

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: PRCM

TA No. and Name TA 3970-PRC: Hebei Provincial Development Strategy			Amount Approved: \$600,000	
			Revised Amount: \$580,000	
Executing Agency: Hebei Provincial Finance Bureau		Source of Funding: TASF	TA Amount Undisbursed \$27,864.03	TA Amount Utilized \$552,135.97
Date Approval 04 Nov 2002 Signing 03 Dec 2002 Fielding of Consultants 11 Aug 2003			Completion Date	
			Original 31 Oct 2003	Actual 30 Oct 2004 ¹
			Closing Date	
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Description Despite its coastal location and proximity to Beijing and Tianjin, PRC's Hebei Province has lagged behind other coastal provinces over the last two decades in output growth, employment growth, economic diversification, productivity improvements, and social development. The result is a lower standard of living in both urban and rural areas: indeed in northern Hebei there still remain several nationally-designated poverty counties where living conditions are severe. Despite numerous provincial sectoral development plans over the years, progress has been slow and the validity of many assumptions behind these plans is being questioned. At the request of the Hebei Provincial Government, the Ministry of Finance approached ADB to provide technical assistance in preparing a more flexible, integrated approach to provincial development strategic planning. This was the first time that ADB had been approached by the Government for TA in provincial development planning.				
Objectives and Scope The TA's objective is to help the Government of Hebei Province formulate a socioeconomic development strategy by better using its relatively easy access to Beijing, Tianjin, and global markets. The scope of the study included (i) formulating a development strategy for Hebei Province based on a review and evaluation of the experience of implementing the "Two Surrounding Development Strategy", the findings of the nine sector studies under this TA and the changes of external development environment; (ii) identifying ways to eliminate the "poverty belt" surrounding Beijing and reduce the development gaps between Beijing and Tianjin and Hebei Province; (iii) designing integrated policies and action plans for environmental protection, paying particular attention to strategies that will also help to protect the environment of Beijing and Tianjin and identify a mechanism for Beijing and Tianjin to compensate Hebei for environmental protection and resource sharing; (iv) designing a fiscal transfer system to strengthen the development capacity of the poor counties and villages; (v) based on international experience, identifying the structural reforms and future directions for developing of the traditional industries and reforming SOEs; (vi) formulating policies and action plans for promoting private sector development; (vii) identifying the policy and action plans for urbanization and structural changes for agriculture; (viii) designing financing and investment systems with suitable roles for government and the nonstate sector; (ix) identifying policies and action plans to accelerate the development of high tech industries; (x) designing policies to capitalize on the potential of coastal areas and promote the integration of ports with the surrounding urban and rural areas; and (xi) identifying ways to promote tourism development.				
Evaluation of Inputs The TA was formulated by MOF and ADB to respond to the Government's request. It was designed to utilize the resources of the international consulting firm and PRC's regional development institute based on a clear division of labor. The objective is appropriate. The TOR was discussed several rounds jointly with the Government and reflected consensus among MOF, HBFB, and ADB. Senior leaders in the Hebei Provincial Government (Vice Governor in particular) were deeply involved in the TA. The total TA amount was \$800,000, of which, ADB financed \$600,000 and Hebei provincial government contributed \$200,000 in cash. Consultants' services consisted of 11 person-months of international and 48 person-months of domestic specialist services. A new model of equal partnership between international and domestic consultants was developed. This differs from the traditional model of an international firm as principal consultant with domestic consultants providing limited inputs. All members of the team performed well. The EA's performance was highly satisfactory. The EA was actively involved and supportive throughout the TA implementation and appreciated ADB's assistance. Its Project Management Office (PMO) was efficient and effective. The Vice Governor met the study team many times and provided timely guidance. Timely TA review missions, four in the course of the TA, were another important factor for the success of the TA.				

¹ The completion of TA was delayed because of SARS outbreak and the need for detailed analysis to properly accommodate all requirements of the province.

Evaluation of Outputs

The TA produced reports in four volumes. Volume 1: the Strategic Considerations for Hebei Province's Development prepared by a domestic consulting firm; Volume 2 Strategic Considerations from an International Perspective prepared by the international consultants; Volume 3: Nine Sector Studies prepared by domestic consulting team²; and Volume 4: 17 international case studies in 7 sectors. The four-volume Final Report was judged by HBPG to be of very high quality. The Government requested that Chinese versions of all four volumes of the Final Report be published, and provision was made in the TA to do so.

Another innovation in the TA was the preparation of 18 newsletters (in Chinese) to disseminate key findings of the TA during and after the study. These newsletters were circulated widely within the government. Responses to TA outcomes were very positive.

While there was no training explicitly programmed under the TA, a strong working relationship evolved between the PMO and the consultants which led to knowledge and skills transfer, including on innovative approaches to strategic planning and integration of sectoral planning.

The TA's outputs were of high quality and exceeded the requirement specified in the scope of TA.

Overall Assessment and Rating

The TA is highly successful. Hebei Government received the TA reports very well and was regarded as basic reference documents for formulating its 11th Five-Year Plan for Social and Economic Development. The TA won the ADB/PRC Annual TA Award, which selected five TAs out of more than 40 ADTAs completed during 2002-2004.

Major Lessons Learned

This was the first time that ADB had been requested to assist in the preparation of provincial-level development strategies. The success of the TA shows that such assistance can be very valuable to provincial governments. Three key factors contributed to this success: (i) high-level officials' support and involvement, (ii) strategic issues identified through sufficient consultations with stakeholders, particularly top provincial government officials, and (iii) the EA's strong ownership.

The model of equal partnership between International and domestic consultants has also been shown to be viable and useful. An appropriate division of labor between international and national consultants is crucial to take comparative advantage of their inputs given limited financial resources available. The TA has been viewed by MOF as a prototype for similar initiatives with ADB in the future.

Frequent dissemination of the TA's phase outputs proved to be helpful in updating senior official the TA's progress and drawing their attention. Consultants' full understanding and cooperation were necessary because such dissemination of TA outputs added more workload to them.

Some domestic consultants at very senior level had busy work schedules and found difficult to accommodate the EA's requests to change their work paces. Therefore, more frequent coordination between the consultants and the EA with programs were essential.

Some domestic consultants were strong and with capability to lead the study while some had difficulty in English communication. So the translation of all reports under the TA was seemed necessary.

Recommendations and Follow-Up Actions

Based on the experiences and the lessons learned as mentioned above, it is recommended that

- (i) More attention and work time allocation by project officers is essential for optimum results;
- (ii) TA may allocate budget for translation;
- (iii) regular newsletters be used as a tool of drawing senior officials' attention to TA; a small budget should be allocated for it;
- (iv) The model of equal partnership between international and domestic consultants be used in the TAs when strong domestic consultants are available; and
- (v) More such TAs for other provinces would be very useful.

The TA reports recommended many strategic considerations and policy options. More efforts by Hebei government will be needed to turn them into practical policies. The TA provided a framework for designing focused ADB support through project investments. Discussion with Hebei government on possible loan projects is underway.

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² The nine reports covered (i) Poverty Alleviation, (ii) Environment, (iii) Industrial Restructuring, (iv) Urbanization, (v) Bohai Coastal Development, (vi) Hi-tech Development, (vii) Tourism, (viii) Investment Financing, and (ix) Fiscal Reform.