

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: EARG

TA No. and Name 4298-PRC: Capacity Strengthening of PRC's National Development Planning Process			Amount Approved: \$360,000	
			Revised Amount:	
Executing Agency: National Development and Reform Commission (NDRC)		Source of Funding: PRCF	TA Amount Undisbursed \$7,759.18	TA Amount Utilized \$352,240.82
Date			Completion Date	
Approval 19 Dec. 2003	Signing 16 Jan. 2004	Fielding of Consultants 15 Mar. 2004	Original 31 Dec. 2004	Actual 14 July 2005
			Closing Date	
			Original 31 Dec. 2004	Actual 12 Sept. 2005
Description				
<p>When the PRC was founded in 1949, the country adopted a five-year plan (FYP) system similar to the Soviet Union. During 1953 to 1957, the government's efforts were concentrated on heavy industry and capital-intensive technology. However, towards the end of this period, the growing imbalance between industrial and agricultural growth convinced the nation's leaders that the highly centralized, industry-biased Soviet model was not appropriate for the PRC. Since then, each subsequent FYP represented the reforms the government tried to espouse as it shifted power from central planning agencies to greater decentralization towards subnational governments and the private sector. Although the Tenth FYP from 2001 to 2005 was dubbed as the "first magnificent blueprint for the new century", it lacked the detailed analyses and the assessment on how public services will be provided and how public goods will be distributed.</p> <p>The National Development and Reform Commission (NDRC) recognized the deficiencies in the FYP formulation process. It requested ADB for assistance to strengthen its national strategic planning process, particularly the formulation of the Eleventh FYP (11FYP) from 2006 to 2010. The TA would emphasize planning that (i) is more reflective of broad public consultation, (ii) is linked to realistic budgetary and human resource forecasts, (iii) is better coordinated and aligned with the priorities of sector ministries and geographic regions, and (iv) incorporates poverty reduction in a more integrated and coordinated fashion into appropriate subsections and chapters.</p>				
Objectives and Scope				
<p>The objectives of the TA were to increase the capacity of NDRC to improve the process of drafting the 11FYP and subsequent FYPs in a manner more consistent with international best practices. The TA had five components including a national conference to raise awareness; international intensive training for national strategic planning; training of planning staff from six pilot counties; drafting regulations at levels of sector ministries and county/city governments; and substantive studies on five selected topics. Overall, the TA was expected to enable the Development Planning Department (DPD) of NDRC to produce a more consensus-driven, poverty-reduction supporting FYP that has been derived from an improved public consultation process involving citizens and civil society.</p> <p>The objectives identified were appropriate and the terms of reference (TOR) were well designed and found to be highly relevant to the needs of NDRC, the Executing Agency. While the TA budget was adequate for most activities, the allocation of \$15,000 only for five studies proved inadequate. Accordingly, during TA implementation, only one topic was chosen for study.</p>				
Evaluation of Inputs				
<p>The consultants engaged under the TA were qualified for their roles. In particular the TA benefited from the expertise of Mr. P. Bottelier, the former World Bank Country Director for the PRC, who brought substantial Chinese experience to the assignment. The consultants' performance was satisfactory.</p> <p>NDRC staff also took an active interest and submitted their evaluation of training received under the TA. ADB provided adequate supervision through constant communication with the EA and the consultants and through the inception and review missions fielded in February 2004 and June 2004, respectively. The TA implementation was extended from December 2004 to June 2005 to accommodate the final conference and finalization of the consultant report.</p>				

Evaluation of Outputs

A National Conference on Planning Models was held in March 2004 which received high-level attention and attracted over 100 participants from NDRC's offices in Beijing and other parts of the PRC. Discussion covered planning procedures in other countries. Decentralization as a key element of the planning process was underlined as was the emphasis on financial planning, transparent information systems, regular reporting and close monitoring of the implementation process. Overall, the conference was an effective learning process for NDRC participants.

A high-quality international training program was implemented under the TA in which 27 NDRC staff took part. Some staff were unable to participate due to difficulty in obtaining visas on a timely basis. The participants were generally satisfied with the training they received.

The study on county level planning illustrated the methods and checks and balances in the counties of Montgomery in Maryland and Fairfax in Virginia. The study presented a very useful survey of the planning procedures and challenges in these counties. The lessons learnt and practices followed could be adapted in rapidly urbanizing local areas in the PRC. Issues of coordination amongst different levels of government were illustrated.

The Final Report was also well prepared on time and within budget, and covered the PRC's experience with development planning as well as planning systems of seven OECD countries. A most useful chapter in the Final Report was the one entitled "How to Promote Better Planning in China". This chapter was most relevant for policymakers at NDRC as it clearly spelled out 10 principles for more effective planning. Emphasis was placed on local level planning, integration of the fiscal system, the financial system and the incentive framework. Moral hazard issues were also highlighted.

The Final Report also included outcomes of an in-depth study of a selected topic entitled "County Level Integrated Development Planning". This was well received by the EA.

Overall Assessment and Rating

Successful. While the conceptual outputs and principles of planning listed under the TA (as well as the training) could be regarded as highly successful, the lack of an adequate TA budget constrained the preparation of several substantive studies as originally envisaged.

Major Lessons Learned (if any)
<p>The main lesson learnt is that the specific topics for the substantive studies should have been identified and finalized during TA Fact Finding instead of mentioning them as a generic requirement in the final TOR. This would have enabled better budgeting of the TA and preparation of the studies.</p>

Recommendations and Follow-Up Actions

The Final Report can be a good reference for further work in the area of state planning for ADB, should there be a demand for such work in the future.

Designation	Principal Capital Markets Specialist, ECGF Principal Financial Economist, EARG
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