group links, intra-ADB information briefs and ICT use.

16. ADB must ramp up its convening and communicating power as a professional partner and knowledge broker. ADB would also strengthen selected staff capacity in case writing, policy brief preparation, message making and knowledge management with SDCC-KS support. PRCM would form or join more donor and technical NGO information exchange groups on CPS topics. Innovative knowledge dissemination pilots would be undertaken, documented and tracked.

III. Areas of collaboration with partners

17. ADB operations in the PRC engage with numerous PRC and international research centers, institutes, universities, private sector and industry associations, social organizations and technical NGOs. ADB would increase interaction with local, regional and global knowledge institutions aligned to CPS-CKP themes. A CKP database of key ADB programming partners, PRC based think tanks and technical NGOs in ADB's area of operations in the PRC would be created and maintained to inform project design and knowledge activities.

18. ADB will also establish regular dialogue with new style think tanks to: (i) evidence and enhance the policy relevance of ADB knowledge work; (ii) better align knowledge work with broader PRC needs beyond a single sector or line agency; and (iii) ensure that ADB knowledge

programming supports policy making through trusted local partners.⁸ ADB will also review its work with knowledge hubs that have been created under various TAs, including refining criteria for their creation, sustainability and, where possible, linkages with two important MOU with the Ministry of Environmental Protection and National Development and Reform Commission.⁹

IV. Resource allocation and knowledge results

19. **Resource allocation.** ADB-MOF operates a rolling annual program of short-listed TAs to respond to rapidly changing knowledge priorities and reform opportunities. 2016 firm TA (excluding RETA) align closely with CKP knowledge themes. A new PRCM TA facility, ongoing TA facility, and EARD staff consultancy budget would fund CKP implementation, third party think tank engagement, a TA synopsis database and just-in-time knowledge. A national staff knowledge management position is proposed to complement the existing PRCM knowledge focal point. Some KPS production and dissemination is also funded under RKSI, an ongoing EARD RETA or the Water Financing Partnership Facility. EARD would seek to tap SDCC-KS and specialized knowledge unit resources for topics of mutual interest and alignment with the CKP.

20. **Knowledge results.** KPS identified by the client or ADB-PRC Knowledge Partnership Working Group as significant or testing innovative knowledge processes would be tracked. ADB-MOF would initially co-design tailored tracking indicators and methods to build knowledge partnership and experience. For example, ADB technical knowledge indicators mostly record broadcast effects, e.g., coverage or user downloads. However, indicators for One ADB policy advice often use narrowcast effects, where the goal is to ensure knowledge findings reach and are read by the right advisors, planners and decision-makers. These knowledge contributions to policy making require indirect and qualitative measures, e.g., attribution of usefulness, citation of data or findings in speeches or documents, invitation to follow-on activities, or forwarding findings to higher leadership. CKP progress would be monitored through the CPM and Knowledge Partnership Working Group meetings. ADB is also working with MOF to create a TA Project Information Management Platform to improve knowledge tracking, storing and sharing.

V. Country Knowledge Competence or Expertise

21. PRC organizations are keen to share national development experiences as part of the nation's further development, growing international roles and responsibilities as a UMIC. The PRC has several south-south and other knowledge exchange modalities with international donors, including RKSI. RKSI transmits mature PRC lessons and cases abroad and introduces relevant international experiences. However, the verification and effective packaging of PRC case studies in appropriate formats for sharing with international knowledge users remains a key development challenge for the PRC. ADB's own expertise, platforms and regional networks could play a greater role in the presentation, timely coordination and leverage of lessons learned. ADB and local partners have already begun to identify relevant PRC experiences for sharing with other developing countries. The PRC also welcomes collaboration with ADB for co-training, joint project design and implementation to enhance knowledge, skills and capacities, e.g., through NDRC's new South-South Climate Change Fund.

⁸ In early 2015, PRC leadership introduced the role of New Style Think Tanks as domestic providers of independent policy advice, reflecting a pressing need to grapple with the political economy of reform options and choices.

⁹ The President signed Memoranda of Understanding in 2014 for (i) ADB-NDRC Cooperation to Address Climate Change (ii) ADB-MEP Cooperation to Promote Environmental Protection.