VIEWS AND SUGGESTIONS

I. Advantages of RBL

- **Improved program design.** While it is true that in RBL operations ADB takes as a starting point an existing government program, such programs are still broad-brushed and missing a lot of detailed steps on how to achieve the desired results. By re-examining the results, defining the results chain, and setting up intermediate indicators, ADB can help sharpen the planning and implementation process, and contribute to its success;

- **Strengthening of provincial and local governments systems and capacity.** PRC is attempting to align the execution of its own budget to the achievement of results in the implementation of reforms. Local governments are often weaker in understanding and applying this shift, and RBL operations can strengthen local planning, implementation and evaluation systems and help local authorities change their mindset.

- **Provide timely evaluation of government programs.** The evaluation of the implementation of ADB’s RBL operation will help inform the planning cycle for follow up activities in the sector.

- **Suggest improvements to government systems.** To the extent that the preliminary assessments during RBL preparation and implementation point out shortcomings that still exist, including policy action or institutional strengthening DLI would ensure attention to the underlying issues. The government is willing to consider extending the needed adjustments beyond the scope of a specific RBL operation, if warranted. For example, procedural changes have been introduced on the PRC side for the processing of RBL to allow local or ex-post approval of program components, and reduce the amount of information required on subproject size and procurement packages.

- **Faster implementation.** Past support for the sector from other external financing sources that used the funding source’s procurement procedures encountered delays of about one year. Under the RBL program, the provincial Education Department expects to avoid such delays thanks to the use of national procurement and safeguard procedures.

- **Simplified implementation.** Use of national procedures and the simplification of domestic requirements for RBL implementation reduce the number of approvals that have to be obtained from national authorities, and the number of departments that have to be consulted and involved to manage the project.

- **Greater flexibility.** Provincial officials cited examples of other projects in the sector that required adjustments (for example in construction plans) after they had been approved by the external funding source and government authorities. This had proven very difficult because amendments to the original plans required re-submission and a fresh approval. By contrast, since RBL focuses on outcomes plans can be adjusted more flexibly to respond to changing conditions.

- **More “scientific” management of the program.** By focusing on results, RBL operations encourage the Chinese institutions to consider what is needed to achieve them, and to plan in advance to ensure that the results are achieved.
II. Disadvantages of RBL

- The modality may not be appropriate for countries that have a lower level of capacity or less developed systems. In general, the government would prefer an assessment of the validity of country systems to be carried out across the board, possibly resulting in their use across the whole ADB portfolio, instead of sector- or program-specific assessments.
- The exclusion of procurement packages of a higher value can undermine a program’s integrity.
- Independent monitoring of results can be useful on a case by case basis.
- It was suggested that since DLI are subject to adjustment they should not form an integral part of the loan agreement. The mission clarified that, since they are the basis for ADB disbursements, a clear reference in the loan agreement is necessary.

III. Other Observations about RBL

- Features such as funding for prior results or advance financing are quite useful to allow prompt implementation of the program. They allow the executing agency to pre-finance the activities needed to achieve the agreed results.
- Funds are allocated to the province based on overall program requirements, and there is not an immediate relationship between ADB support for the program and additionality in fund allocation.
- Since ADB finances the overall achievement of targets, without reference to any specific TVET training institution, in case of shortcomings the burden of identifying the responsible individuals and institution falls on the project management office. The approach therefore requires strong internal accountability on the PRC side. Incentives must be created for participating TVET institutions to achieve the objectives.
- The training institutions visited by the mission had fairly good facilities, good connections to industry, and high placement rates and significant earning differentials for graduates. The challenge for the RBL program is to improve management and training systems, curricula, and other non-physical elements that contribute to the school’s success, and boost enrollment rates.