

**THE WORLD BANK GROUP ARCHIVES**

**PUBLIC DISCLOSURE AUTHORIZED**

**Folder Title:** China - Evaluation Capability Development Program - Volume 5

**Folder ID:** 30291372

**Series:** Completion Reports and Audit Reports

**Dates:** 12/28/1991 - 06/14/1993

**Fonds:** Records of the Office of Operations Evaluation

**ISAD Reference Code:** WB IBRD/IDA OPE-06

**Digitized:** 07/21/2023

To cite materials from this archival folder, please follow the following format:  
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK

Washington, D.C.

© International Bank for Reconstruction and Development / International Development Association or

The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

Internet: [www.worldbank.org](http://www.worldbank.org)

**PUBLIC DISCLOSURE AUTHORIZED**

EVALUATION CAPABILITY DEV. PROGRAM  
China - Vol. 5



The World Bank Group  
**Archives**



30291372

R1999-230 Other #: 27

149904B

China - Evaluation Capability Development Program - Volume 5

**DECLASSIFIED**  
WBG Archives

→ China

to; Pablo Guerrero, World Bank (fax 010-1-202-4771212)

from; Chris Edwards, Overseas Development Group, UEA, Norwich  
(fax - from World Bank, USA - 9011-44-603-505262)

21st June 1993

I am not sure that I have a complete collection of World Bank materials that might be useful for my work on Ex-Post Evaluation in China. I would be grateful if you could send a listing of World Bank materials on Ex-Post Evaluation to me at;

School of Development Studies,  
UEA, Norwich NR4 7TJ  
UK.

Many thanks



Chris Edwards

file c:\wp51\letters\Guerrero and on disc 7 June 1993

Closed

**THE WORLD BANK**

**OFFICE OF THE VICE PRESIDENT AND DIRECTOR-GENERAL,  
EVALUATION**

**Tel. (202) 458-4569 \*\*\* FAX (202) 477-1212**

**Facsimile Cover Sheet and Message  
(No. of pages including this one: )**

**Date:** June 14, 1993  
**To:** Mr. Eduardo Wiesner  
**Organization:**  
**City/Country:** Bogota, Colombia  
**Fax No.:** 211-4919  
**From:** Anne Muhtasib/Pablo Guerrero's Office  
**Subject:** China

\*\*\*\*\*

**Message:** Please see the attached message from Pablo.  
Hope you had a good trip back.  
Regards.

Anne

A L L - I N - 1   N O T E

DATE: 14-Jun-1993 04:06am

TO: ROBERT PICCIOTTO ( ROBERT PICCIOTTO @A1@VAX12 )

FROM: Pablo Guerrero - China Visitor, EA2CH( PABLO GUERRERO AT A1 AT CHINA )

EXT.:

SUBJECT: China - Diagnostic Study under the IDF

Bob:

Would you please have Anne fax a copy of this EM to Mr. Weisner in Bogota.

1. The Ministry of Finance has agreed with the TOR of the diagnostic study and to begin implementing the information gathering part as soon as possible. For this latter task they will contract a local consultant, probably Professor Zhou from the People's University.

2. On the external consultant, they claim not to have sufficient information to make a decision. Two of the MOF actors know Eduardo Weisner from the WB Board days (Messrs. Li Yong and Zhu Xian were technical assistants). They still want to check with Washington about Mr. Weisner before they make a decision. Frankly speaking I have the feeling that they are afraid of Mr. Weisner's seniority. The subject is fairly sensitive politically as there is a massive institutional reform program under way. Mr. Weisner's presence may overexpose the bureaucrats associated with the work (the current Chinese slogan says it all "A more open China awaits the year 2000" i.e. a closed or partially closed China will be around for a while). The paradox is that they want to do this work. However, this was confirmed by the majority of officials I met last week.

3. On Eduardo Weisner, they now promise a decision by this Friday. However, I would not be surprised if Eduardo has already made other plans. For the last two months he has been reshuffling commitments to accommodate this work. He should not wait anymore.

CC: ANNE MUHTASIB

( ANNE MUHTASIB @A1@VAX12 )


## OFFICE MEMORANDUM

D. G. O.

'93 MAY 27 PM 1 54

DATE: May 26, 1993

TO: Mr. Graham Donaldson, Chief, OEDD1

FROM: Hon-Chan Chai, OEDD1 

EXTENSION: 31727

SUBJECT: Visitor from China State Education Commission: Mr. Wang Xiaoqing

1. As you requested on April 19, 1993 (attachment), I handled the arrangements for the visit to OEDD1 on Tuesday, May 25, 1993, of Mr. Wang, Deputy Division Chief, Foreign Investment Loan Office (FILO) of the Chinese State Education Commission, following discussions with Ms. Kazuko (Kathy) Ogawa, EA2EH, one of the task managers for China education projects.

2. Mr. Wang and I discussed approaches to project evaluation in the education sector. As he was specially interested in methods for evaluating qualitative aspects of education projects, particularly in primary education (in which the Bank is expanding its lending in China), we explored the linkages between project objectives and key indicators against which evaluation could be carried out to assess the extent to which the stated objectives have been achieved. We examined the importance of establishing a monitoring and evaluation (M&E) system in conjunction with the identification of key project indicators, and assigning responsibility to the appropriate agency for carrying out M&E during implementation and post-completion stages of the project.

3. Two recently completed primary education projects were discussed as examples of the problems and challenges of post-completion evaluation: the Philippines Sector Program for Elementary Education (Loan 2030-PH), and the Brazil Urban Basic Education for North and Center-West Regions (Loan 2412-BR). In the China context, of particular interest is the fact that there is a move on the Bank's part to deal directly with the provincial authorities responsible for basic education. The Bank is also facing a new challenge in China: how to design projects for the outer provinces whose objectives might include the use and promotion of minority group language and culture and at the same time ensure that educational mobility is not hampered at the tertiary level where Chinese, rather than a minority language, may be the main medium of instruction.

4. Mr. Wang took with him a copy of the PCR on the Philippines Sector Program for Elementary Education, and a copy of the PCR on the Brazil Urban Basic Education should be sent to him when it is available.

Attachment

cc: Messrs./Ms. Piccioto, Guerrero (DGO); Köpp (OEDDR); Albouy (OEDD3); Baird (OEDD2); Dove, Ridker, Thias (OEDD1).

HCC  
Would you  
please handle  
G. 4/19

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: April 19, 1993 04:22pm

TO: Graham Donaldson ( GRAHAM DONALDSON )

FROM: Kathy Ogawa, EA2EH ( KATHY OGAWA )

EXT.: 82345

SUBJECT: Visitor from China State Education Commission

During the week of May 24, Mr Wang Xiaoqing, who is a Deputy Division Chief in the Foreign Investment Loan Office (FILO) of the Chinese State Education Commission, will be visiting the Bank. FILO has been responsible for about 10 education projects (completed & ongoing), & Mr Wang is a key official on the implementation side. He will be visiting the Bank to familiarize himself to various Bank procedures & meeting Bank staff working on different aspects of education projects. In this connection, he has indicated his interest in work related to the evaluation of Bank education projects, and lessons learnt.

I would be grateful if someone from OED working on education projects would agree to meet with Mr Wang & brief him on these points. If you could inform us who to contact, we will get back to you at a later date to schedule a specific time for the meeting with Mr Wang.

Thank you for your cooperation.

Best regards.

CC: Zafer Ecevit

( ZAFER ECEVIT )

China

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: May 19, 1993 09:25am

TO: Telex & Facsimile System ( WDIAL@TELEX )

FROM: Pablo Guerrero, DGO ( PABLO GUERRERO )

EXT.: 31717

SUBJECT: CHINA - VISA REQUEST

OINFO

-----  
-SUBJECT : CHINA - VISA REQUEST

-DRAFTED BY: Pablo Guerrero

EXT: 31717

-AUTHORIZED BY: David Pearce  
-----

716 22486 =

-MR. LUO QING, Director, World Bank Department

-Ministry of Finance

-Beijing, CHINA

-URGENT

BT

WASHINGTON, D.C. 12-May-1993

For Luo Qing, MOF, and Copied to Mr. Pieter Bottelier, RMC, Beijing.

AAA. We propose to send a mission to discuss implementation of the IDF project performance evaluation project from June 4 to 15. The following program is proposed for the mission: June 7 meeting MOF to outline IDF implementation plan; June 8 meetings with SPC, CIECC, and SAA; June 9 workshop on evaluation system development and evaluation principles; June 10 and 11 meetings with Ministry of Agriculture, Agricultural Bank of China, China Investment Bank, Ministry of Railways, Ministry of Public Health, Peoples Bank of China, other key agencies; June 12 draft mission report; June 14 closing meetings with MOF.

BBB. Mission will be comprised of the following staff members: Pablo Guerrero, Special Advisor to the Director-General, Evaluation. Mr. Robert Van der Lugt, Deputy Chief of Mission in China, will provide support. Mr. Guerrero's information is: Full Name: Ramon Pablo Guerrero Ortiz; Nationality: Chilean; Laissez Passer #: 20812.

CCC. Would appreciate receiving by telex your reaction to the proposed mission and its timing at your earliest convenience. If you agree to this proposal, please authorize the Chinese Embassy in Washington to issue a visa for Mr. Guerrero.

Regards, David Pearce, Country Operations Division,  
China and Mongolia Department, East Asia and Pacific Region, INTBAFRAD.



CC: PIETER BOTTELIER  
CC: David Rix  
CC: Joan Davis  
CC: YONGHUI FAN

( PIETER BOTTELIER @A1@CHINA )  
( DAVID RIX )  
( JOAN DAVIS )  
( YONGHUI FAN @A1@CHINA )

The World Bank/IFC/MIGA  
OFFICE MEMORANDUM

DATE: March 30, 1993 06:13pm

TO: Robert Picciotto ( ROBERT PICCIOTTO )

FROM: Pablo Guerrero, DGO ( PABLO GUERRERO )

EXT.: 31717

SUBJECT: Miscellany

1. The Venezuelan Planning Ministry (CORDIPLAN) is expecting my visit to launch the diagnostic study beginning April 20th. The Administrative Reform appraisal mission, as well as the TA Loan supervision mission, are going to be there at the same time. A coordination meeting is planned for April 16.

2. The Chinese have requested David Pearce that I visit in June rather than May to get the activities contemplated in the IDF under way. These would include: (i) a short one day seminar for MOF staff and counterparts from key agencies, on the subject of evaluation systems; (ii) a definition of the TOR of the diagnostic study as well as an identification of the external consultant (which I hope will be Eduardo Wiesner); and (iii) planning the awareness seminar for senior officials and the follow up seminar on evaluation methodology for trainers. I estimate this trip would require a week to ten days to make certain all the knots are tied. I am in contact with David Rix who is the task manager for the IDF to iron out the details.

3. On the DAC Evaluation Meeting, I would appreciate your comments on the notes I sent you as I would like to discuss follow up at the next management meeting.

4. I will clean up the ratings' statements tonight. I am not very hopeful about improvements on the sustainability one, other than make its treatment more coherent with the overall rating (It is already quite close). Then I will pass them to Eberhard for formal remission to Jim Adams.

Thanks.

## OFFICE MEMORANDUM

cc: PG  
 cc: EK  
 YA 4/12  
 AB  
 90

M. Picciotto  
 D.G.O.  
 '93 APR 7 AM 9 41

DATE: March 12, 1993

TO: Mr. Shahid Javed Burki, Director, EA2

FROM: Daniel Ritchie, Director, AST

EXTENSION: 81312

SUBJECT: "Retooling" - Improving the Bank's Business Processes: Meeting in China

1. As part of the effort to reexamine and simplify the Bank's business processes, Mmes. McCollom, Sato, and I from Headquarters and Messrs./Mmes. Ashraf, Dai, Hou, Lin, Zhang and Zong from RMC met on March 1 and 2, 1993 in Beijing with about 50 representatives of Chinese line ministries, local governments and implementing agencies. The purpose was to listen to the comments and suggestions of Chinese officials on the "receiving end" of Bank's assistance on ways to improve the efficiency and effectiveness of the Bank's business processes in support of China's own development effort. A list of participants is attached.

2. The meetings were remarkably open, honest, and constructive. Participants had prepared carefully and were anxious to express their views. According to later feedback, they were pleased to have the opportunity to offer their recommendations, and fully supported the initiatives suggested at our wrap-up meeting on March 2 (see below).

3. A number of specific suggestions were made which are summarized in the attachment. We have also attached a summary of the views of individual speakers, to give a flavor of the comments and their sources.

4. I thought I might give you a few impressions from these sessions, which were corroborated by the RMC staff who also participated. Clearly, we have a very healthy and maturing relationship in China, but one in which the Chinese seem to be anxious to move faster and assume more responsibility.

The Good News

5. There seems to be a strong agreement on the objectives of the Bank's investment program. No speakers disagreed with the purposes of our projects, even if they were sometimes described as too idealistic, complex, and ambitious.

6. There was also a consensus on the appropriateness of the Bank's policy objectives. Only one speaker criticized our policies (relating to lending to state enterprises).

7. Many speakers expressed genuine appreciation for the Bank's role in China's development. These were not the usual courtesy statements prior to criticism (there was virtually none of such formality). There seemed to be real respect for the Bank's professionalism, commitment and teaching.

8. The Chinese seem anxious to accept more responsibility for project preparation and implementation. Lack of ownership is clearly not an issue. The representatives expressed the views that these were their projects and they should have more of a role in consultants' supervision and in monitoring project progress.

9. The overall relationship seems very healthy. The suggestions for improvement were constructive and not unexpected, often reflecting the discussion at the CIR 4 meetings. There is a clear sense that the Bank can usefully undergo a "reform process", just as the Chinese themselves were undertaking. There is an appetite for improvement both in the Bank's business processes and in their own bureaucracies and in "harmonizing" the two more effectively.

#### The Bad News

10. There isn't any really bad news, given the quality of the portfolio and the initiatives agreed during the CIR and elsewhere. Still, I sensed some real impatience from the speakers that China was changing faster than the Bank, and we needed to show greater recognition of the need for speed, flexibility and the growing competence of Chinese professionals.

11. There was a strong consensus that the Bank's preparation process was too long and inefficient. One ministry's slogan describing the Bank's preparation process used to be the "three two's" -- two years, twenty tons of documents and two hundred thousand yuan. Now they say it has become the "three three's". (There have been 13 missions for one project we visited which has yet to be appraised.) Since their own feasibility study and SPC approval process takes 2 - 3 years before Bank preparation even begins, the overall elapsed time can be enormous.

12. Some representatives questioned whether the Bank hadn't become too expensive, both literally and in terms of the hassles required. Since the end users bear the full repayment costs, they mentioned the higher interest rate (and commitment charges) than the ADB, higher interest rates than commercial banks and, especially the foreign exchange risk, as real deterrents to future borrowing. They also mentioned the very expensive and extensive preparation cost, the high supervision overhead and sometimes irritating micro-management of implementation.

13. Some implementing agencies regretted the loss of the Bank's technical leadership. In the initial years of our relationship, the Bank's most valued contributions were on technical alternatives and design solutions, they said. Increasingly, task managers are younger economists and financial analysts more interested in economic and policy matters. The amount of technical contribution has decreased.

14. Some speakers criticized the Bank's working style. They felt that some Bank staff failed to appreciate local competence and were even rude or condescending to Chinese professionals. They cited several good examples of genuine teamwork and collaboration, but also occasional lapses in respect and communications.

15. In the same vein, several representatives expressed concern for the lack of staff continuity, slow response times, poor service orientation, lack of knowledge of the Bank's own procedures, and the over-reliance on consultants.

16. Finally, there was a common theme that China was changing rapidly, and the Bank's own processes and procedures were slow to respond. The lengthy preparation process of sub-projects in industry, for example, often meant that economic circumstances had subsequently changed and affected viability. Micro-management of implementation by the Bank in some sectors was cited as unnecessary, time consuming and inflexible.

#### Next Steps

17. Several of these themes are familiar from the Wapenhans Report, while some Wapenhans recommendations are not relevant as they are already common practice in China. Still, there seems to be a number of actions we might take to respond to this interesting feedback.

18. As a beginning, it might be useful to review the comments of the Chinese representatives with Bank staff working on China to separate the real issues from the rhetoric. In connection with the CIR 4 follow up, we might see whether additional actions specific to the China program might be appropriate. My sense from Task Managers is that they share a number of these perceptions, so dealing with them would be beneficial to all parties.

19. I mentioned two possible actions at our wrap-up meeting on March 2 (obviously without commitment):

- (a) A review of the consultancy industry in China, to assess the size, scope, competence, independence and potential contribution of local consultants to help prepare and implement Bank financed projects. (This would be a companion-piece to a review of the contracting industry about which I am writing you separately); and
- (b) An analysis of China's project preparation process, to see whether and how the Bank's preparation requirements could be further "harmonized." (Mr. van der Lugt and I raised this possibility with the Vice-Minister of Finance, Mr. Chi Hai-bin, who agreed that informal harmonization of a pool of projects larger than the lending program might be considered.)

20. In addition, I wonder if we might not consider reinstituting staff training in "client relations," ranging from negotiating skills to setting service standards. As a service institution, we offer little help to staff in managing relationships with customers.

21. Beyond China, several of the themes reinforce the need for "retooling" certain business practices Bankwide, including project preparation financing (the ADB grant facility was mentioned explicitly), project preparation itself, financial reporting (the representative of the

State Audit Administration said he had received comments on only 20 of 160 audit reports sent last year), and project implementation planning.

22. Many thanks to you, Yo Kimura, Mohammad Ashraf, Robert van der Lugt, and the several local staff in RMC (who were very thoughtful and insightful themselves) who enabled these meetings to take place. I believe they were very useful, and should encourage us to have similar seminars in other countries over the next two to three months. If similar themes emerge, it would point the way to more experimentation and adjustments in the Asia Regions' business processes.

Cleared with and cc: Mr. Ashraf, and RMC staff

cc: Messrs./Mmes. Kaji, Thomas, El Maaroufi, Kimura, van der Lugt, McCollom, Sato, Bottelier

DR/ddp

Improving the Bank's Effectiveness

Meeting to Identify Possible Improvements in World Bank  
Processes and Procedures

Beijing, China, March 1-2, 1993  
-----

The following themes emerged from meetings on Monday morning, March 1, 1993, with representatives of China's line ministries, Monday afternoon, March 1, with representatives of local government and implementing agencies (including audit and procurement agencies, provincial authorities, etc.) and a wrap-up meeting on March 2, 1993, at which these findings were presented and agreed. The Ministry of Finance, World Bank Department, co-chaired the three meetings, and enforced the suggested next steps.

1) Project Preparation

- Project preparation is much too long, according to several speakers. The Ministry of Agriculture's slogan of Bank preparation -- the "three two's" (2 years, 20 tons of documentation and 200,000 yuan) had become the "three three's." Given the SPC's own requirements before projects are submitted to the Bank, the preparation can take six or seven years. Ways were needed to harmonize these processes.
- There should be an early agreement on objectives, technical solutions, information requirements to avoid lengthy iterations;
- Once agreed, there should not be costly last minute "add-ons" (often resulting from the Bank's internal reviews). The Bank had to be more consistent. Project conditions should be limited to those required for project success, not for moving the project through the Bank's bureaucracy.
- Drop the FAO-CP.
- Good preparation is critical to project success, but over-design is not synonymous with good quality preparation. In some rapidly changing sectors, excessive detail limits essential flexibility during implementation.
- In these changing sectors (industry, technology, some agriculture), a better assessment is needed of risks, and the potential impact of changes in policies, prices, the reform environment, etc., and design flexibility introduced accordingly. Static designs in an evolving economy were not useful.
- The Bank and implementing agencies need much better project implementation planning, including procurement planning.
- Finance preparation on a grant basis, à la ADB.

2) Data

- Have greater "respect" for data already available. Do better data management at HQ -- don't have different TM's asking for the same data.
- Be realistic and clear in requesting data. Don't "fish", hoping to catch something interesting. Don't insist on statistics if the data doesn't exist, or the risk will be "data invention" (as one speaker said he had done on resettlement statistics).

3) Consultants

- Have greater respect for the growing consulting profession in China (joint ventures, design institutes, universities, private firms).
- Use more local consultants rather than assuming only international consultants will do. Cost of "training" international consultants is very high.
- Ensure more borrower/implementing agency involvement in preparing TOR's for consultants and supervising them.
- Manage greater continuity of consultants hired by the Bank. Inconsistent and conflicting recommendations by successive Bank consultants is a problem.

4) Documentation

- Clarify the purpose of the SAR - sales document, description of project rationale, or implementation guide.
- Strengthen implementation planning section of SAR significantly (or produce a separate implementation volume).
- Improve clarity and simplicity of project financial reporting requirements.
- Review project reporting requirements.

5) Project Supervision

- Supervision needs to be taken more seriously, by Bank and borrowers alike.
- Strengthen the roles of provincial governments and the RMC (especially for procurement and disbursements).
- Make supervision more forward looking, not just retrospective or a current status review. Review likely impact and outputs, not just inputs.
- Ensure consistency, continuity and accountability of Bank staff.



- Give regular feedback on project reports, financial statements and project studies.
- Review current audit requirements.
- Introduce reference numbering system on correspondence, especially related to procurement.
- Revise pre-review contract, special account and SOE thresholds consistent with the growing size and complexity of the Bank's operations.
- Revise prequalification standards for civil works (where responsiveness has been limited).
- No mention was made for the need to increase the amount of Bank staff supervision.)
- Harmonize Bank and borrower requirements on resettlement, EA's, procurement, etc. (CIR focused on this.)
- Change procurement procedures for bulk commodities procurement (underway).
- Improve price estimations for project components (agreed in CIR).

6) Borrower Relations

- Bank is increasingly expensive in preparation costs, implementation overheads, interest rates, on-lending spreads, commitment fees and foreign exchange risk; ADB said to be more competitive financially (different commitment rate, lower interest rate, single currency option) and less hassle.
- Need to find other ways to manage Fx risk than passing on cross-currency risks to complementing agencies.
- Several comments related to the style of Bank staff -- sometimes overbearing, dictatorial, condescending, and lacking in respect; not a partnership; need more constructive working relationships.

7) Bank staff

- Many complimentary comments on professionalism, dedication, effectiveness and efficiency of Bank staff.
- Several pleas for more continuity, especially of consultants.
- Complaints of over-reliance on consultants rather than regular staff.
- Ruefulness over the loss of technical leadership, which was the hallmark of earlier relations; growing number of young TM's with

economic/financial backgrounds; less attention to technical alternatives and designs.

- Some complaints that Bank staff were unfamiliar with Bank's own policies and rules (especially on procurement) and too rigid in application (especially on resettlement).
- Several examples given of very slow or no response to letters, requests for action, sub-project approval, document clearance, project studies, periodic reports, and especially audit reports; poor service orientation.
- At least one borrower (the Ministry of Health) has started a course for staff on "how to survive the World Bank".

## Summary of Participants' Comments

### I. Project Preparation

1.1 Ministry of Agriculture. Projects becoming more complicated. During the last 3 years one project received 7 preparation missions, 4 of which were FAO-CP missions. The largest mission included 12 persons. It's difficult to receive such large groups particularly in terms of translation, documentation and transportation requirements.

1.2 Working with FAO-CP is very difficult. There is too great a reliance on and too little continuity in FAO-CP consultants. There is poor coordination between FAO-CP and the Bank. Ministry would prefer to rely on Bank staff for entire process. When Bank staff enter the preparation process at preappraisal, it's too late to introduce any needed changes to the project.

1.3 Another problem is with both Bank and FAO reliance on consultants. Creates inefficiency as each new consultant must be taught again about the Chinese situation. Also, technical solutions change with each new consultant introduced during project preparation. Example given: Red soils project.

1.4 Selection of consultants, particularly those working as Bank mission members is not rigorous enough. There is an insufficient understanding of the reality of China. Would be preferable to have more use of local consultants or joint reviews by foreign and Chinese consultants.

1.5 Sense that consultants arrive at technical solutions too quickly without adequate consultation with government. This leads to a frequent need for changes in recommendations regarding technical solutions.

2.1 Ministry of Communications. Bank staff less technically qualified than in past. Even the same person on various preparation missions offers different opinions from mission to mission. Difficult to come to closure on project issues.

2.2 Consultants often suggest such technical solutions and specifications that leads to procurement from their country.

3.1 State Scientific and Technology Commission (SSTC). Based on experience of SPARK project, there are implementation advantages to long preparation periods. This project was started in 1986, but didn't become effective until 1991, but implementation is good so far. Several changes in Task Managers, however, was a hinderance to project preparation.

3.2 China is a huge country with greatly varying conditions. Would suggest that attempts be made to restrict project areas. Also changing conditions reflecting progress of reform program require greater flexibility in project design and implementation criteria.

3.3 Bank should make better use of the Resident Mission (RMC), particularly by delegating more approval authority regarding Subprojects.

4.1 Ministry of Education. While the financial and economic analysis contributed by the Bank is important, there is too much time spent in project preparation.

4.2 One project started in 1988 was appraised only in 1993, too much detailed information is requested as a routine requirement. Some information is impossible to deliver as it is not systematically collected. In some areas despite weak statistical base, Bank staff demand information. This leads to delivery of imprecise or even incorrect information just to meet Bank demands. A request was made to have Bank staff develop a greater appreciation for data existing in implementing agencies and line ministries and to minimize requests to build data "from the bottom-up"

4.3 Bank should have greater respect for abilities of line ministries' research and design institutes.

4.4 Would suggest greater use of sector loans rather than customized, specific investment loans. Better support of on-going programs could reduce project preparation time.

5.1 SPC. Bank needs grant facility for project preparation similar to ADB's. This would allow local implementing agency to take on more of the project preparation activities. Currently there are three methods for project preparation:

(a) ADB's way: funds provided to borrower to carry out preparation activities;

(b) Cooperative preparation: Chinese take lead with Bank assistance; or

(c) Bank takes the lead.

Want to see less of Bank taking the lead.

6.1 Ministry of Public Health. For some projects, preparation time can be cut. For others, a heavy preparation effort will be required.

6.2 Lessons learned and experience gained from good project preparation helps to improve the quality of the ministry's routine work. Three areas where time could be saved:

(a) Composition of mission team - keep staff the same during project preparation.

(b) RMC could be used to help identify, screen, support local consultants. Need to make better use of those Chinese experienced in Bank projects, particularly those staff in the provinces who have management experience.

(c) Working style of Bank staff: focus should be on building effective teams with local staff and consultants. Bad experience when Bank staff view themselves as decision makers

with Chinese counterparts only there to collect data for Bank missions.

7.1 Ministry of Communications. 2-3 years of preparation for big investment projects is to be expected, but in the provinces there is a belief that processes are too complicated and too time-consuming.

7.2 Domestic procedures for preparation of infrastructure projects are too distinct from Bank procedures. Bank comes to project after several years of domestic preparation which leads to problems. If Bank enters process after prefeasibility study completed, the preliminary design is usually also already done. Bank comes in and opens up scope of review again. Need to harmonize domestic and Bank preparation processes and cycles.

7.3 Resettlement and environmental issues complicate project preparation. Bank should request specific information in these areas as early as possible.

8.1 Ministry of Agriculture. Differences between World Bank and ADB are limited. With regard to Bank project objectives, however, these are found to be too high, too idealistic and too many.

8.2 For example, a recent project had as its objectives the reorganization of a core agency, the establishment of farmers' associations and improved agriculture extension and husbandry. This is too much for one project and leads to implementation problems.

9.1 Ministry of Finance. Whether consultants work as staff on missions or are hired by Chinese for project preparation, they are: (1) hired under TOR normally written by Bank staff; and (2) work to please Bank staff rather than Chinese.

10.1 Ministry of Education. Terms of Reference for TA are often too specific and not flexible enough to allow for implementation under changing conditions. Too much detail (i.e. timing of seminars, who will be trained.) is specified that introduces too much rigidity and doesn't enhance implementation prospects.

11.1 Tianjin Bureau of Finance. Project preparation cycle too long, procedures too complicated, too much data required and there is too much risk in Bank borrowing.

11.2 Light industry project under preparation for 2-3 years, another 4 years has gone by and there's still no money. The supply of materials and international market has changed considerably since project preparation.

## II. Documentation

12.1 Ministry of Public Health. With regard to the SAR, it is not clear who it is written for and what use is to be made of it by the Chinese. Is it a descriptive, selling document for the project to the Board, is it a legal

document, or is it an implementation document. Lots of data is requested for SAR, but little is utilized in the document.

12.2 Need to harmonize requirements of Chinese feasibility study with Bank SAR - Both documents justify project, provide basic implementation conditions.

13.1 Resident Mission China. Conditionalities perceived as tools to sell project to Board, not to enhance project quality.

14.1 Tianjin Bureau of Finance. Tendering for ICB takes so long that project costs escalate, leading to a shortage of project funds.

14.2 Project conditionalities often introduced at last minute. Little discussion of rationale with Chinese. This timing creates a "take it or leave it" situation and does not foster meaningful debate.

15.1 Beijing Bureau of Finance. Confusion regarding standard bidding documents, particularly with quantities under lump-sum contracts. With regard to qualification and tendering, want more decision-making authority delegated to RMC. Quarterly reporting on disbursements too much.

16.1 ITC. Procurement could be accelerated if Bank staff were more responsive. Also, decisions Bank staff reach with implementing agencies, often not communicated to procurement agencies. Subproject reviews too slow.

17.1 State Audit Administration. Bank not clear in its financial reporting requirements. In some loan agreements the financial data to be audited is not specified, nor is the agency responsible for the audit.

17.2 A specific description of the financial data required should be spelled out in the loan documents. As project is usually only small part of agency activity would suggest restricting scope of audit. Bank rational for entire agency audit not always clear.

17.3 Last year 160 audit reports sent to Bank. Received comments on only 20 (and one of these actually reviewed previous year's audit!). Seems that reports are not reviewed or utilized by Bank.

18.1 Shandong Bureau of Finance. Speed and quality of procurement has direct impact on project performance. Need to better coordinate domestic and Bank procedures.

18.2 Bank believes ICB guarantees best price and quality, but long-drawn out process limits benefits.

### III. Project Implementation

19.1 Ministry of Railway. Bank insistence that Ministry of Railway ensure proper resettlement reflects basic misunderstanding of authority of this ministry. Responsibility for resettlement rests with local governments.

19.2 Bank interest rate and commitment fees too high. Bank should consider graduated commitment fee similar to ADB.

19.3 Currency pool also too complicated. ADB has single currency risk that is easier for implementing agencies to manage.

20.1 Shandong Bureau of Finance. Organizational structure at local level for Bank projects worry some. Temporary organizations are created for project implementation, but what happens when disbursements are completed? Who will assume long-term responsibility, particularly loan repayment responsibilities? Public Finance Bureau in Shandong gearing-up to assume this responsibility.

21.1 Ministry of Construction. Bank Staff in H.Q. review outdated reports. Need better mechanism to gain up-to-date plan of project studies prior to going on mission.

21.2 Bank reviews look at past and present need better focus on future. Guidance on post-evaluation is necessary and has been requested in the past, but Task Managers often aren't interested in this activity.

#### IV. Bank Staff

22.1 Ministry of Agriculture. There is lack of respect for the sophistication of Chinese staff. Bank staff "think China is like Africa."

23.1 Ministry of Education. Report studies are routinely sent to Bank, but no response comes back. Question whether these are even read by Bank staff.

24.1 RMC. Quality of Task Managers reported by provincial leaders to have declined. In early '80s staff were specialized and could converse easily with local technical specialists. Now, Task Managers less specialized and often don't identify during project preparation the technical issues that will later lead to implementation difficulties.

24.1 Tianjin Bureau of Finance. Staff changes in Bank have required some documents be sent to the Bank more than once.

25.1 General Comment From Several Ministries. Bank staff are not responsive on a number of fronts: Procurement documents, periodic reports, special studies, audit reports and subproject approvals. Delays in response of several months is not unusual; several examples of complete non-responsive were also cited.

**List of Participants in**  
**Follow-up Meeting on Wapenhans Report**  
(March 1 - 2, 1993)

**Ministry of Finance**

- |                      |  |
|----------------------|--|
| 1. Mr. Luo Qing      | Director, World Bank Department                                  |
| 2. Mr. Chen Junshuo  | Deputy Director, World Bank Department                           |
| 3. Mr. Zhu Xian      | Division Chief, Energy, transport & Industry Division            |
| 4. Mr. Pan Xiaojiang | Division Chief, Technical Assistance & Training Division         |
| 5. Zhu Guangyao      | Deputy Division Chief, Agricultural & Rural Development Division |
| 6. Ms. Yang Junmei   | Project Officer, Agricultural & Rural Development Division       |
| 7. Mr. Shi Jin'an    | Project Officer  |

**Ministry of Communications**

- |                    |  |
|--------------------|--|
| 1. Mr. Sun Guoqing | Chief, Planning Department   |
| 2. Mr. Li Daming   | Chief, Industry Management Department  |
| 3. Mr. Liu'e       | Chief, Technical Coordinating Unit of World Bank Loan Highway Project, Construction Management Department, |

**Ministry of Agriculture**

- |                      |  |
|----------------------|--|
| 1. Mr. Xie Guoli,    | Deputy Director, Office of External Economic Relations,                |
| 2. Ms. Zhang Xiaowan | Project Officer, First Division, Office of External Economic Relations |

**Ministry of Energy**

- |                  |  |
|------------------|--|
| 1. Mr. Liu Jiayu | Deputy Chief, International Cooperation Department |
|------------------|--|

**Ministry of Public Health**

- |                   |   |
|-------------------|---|
| 1. Mr. Zhou Ji'an | Deputy Director, World Bank Loan Office |
|-------------------|---|

**Ministry of Forestry**

- |                 |   |
|-----------------|---|
| 1. Mr. Qu Shuye | Director, World Bank Loan Management Center |
|-----------------|---|

**Ministry of Water Resources**

- |                  |   |
|------------------|---|
| 1. Mr. Cui Boxun | Deputy Director, Foreign Affairs Department |
|------------------|---|



**State Education Commission**

1. Mr. Xu Ling                      Assistant Director, Finance Department
2. Mr. Zong Gang                Deputy Chief, Training Division, Foreign Investment  
Department
3. Mr. Xun Fuqiu                 Project Division, Foreign Investment Office

**State Science & Technology Commission**

1. Mr. Sun Zhongqian          Director, Office of World Bank Loan Project

**State Audit Administration**

1. Mr. Sun Baohou

**Procurement Agencies**

1. Mr. Qin Daohua                Deputy Chief, China National Chemical Construction  
Corporation
2. Mr. Chen Shaotang            China National Machinery Import & Export Corporation
3. Mr. Sun Xun                    Deputy Chief, China National Instruments Import & Export  
Corporation
4. Mrs. Ci Bin                     Deputy General Manager, International Tendering Company,  
China National Technical Import & Export Corporation
5. Mr. Qin Daohua                Deputy Manager, International Tendering Division, China  
National Chemical Construction Corporation
6. Mr. Sun Fajun                 China National Instruments Import & Export Corporation

**Shandong Province**

15. Mr. Pang Dunzhi              Chief, World Bank Loan Agricultural Project Management  
Office, Finance Bureau of Shandong Province
16. Mr. Qin Fengkui              Officer, World Bank Loan Agricultural Project Management  
Office, Finance Bureau of Shandong Province
17. Mr. Xu Debin                 External Finance Division, Finance Bureau of Shandong  
Province

**Others**

1. Mr. Kong Yan Agricultural Bank of China
2. Mr. Zhang Jinru China Investment Bank
3. Mr. Kong Jie Agricultural Bank of China
4. Mr. Ying Liwen Deputy Chief, External Finance Division, Finance Bureau of Tianjing Municipality
5. Mr. Dong Pinru Deputy Manager, Beijing-Tianjing-Tanggu Highway Corporation, Beijing Branch
6. Mr. Li Yang Chief, External Finance Division, Beijing Finance Bureau
7. Mr. Zen Shouli Deputy Director, Project Management Office of Da Xingan Mountains

**RMC**

1. Mr. Mohammad Ashraf Senior Operations Officer
2. Mr. Hou Dingyong Operations Officer, Social Sector
3. Mr. Dai Dongchang Operations Officer, Transport Sector
4. Ms. Zou Youlan Operations Officer, Agricultural Sector
5. Mr. Lin Xiaosen Operations Officer, Energy Sector
6. Ms. Zhang Hong Operations Officer, Procurement & Disbursement

ROUTING SLIP		Date	2/11
NAME		ROOM NO.	
Mr. <del>Severino</del>		F13-035	
<b>URGENT</b>	For Action/Comment	Per Your Request	
Appropriate Disposition <input checked="" type="checkbox"/>	Information/Discard	Returned	
Approval/Clearance	Note And Return	See My E-Mail	
File	Per Our Conversation	Signature/Initial	
RE:			
REMARKS			
<p>Bob :</p> <p>you might be interested in Rowat's comment</p>			
From	Room No.	Ext.	
Malcolm Rowat			

ROUTING SLIP		DATE: 2/10/93	
FROM THE OFFICE OF THE DIRECTOR-GENERAL, OPERATIONS EVALUATION			
NAME		ROOM NO.	
Malcolm Rowat		I6049	
APPROPRIATE DISPOSITION		NOTE AND RETURN	
APPROVAL		NOTE AND SEND ON	
COMMENT		PER OUR CONVERSATION	
FOR ACTION		PER YOUR REQUEST	
<input checked="" type="checkbox"/> INFORMATION		PREPARE REPLY	
INITIAL		RECOMMENDATION	
NOTE AND FILE		SIGNATURE	
REMARKS:			
<p>Re: <u>IDF/Evaluation</u></p> <p>Shahid Chaudhry suggested that I send you a copy of the attached which was approved last week. The IDF committee indicated an interest in seeing more proposals of this type.</p> <p>Many thanks; I was on the IDF Committee that approved this proposal and was amongst its strongest supporters.</p> <p>cc cludy.      mhr 2/11</p>			
FROM: R. Guerrero		R/3-035	

## OFFICE MEMORANDUM

China  
RECEIVED  
93 FEB 12 AM 11:02

DATE: February 2, 1993

TO: Mr. Abdallah El Maaroufi, Senior Operations Adviser

FROM: David Pearce, Chief, EA2CO

EXTENSION: 82350

SUBJECT: CHINA: Request for IDF Financing - Project Performance Evaluation

1. I attach herewith a revised request for IDF financing of activities designed to strengthen project performance evaluation, and ultimately the creation of a national institution, in China.
2. The revised draft incorporates the comments made by the Bank-wide committee. Specifically, the matrix of planned activities has been simplified and made clearer; the government contribution of RMB 250,000 (\$44,000 equivalent) - for local overhead costs of seminars and courses - has been spelled out; the preliminary timetable for initial training and consultants' activities during 1993 has been adjusted; and the \$13,000 of contingencies, previously shown separately, have been 'folded' into identified cost categories.
3. I have noted the committee's suggestion that twinning arrangements with performance evaluation institutions in other countries be considered, and this will be reflected in the terms of reference of the two study tours proposed.
4. Finally, you may wish to note that OED, as well as EDI and this department, is expected to provide significant back-stopping to this activity. Indeed, this initiative is the outcome of a request made by the former Minister of Finance to Mr. Picciotto last fall and, if the IDF grant is approved, I expect to discuss arrangements for its initial implementation with the Chinese authorities during the Country Implementation Review (CIR) later this month. Similarly, OED staff are ready to proceed with hiring consultants without delay. In the circumstances, I consider the preliminary timetable quite realistic.
5. I hope this note and the attached revised request respond to the committee's concerns.

Attachment

cc: Messrs. Burki, Kimura; Ody, Rix o/r; Guerrero (DGO).

DPearce:jd

The World Bank Group  
**REQUEST FOR IDF FINANCING**

Region	Country	China
	East Asia and Pacific Region	
Country Dept.	Task Manager	Amount of Grant Requested
EA2	David Rix, EA2CO	US\$ 440,000

Title of Proposed Activity

Organization and Development of a Project Performance Evaluation Capability.

Purpose of Grant (a brief description of the activities to be financed and likely outcome of grant)

While China's project implementation record to date is highly satisfactory, there is a need to pay increased attention to, and provide more systematic support for performance evaluation, including the assessment of development impact. While performance evaluation has to date been carried out mainly by the project executing agencies concerned, its effectiveness and independence are inhibited by the lack of an overall national organizational framework, shortages of staff, inadequate knowledge of performance evaluation methodologies and techniques, and general inexperience in this area. During a meeting with the Director-General, OED last September, the former Minister of Finance expressed the authorities' interest in obtaining international technical assistance for the organization and development of China's project performance evaluation capability, including performance evaluation seminars, professional staff secondments, study tours by senior officials, hands-on participation in the evaluation of externally-financed projects in China, the development of performance evaluation guidelines, and the setting up of a performance evaluation information system. Against this background, and with the ultimate objective of developing a national organizational framework, including an institution, for project performance evaluation, the proposed IDF grant would support the objectives, activities and outputs outlined below.

Relationship of Grant Proposal with Country Economic and Sector Work (or Business Plan)

The proposed IDF grant would be consistent with the department's goals (and ESW) of assessing China's reform experience to date, and of seeking to operationalize it in terms of new and/or reformed institutions.

<u>Objective</u>	<u>Activities</u>	<u>Outputs</u>
1. To define the role, responsibilities and structure of proposed project performance evaluation unit or institution.	<ul style="list-style-type: none"><li>a. Design and deliver seminar on performance evaluation system.</li><li>b. Review adequacy of existing performance evaluation arrangements.</li><li>c. Develop proposal for national performance evaluation system, including organizational structure.</li></ul>	<ul style="list-style-type: none"><li>a. Seminar content and materials.</li><li>b. Report and recommendations on existing performance evaluation arrangements.</li><li>c. Report and recommendations on national performance evaluation system.</li></ul>
2. To establish policies, guidelines, and standards for proposed project performance evaluation unit.	<ul style="list-style-type: none"><li>a. Review national and international policies, guidelines, and standards for project evaluation in China.</li><li>b. Propose operational policies, guidelines, and standards for project evaluation in China.</li></ul>	<ul style="list-style-type: none"><li>a. Report on national and international evaluation policies and practices.</li><li>b. Manual of policies, guidelines and standards.</li></ul>
3. To ensure adequate staffing for the performance evaluation function.	<ul style="list-style-type: none"><li>a. Develop training curriculum for basic skills in project evaluation methodology.</li><li>b. Develop and deliver course to train trainers in project evaluation methodology.</li><li>c. Design and arrange study tours to familiarize senior officials with international project evaluation practices.</li><li>d. Arrange national participation in evaluation of Bank-financed projects in China.</li></ul>	<ul style="list-style-type: none"><li>a. Training curriculum and materials.</li><li>b. Training course and materials.</li><li>c. Study tour program design and delivery.</li><li>d. Internship program.</li></ul>

---

Government Agency Responsible for Execution

Director, World Bank Department, Ministry of Finance (MOF)

---

Government Contribution (cash or in-kind)

RMB 426,000 (\$75,000) for local overhead costs of training courses and seminar.

---

Other Comments

If successful, the activities to be financed by proposed grant are expected to lead to creation of national institution for project performance evaluation.

---

Preliminary Timetable

The timetable for initial training and related consultants' activities would be approximately:

- 1st Performance Evaluation Seminar: June/July 1993.
  - Preparation of curriculum for, and delivery of, 1st Project Evaluation Methodology Course: March-August 1993.
  - 1st Project Evaluation Trainers' Course: October 1993.
- 

Proposed Use of Grant Funds (breakdown by consultants, travel, studies, equipment)

- Study Tours: September 1993.
  - Internship Program: November 1993.
- 

See attached.

---

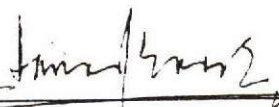
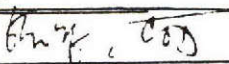
Modality of Execution (indicate modality - government agency, UN agency, NGO, international & local consultants)

The institutional development program would be implemented by external or local consultants, under the guidance of the World Bank Department of MOF.

---

Statement by the Director, Country Department

Following discussions with donors, I confirm that alternative and timely funds are not available, in particular and in the first instance, from UNDP.

Signature:   


---

Date of Submission to the Screening Committee \_\_\_\_\_

Date of Review by the Screening Committee \_\_\_\_\_

Decision by the Screening Committee \_\_\_\_\_

Grant No. (issued by the Trust Funds Administrator  
upon approval by the Screening Committee) \_\_\_\_\_



CHINA

ORGANIZATION AND DEVELOPMENT OF A PROJECT  
PERFORMANCE EVALUATION CAPABILITY

Estimated Costs over Two-Year Implementation Period

	Quantity	Unit cost/rate (\$/month)	Total cost (\$)
<u>Consultants</u>			
Fees	17 m/months	12,000	204,000
Travel	9 China visits total (2 consultants)	5,500	49,500
	Subtotal		<u>253,500</u>
<u>Training Courses/Seminars</u>			
Performance evaluation	3 seminars x 15 participants	1,000	45,000
Project evaluation methodology	3 courses x 15 participants	1,000	45,000
Project evaluation trainers	3 courses x 15 participants	1,000	45,000
	Subtotal		<u>135,000</u>
<u>Study Tours</u>			
To developed country	1 tour x 6 participants	4,500	27,000
To developing country	1 tour x 6 participants	3,000	18,000
	Subtotal		<u>45,000</u>
<u>Internships</u>			
Mission partici- pation	2 missions x 5 participants	2,500	<u>25,000</u>
<u>Equipment</u>			
Computers/software	3 workstations	2,500	<u>7,500</u>

	Quantity	Unit cost/rate (\$/month)	Total cost (\$)
<u>Miscellaneous</u>			
			13,000
			10,000
			11,000
	Subtotal		<u>34,000</u>
		<u>Total Estimated Cost</u>	<u>500,000</u>
<u>Cost Summary</u>			
			253,500
			135,000
			45,000
			25,000
			7,500
			34,000
		<u>Total Estimated Costs</u>	<u>500,000</u>

February 18, 1993

Mr. Luo Qing  
Director, World Bank Department  
Ministry of Finance  
Beijing, China

RE: CHINA - Organization and Development of a  
Project Performance Evaluation Capability  
IDF Grant Number 28735

Dear Mr. Luo:

I am writing on behalf of the International Bank for Reconstruction and Development (IBRD) to indicate IBRD's agreement to make to the People's Republic of China (the Recipient) a grant in an amount not exceeding US\$ 440,000 (the Grant).

The Grant is made in response to the Recipient's request for financial assistance and for the purposes and on the terms and conditions set forth in Annexes 1 and 2 to this letter. The Recipient represents, by confirming its agreement below, that it is authorized to contract and withdraw the Grant for the said purposes and on the said terms and conditions. The Recipient further represents that it will contribute no less than 15% of the total cost of about US\$ 520,000.

Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this letter. This agreement will become effective on the date of countersignature.

Very truly yours,  
INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By: Shahid Javed Burki  
Shahid Javed Burki  
Director, China and Mongolia Department

AGREED:

People's Republic of China

By: (Signature)  
Mr. Luo Qing,  
Director, World Bank Department  
Ministry of Finance

1993. 2. 1  
Date

## Purposes, Terms and Conditions of the Grant

1. The activities for which the Grant is given are as follows:

- ✓ → (a) The design and delivery of three seminars on performance evaluation systems. \* - 1 3
- (b) The carrying out of a review, and preparation of an associated report, on the adequacy of existing performance evaluation arrangements in China.
- (c) The development of a proposal for a national performance evaluation system, including organizational structure.
- (d) The carrying out of a review, and preparation of an associated report, on national and international policies, guidelines, and standards for project evaluation in China.
- (e) The development of proposed operational policies, guidelines, and standards for project evaluation in China.
- ✓ (f) The development of a training curriculum for basic skills in project evaluation methodology, and the delivery of three courses on these. \* Methodology 3
- ✓ (g) The development and delivery of three courses to train trainers in project evaluation methodology. \* Courses 1 3
- (h) The design of, and arrangements for, two study tours to familiarize senior Chinese officials with international project evaluation practices.
- (i) Arrangements for national participation in the evaluation of selected Bank-financed projects in China.
- (j) The procurement of computers and associated software in support of the implementation of a national performance evaluation system in China.

2. Categories of items to be financed out of the proceeds of the Grant, the allocation of the amounts of the Grant to each category, and the percentage of expenditures for items to be financed in each category, are as follows:

S o w

<u>Category</u>	<u>Amount of the Grant Allocated (Expressed in Dollar Equivalent)</u>	<u>% of Expenditures to be Financed</u>
(1) Consultants' Services	277,500	100%
(2) Training and Study tours	222,000	100%
(3) Equipment and Training Materials	20,500	100% of foreign expenditures, 100% of local expenditures (ex-factory cost), and 75% of local expenditures for other items procured locally.
Total	<u>520,000</u>	

3. The Recipient shall carry out the activities outlined above with due diligence and efficiency; promptly provide the funds, facilities, services, and other resources required for the purpose; furnish all information covering such activities and the use of the proceeds of the Grant as IBRD shall reasonably request; and from time to time exchange views with IBRD's representatives on the progress and results of such activities.

4. Consultants acceptable to IBRD shall be employed by the Recipient on terms and conditions satisfactory to IBRD for assistance in activities listed in paragraph 1 above. The consultants shall be selected in accordance with principles and procedures satisfactory to IBRD and on the basis of *Guidelines: Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency* (Washington, D.C.: World Bank, 1981). No substitution of such consultants or modification of the terms and conditions of their employment shall be made except with the prior approval of IBRD.

5. Procurement of goods shall, in a manner agreed by IBRD, be carried out in accordance with *Guidelines: Procurement under IBRD Loans and IDA Credits* (Washington, D. C.: World Bank, 1991) (Procurement Guidelines).

6. (a) IBRD shall disburse funds to or on the order of the Recipient to meet the expenditures specified in paragraph 2 above. The Recipient shall submit a written application for withdrawal of such funds in the form specified by IBRD. Withdrawal applications for the Grant shall be (a) signed on behalf of the Recipient by the Director, World Bank Department, Ministry of Finance, People's Republic of China; and (b) accompanied by evidence of the expenditures made or, if IBRD shall so agree, to be made. Authenticated specimen signatures of the designated persons shall be provided with the first application.

(b) The Recipient shall, for the activities outlined in paragraph 1 above, open and maintain in dollars a special deposit account in a bank acceptable to IBRD on terms and conditions satisfactory to IBRD, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Annex 2 to this letter.

7. The Grant shall be disbursed in U.S. dollars. However, the Recipient may request any other currency required to meet an expenditure to be financed by the Grant, and IBRD will purchase that currency with U.S.dollars.

8. Withdrawals shall be made only for expenditures for services supplied from countries eligible under the Procurement Guidelines. No withdrawals shall be made on account of payments for any taxes levied by, or in the territory of, the Recipient.

9. No withdrawals of the Grant shall be made after a date two years from the date of signature by the Bank of the Letter of Agreement in respect of the Grant (the Closing Date), except that the Bank may disburse against withdrawal applications for expenditures incurred prior to the Closing Date and received by the Bank within four months after the Closing Date. Any amount of the Grant then remaining unwithdrawn shall be canceled.

10. IBRD may at any time, by notice to the Recipient, suspend further withdrawals of the Grant if any of the following events has occurred: (a) funds withdrawn shall not have been used for the purpose agreed between the Recipient and IBRD; (b) the activities referred to in paragraph 1 above shall not have been carried out in accordance with the standards or methods agreed between the Recipient and IBRD; (c) the Recipient shall not have complied with any of the obligations herein specified; or (d) the right of the Recipient, or any other entity to which IBRD has made a loan with the guarantee of the Recipient, to make withdrawals under any Loan Agreement with IBRD or any Development Credit Agreement with IDA shall have been suspended.

11. IBRD may, by notice to the Recipient, cancel any amount of the Grant remaining unwithdrawn (a) at any time after withdrawals of the Grant shall have been suspended pursuant to the provisions of paragraph 10 above; or (b) if the Recipient fails to take action within six months from the date it was notified by the Bank that such a grant was approved.

## Special Account

## 1. For the purposes of this Annex:

(a) the term "eligible Categories" means the categories set forth in the table in paragraph 2 of Annex 1 to this letter;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the activities under paragraph 1 of Annex 1 to this letter and to be financed out of the proceeds of the Grant allocated from time to time to the eligible categories in accordance with the provisions of paragraph 2 of Annex 1 to this letter; and

(c) the term "Authorized Allocation" means an amount equivalent to \$200,000 to be withdrawn from the proceeds of the Grant and deposited in the Special Account pursuant to paragraph 3 (a) of this Annex.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Annex.

3. After IBRD has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to IBRD a request or requests for a deposit or deposits which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, IBRD shall, on behalf of the Recipient, deposit in the Special Account such amount or amounts out of the proceeds of the Grant as the Recipient shall have requested.

(b) (i) For replenishment of the Special Account, the Recipient shall furnish to IBRD requests for deposits into the Special Account at such intervals as IBRD shall specify.

(ii) Prior to or at the time of each such request, the Recipient shall furnish to IBRD the documents and other evidence required pursuant to paragraph 4 of this Annex for the payment or payments in respect of which replenishment is requested. On the basis of each such request, IBRD shall, on behalf of the Recipient, deposit into the Special Account out of the proceeds of the Grant such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures.

All such deposits shall be withdrawn by IBRD from the proceeds of the Grant under the respective eligible Categories, and in the respective

equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as IBRD shall reasonably request, furnish to IBRD such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Annex, IBRD shall not be required to make further deposits into the Special Account:

(a) if, at any time, IBRD shall have determined that all further withdrawals of the proceeds of the Grant shall be made directly by the Recipient; or

(b) once the total unwithdrawn amount of the Grant allocated to the eligible Categories shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal of the proceeds of the Grant remaining unwithdrawn shall follow such procedures as IBRD shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that IBRD shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If IBRD shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Annex; or (ii) was not justified by the evidence furnished to IBRD, the Recipient shall, promptly upon notice from IBRD: (A) provide such additional evidence as IBRD may request; or (B) deposit into the Special Account (or, if IBRD shall so request, refund to IBRD) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless IBRD shall otherwise agree, no further deposit by IBRD into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If IBRD shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from IBRD, refund to IBRD such outstanding amount.

(c) The Recipient may, upon notice to IBRD, refund to IBRD all or any portion of the funds on deposit in the Special Account.

(d) Refunds to IBRD made pursuant to paragraphs 6 (a), (b) and (c) of this Annex shall be added to the unwithdrawn amount of the Grant.

February 18, 1993



A L L - I N - 1 N O T E

DATE: 09-Feb-1993 02:29pm

TO: Pablo Guerrero

( PABLO GUERRERO )

FROM: Robert Picciotto, DGO

( ROBERT PICCIOTTO )

EXT.: 84569

SUBJECT: Slight revision of TORs

### Initial Actions Under the IDF Grant

1. To define the role, responsibilities and structure of the performance evaluation function.

#### Responsibility

DGO to advise the MOF on a qualified senior consultant to study, design, and advise on:

- the performance evaluation system in China

#### Tasks

The consultant would:

- review current evaluation arrangements in apex institutions and selected agencies.
- prepare a report reviewing relevant experience and proposing specific actions needed to upgrade performance evaluation systems and processes.
- design a seminar for senior government officials on the objectives, scope, and characteristics of a modern performance evaluation system
- advise apex agencies in the development of operational policies, guidelines, and standards for evaluation

#### Timing

Work on the report to begin as soon as consultant is identified and agreed to (Target date May 1993). Seminar to be delivered at the conclusion of the report (Target date September 1993). Policies, guidelines and standards to be prepared after seminar (Target Date December 1993).

2. To organize annual workshops and courses on evaluation.

#### Responsibility

The China CD, with DGO advice and the collaboration of EDI, to advise MOF on consultants, TORs etc. preparation of a program of workshops and courses, and on the contracting of senior consultant(s) to deliver them over the implementation period of the IDF.

#### Tasks

The consultant(s) will be responsible for:

- Delivering training workshops and courses covering:

- evaluation principles and practices
- evaluation methodology
- evaluation case studies

Developing evaluation training curriculum and materials

#### Timing

The training program would include annual workshops and courses. The first workshop should be planned to start as soon as possible (Target date May 1993). Follow on workshops and courses to take place at quarterly intervals during the IDF implementation period. The development of an evaluation curriculum to begin after the first year training experience and after the evaluation standards have been agreed to (Target date February 1994).

3. To establish twinning arrangements, internships, or study tours to familiarize evaluation officials with international evaluation practices and experience.

#### Responsibility

The China CD, in consultation with the DGO and EDI, would provide advice to MOF about potential sources of support and cooperation.

#### Tasks

To identify evaluation institutions in donor and borrowing members that can provide technical support to China agencies.

#### Timing

To begin after awareness seminar for senior officials (Target date October 1993).

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: February 9, 1993 12:59pm

TO: Robert Picciotto ( ROBERT PICCIOTTO )

FROM: Pablo Guerrero, DGO ( PABLO GUERRERO )

EXT.: 31717

SUBJECT: China: Draft TOR to get the IDF/ECDP Under way  
Let's Discuss

Actions to be taken to launch the ECDP under the IDF grant:

1. To define the role, responsibilities and structure of the performance evaluation function.

Responsibility

DGO to advise the MOF on a qualified senior consultant to study, design, and advise on:

- the performance evaluation system in China

Tasks

The consultant would:

- prepare a report reviewing relevant experience and proposing a performance evaluation system and its organizational structure
- design a seminar for senior government officials on the dimensions, scope, and characteristics of a performance evaluation system
- develop operational policies, guidelines, and standards for evaluation

Timing

Work on the report to begin as soon as consultant is identified and agreed to (Target date May 1993). Seminar to be delivered at the conclusion of the report (Target date September 1993). Policies, guidelines and standards to be prepared after seminar (Target Date December 1993).

2. To organize annual workshops and courses on evaluation.

Responsibility

The DGO, in consultation with the China CD and with the collaboration of EDI, to advise MOF on the preparation of a program of workshops and courses, and on the contracting of

senior consultant(s) to deliver them over the implementation period of the IDF.

#### Tasks

The consultant(s) will be responsible for:

Delivering training workshops and courses covering:

- evaluation principles and practices
- evaluation methodology
- evaluation case studies

Developing evaluation training curriculum and materials

#### Timing

The training program would include annual workshops and courses. The first workshop should be planned to start as soon as possible (Target date May 1993). Follow on workshops and courses to take place at quarterly intervals during the IDF implementation period. The development of an evaluation curriculum to begin after the first year training experience and after the evaluation standards have been agreed to (Target date February 1994).

3. To establish twinning arrangements, internships, or study tours to familiarize senior evaluation officials with international evaluation practices and experience.

#### Responsibility

The MOF, in consultation with the EDI and the DGO.

#### Tasks

To identify institutions in donor and borrowing members that can engage in these practices.

#### Timing

To begin after awareness seminar for senior officials (Target date October 1993).

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: February 9, 1993 11:35am

TO: Robert Picciotto ( ROBERT PICCIOTTO )

FROM: Pablo Guerrero, DGO ( PABLO GUERRERO )

EXT.: 31717

SUBJECT: Re: China

I spoke to Christian Polti and he would be available in mid/late May to deliver a seminar on evaluation.

Polti is an experienced trainer. He prepared and delivered two seminars on evaluation for the Moroccans (and was due to deliver a seminar to the Audit Administration of China just over a year ago when he got sick). He is also delivering seminars on evaluation at the Senghor University in Egypt.

A key advantage of using Polti is that he has already developed basic introductory training materials, some of which are translated into Chinese. Using him would allow a quick start.

A matter that we will need to address with Pearce is the payment for experienced consultants. In the past, the Chinese have not always been easy to deal with regarding fees paid to former Bank staff. To commit Christian we will need assurances that he will be paid according to Bank standards.

Polti has also worked with EDI, a fact that would facilitate coordination if they are to be involved in the first seminar.

Finally, if Finzi's strengths are complementary to Polti's, they could collaborate on the seminar preparation and delivery.

The World Bank/IFC/MIGA  
OFFICE MEMORANDUM

DATE: February 9, 1993 10:07am

TO: Pablo Guerrero ( PABLO GUERRERO )

FROM: Robert Picciotto, DGO ( ROBERT PICCIOTTO )

EXT.: 84569

SUBJECT: Re: China

This sounds good. Again, try and contact him for availability.

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: February 9, 1993 10:05am

TO: Robert Picciotto ( ROBERT PICCIOTTO )

FROM: Pablo Guerrero, DGO ( PABLO GUERRERO )

EXT.: 31717

SUBJECT: Re: China

Bob:

An excellent senior resource person who could perhaps help us is the former Deputy Controller General of Canada, Guy Leclerc. He is highly respected for his savvy and his knowledge. He helped us with some of our support for ECDP in Brazil. I'll pass to you a recent Manual on Evaluation that he produced.



The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: February 9, 1993 10:02am

TO: Pablo Guerrero ( PABLO GUERRERO )

FROM: Robert Picciotto, DGO ( ROBERT PICCIOTTO )

EXT.: 84569

SUBJECT: Re: China

Would you check whether Polti is available ?

The "pump priming" list is to help draft terms of reference for the expert mission in designing an initial and sequenced program of work with the authorities. It would be good to have such a TOR ready for our meeting with Pierce.

I would rather not have Ter Weele at this stage.

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: February 9, 1993 09:56am

TO: Robert Picciotto ( ROBERT PICCIOTTO )

FROM: Pablo Guerrero, DGO ( PABLO GUERRERO )

EXT.: 31717

SUBJECT: Re: China

1. I have little doubt that Finzi could be a very useful resource to help launch some activities in evaluation in China. However, since he is not an "evaluation" expert, and this is known in China, he would require backstopping, either directly from us or from experienced former evaluators, such as Christian Polti. Finzi would need to study quite a bit; we would need to verify that he sees the matter of strengthening evaluation capacity as we do. The institutional arrangements in China are fragile.

2. I will talk to Ray Rist about training seminars. Tomorrow, I will be visiting Mr. Peter Aliferis, another Director of GAO, who oversees some of the international GAO activities. I will raise the matter.

3. As far as the pump priming agenda, the list you have made covers the essentials. Some of the activities should be launched in parallel e.g. the diagnostic work and a first seminar on evaluation. In terms of priority, it is important to plan the first seminar on ex post evaluation at the earliest, possibly May. This seminar would address the basics of evaluation, from principles to case studies. The awareness seminar should come after the diagnostic has been done. Such a diagnostic should provide the basis for the awareness, consensus building, seminar on which the institutionalization of the evaluation function should eventually lie.

4. It might be useful to invite EDI's Alex ter Weele to this afternoon's meeting with David Pearce.

# OFFICE MEMORANDUM

DATE: February 2, 1993

TO: Mr. Abdallah El Maaroufi, Senior Operations Adviser

FROM: David Pearce, Chief, EA2CO

EXTENSION: 82350

SUBJECT: CHINA: Request for IDF Financing - Project Performance Evaluation

1. I attach herewith a revised request for IDF financing of activities designed to strengthen project performance evaluation, and ultimately the creation of a national institution, in China.
2. The revised draft incorporates the comments made by the Bank-wide committee. Specifically, the matrix of planned activities has been simplified and made clearer; the government contribution of RMB 250,000 (\$44,000 equivalent) - for local overhead costs of seminars and courses - has been spelled out; the preliminary timetable for initial training and consultants' activities during 1993 has been adjusted; and the \$13,000 of contingencies, previously shown separately, have been 'folded' into identified cost categories.
3. I have noted the committee's suggestion that twinning arrangements with performance evaluation institutions in other countries be considered, and this will be reflected in the terms of reference of the two study tours proposed.
4. Finally, you may wish to note that OED, as well as EDI and this department, is expected to provide significant back-stopping to this activity. Indeed, this initiative is the outcome of a request made by the former Minister of Finance to Mr. Picciotto last fall and, if the IDF grant is approved, I expect to discuss arrangements for its initial implementation with the Chinese authorities during the Country Implementation Review (CIR) later this month. Similarly, OED staff are ready to proceed with hiring consultants without delay. In the circumstances, I consider the preliminary timetable quite realistic.
5. I hope this note and the attached revised request respond to the committee's concerns.

Attachment

cc: Messrs. Burki, Kimura; Ody, Rix o/r; Guerrero (DGO).

DPearce:jd

The World Bank Group  
**REQUEST FOR IDF FINANCING**

Region	Country	
East Asia and Pacific Region		China
Country Dept.	Task Manager	Amount of Grant Requested
EA2	David Rix, EA2CO	US\$ 440,000

**Title of Proposed Activity**

Organization and Development of a Project Performance Evaluation Capability.

**Purpose of Grant (a brief description of the activities to be financed and likely outcome of grant)**

While China's project implementation record to date is highly satisfactory, there is a need to pay increased attention to, and provide more systematic support for performance evaluation, including the assessment of development impact. While performance evaluation has to date been carried out mainly by the project executing agencies concerned, its effectiveness and independence are inhibited by the lack of an overall national organizational framework, shortages of staff, inadequate knowledge of performance evaluation methodologies and techniques, and general inexperience in this area. During a meeting with the Director-General, OED last September, the former Minister of Finance expressed the authorities' interest in obtaining international technical assistance for the organization and development of China's project performance evaluation capability, including performance evaluation seminars, professional staff secondments, study tours by senior officials, hands-on participation in the evaluation of externally-financed projects in China, the development of performance evaluation guidelines, and the setting up of a performance evaluation information system. Against this background, and with the ultimate objective of developing a national organizational framework, including an institution, for project performance evaluation, the proposed IDF grant would support the objectives, activities and outputs outlined below.

**Relationship of Grant Proposal with Country Economic and Sector Work (or Business Plan)**

The proposed IDF grant would be consistent with the department's goals (and ESW) of assessing China's reform experience to date, and of seeking to operationalize it in terms of new and/or reformed institutions.

<u>Objective</u>	<u>Activities</u>	<u>Outputs</u>
1. To define the role, responsibilities and structure of proposed project performance evaluation unit or institution.	<p>a. Design and deliver seminar on performance evaluation system.</p> <p>b. Review adequacy of existing performance evaluation arrangements.</p> <p>c. Develop proposal for national performance evaluation system, including organizational structure.</p>	<p>a. Seminar content and materials.</p> <p>b. Report and recommendations on existing performance evaluation arrangements.</p> <p>c. Report and recommendations on national performance evaluation system.</p>
2. To establish policies, guidelines, and standards for proposed project performance evaluation unit.	<p>a. Review national and international policies, guidelines, and standards for project evaluation in China.</p> <p>b. Propose operational policies, guidelines, and standards for project evaluation in China.</p>	<p>a. Report on national and international evaluation policies and practices.</p> <p>b. Manual of policies, guidelines and standards.</p>
3. To ensure adequate staffing for the performance evaluation function.	<p>a. Develop training curriculum for basic skills in project evaluation methodology.</p> <p>b. Develop and deliver course to train trainers in project evaluation methodology.</p> <p>c. Design and arrange study tours to familiarize senior officials with international project evaluation practices.</p> <p>d. Arrange national participation in evaluation of Bank-financed projects in China.</p>	<p>a. Training curriculum and materials.</p> <p>b. Training course and materials.</p> <p>c. Study tour program design and delivery.</p> <p>d. Internship program.</p>

---

Government Agency Responsible for Execution

Director, World Bank Department, Ministry of Finance (MOF)

---

Government Contribution (cash or in-kind)

RMB 250,000 (\$44,000) for local overhead costs of training courses and seminar.

---

Other Comments

If successful, the activities to be financed by proposed ~~200~~ grant are expected to lead to creation of national institution for project performance evaluation.

---

Preliminary Timetable

The timetable for initial training and related consultants' activities would be approximately:

- 1st Performance Evaluation Seminar: June/July 1993.
  - Preparation of curriculum for, and delivery of, 1st Project Evaluation Methodology Course: March-August 1993.
  - 1st Project Evaluation Trainers' Course: October 1993.
- 

Proposed Use of Grant Funds (breakdown by consultants, travel, studies, equipment)

- Study Tours: September 1993.
  - Internship Program: November 1993.
- 

-----  
See attached.

---

Modality of Execution (indicate modality - government agency, UN agency, NGO, international & local consultants)

The institutional development program would be implemented by external or local consultants, under the guidance of the World Bank Department of MOF.

---

Statement by the Director, Country Department

Following discussions with donors, I confirm that alternative and timely funds are not available, in particular and in the first instance, from UNDP.

---

Signature: Shahid Javed Burhan

---

Date of Submission to the Screening Committee \_\_\_\_\_

Date of Review by the Screening Committee \_\_\_\_\_

Decision by the Screening Committee \_\_\_\_\_

Grant No. (issued by the Trust Funds Administrator  
upon approval by the Screening Committee) \_\_\_\_\_

CHINA

ORGANIZATION AND DEVELOPMENT OF A PROJECT  
PERFORMANCE EVALUATION CAPABILITY

Estimated Costs over Two-Year Implementation Period

	Quantity	Unit cost/rate (\$/month)	Total cost (\$)
<u>Consultants</u>			
Fees	12 m/months	12,000	144,000
Travel	9 China visits total (2 consultants)	5,500	50,000
	Subtotal		<u>194,000</u>
<u>Training Courses/Seminars</u>			
Performance evaluation	3 seminars x 15 participants	1,000	45,000
Project evaluation methodology	3 courses x 15 participants	1,000	45,000
Project evaluation trainers	3 courses x 15 participants	1,000	45,000
	Subtotal		<u>135,000</u>
<u>Study Tours</u>			
To developed country	1 tour x 6 participants	4,500	27,000
To developing country	1 tour x 6 participants	3,000	18,000
	Subtotal		<u>45,000</u>
<u>Internships</u>			
Mission partici- pation	2 missions x 5 participants	2,500	<u>25,000</u>
<u>Equipment</u>			
Computers/software	3 workstations	2,500	<u>8,000</u>

	Quantity	Unit cost/rate (\$/month)	Total cost (\$)
<u>Miscellaneous</u>			
			13,000
Training Facilities Usage			10,000
Translation services			10,000
Supplies and materials			
	Subtotal		<u>33,000</u>
	<u>Total Estimated Cost</u>		<u>440,000</u>
<u>Cost Summary</u>			
Consultants' fees and travel			194,000
Training courses/seminars			148,000
Study tours			45,000
Internships			25,000
Equipment			8,000
Miscellaneous			20,000
	<u>Total Estimated Costs</u>		<u>440,000</u>



THE WORLD BANK

ROUTING SLIP

DATE 1/8

FROM THE OFFICE OF THE DIRECTOR  
DIRECTOR-GENERAL, OPERATIONS EVALUATION

NAME

ROOM NO.

RFB

PG

5

APPROPRIATE DISPOSITION

NOTE AND RETURN

APPROVAL

NOTE AND SEND ON

COMMENT

PER OUR CONVERSATION

FOR ACTION

PER YOUR REQUEST

INFORMATION

PREPARE REPLY

INITIAL

RECOMMENDATION

NOTE AND FILE

SIGNATURE

REMARKS

China ECOP

1. Seminar on Agenda of CIR.
2. I will be meeting with EDI and China CD to define Seminar content as background for the above.
3. The Chinese are very good at taking care of logistics which means

FROM:

P. G.

that time will be less of a  
constraint. We will need to  
identify consultants(s).

## OFFICE MEMORANDUM

→ China

DATE: January 7, 1993

TO: Messrs. Pearce, Goldberg, Khan, Raggambi and Ecevit

D.G.O.

FROM: Yo Kimura

Yo Kimura

'93 JAN 7 PM 4 19

EXTENSION: 81108

SUBJECT: Agenda for CIR-4 Meeting

\* || 1. A proposed schedule of the upcoming CIR-4 meetings is provided here for your review (Attachment 1). By January 8, I would appreciate your confirmation of the meeting chairpersons proposed and a list of other participants from your respective divisions who will attend the 11 group discussions of special topics and sector issues (kindly mark up and return the attached schedule). You should note that in parallel with the CIR, Mr. Pearce is expected to discuss the Government's on-lending rate policy with MOF as well as a proposed seminar on ex-post evaluation. Ms. Shum will participate in the latter discussion.

2. In addition, I would appreciate your providing me with itemized lists of topics for the group discussions on February 22 and 23. I trust that topics for the sector discussions can be easily extracted from the sector overviews which you have already prepared as an input to the Department's CIR paper. For your reference, a similar list of topics for CIR-3 is provided in Attachment 2. Please send me your lists of discussion issues by January 12.

3. Following the CIR meetings, a brief (one page) summary of each group discussion should be submitted to me by the respective chairpersons. A summary of the CIR-3 discussions is given for your reference in Attachment 3.

4. We should circulate the draft CIR document on or about January 12 for your comments.

## Attachments

cc: M/M: Burki, Ritchie, El Maaroufi, E. Patterson, Bottelier, Ody, Rix, Ahmad, Levy, Hu, Katsu, Mastilovic, Shum, Anderson, Cadario, Travers, P. Guerrero (OED), T. Hassan, Lichtenstein, S. Morris, van der Lugt, Ashraf, Stott, Venkateswaran.

YK:pb

CHINA

FOURTH COUNTRY IMPLEMENTATION REVIEW (CIR-4)

(February 22-24, 1993)

Program

Monday, February 22, 1993

Pre-CIR Meeting Discussions at RMC

- 0900 - 1130            Group discussions of sector issues in six separate simultaneous meetings.
- (1)    Agriculture (chaired by Mr. Goldberg)
  - (2)    Industry and Finance (Mr.    )
  - (3)    Energy (Ms. Shum)
  - (4)    Transport (Mr. Ahmad)
  - (5)    Education and Health (Mr. Miller)
  - (6)    Environmental Assessment (Mr. Anderson)
- 1130 - 1330            Lunch to be arranged at RMC.
- 1330 - 1630            Continuation of sector discussions if necessary.

Tuesday, February 23, 1993

CIR Opening Session at MOF

- 0900 - 0910            Mr. Luo Qing, Director, World Bank Department, MOF, announces opening of CIR-4.
- Opening addresses by:
- 0910 - 0945            Mr. Chi Haibin, Senior Vice Minister, MOF
- 0945 - 1030            Mr. Shahid Javed Burki, Director, China and Mongolia Department  
World Bank
- 1030 - 1045            Break
- 1045 - 1115            Presentation of World Bank CIR summary by Mr. Yo Kimura,  
Project Adviser, China and Mongolia Department, World Bank
- 1115 - 1200            Presentation of Government of China CIR summary by Mr. Chen Junshuo,  
Deputy Director, MOF
- 1200 - 1400            Lunch

- 1400 - 1730            Group discussions of CIR topics for special attention in five separate simultaneous meetings.
- (1)    Project Quality on Entry (chaired by Mr. Goldberg)
  - (2)    Project Supervision by the Government (Mr. Ahmad)
  - (3)    Resettlement (Mr. Travers)
  - (4)    Technical Assistance and Institutional Development (Mr. Cadario)
  - (5)    Procurement and Tax Issues (Mr. Ashraf)

Wednesday, February 24, 1993

Reporting and Wrap-up at MOF

- 0830 - 1200            Presentation in plenary session of reports and recommendations of the group discussions of the previous day of the CIR special topics. Reports will be made in the following order by Messrs. Goldberg, Ahmad, Travers, Cadario and Ashraf (30 minutes each, including translation), with a brief coffee break at around 10:30 am.
- 1200 - 1400            Lunch
- 1400 - 1600            Internal Meetings. To take stock of the findings of the sector-specific discussions of the first day and to prepare a summary statement for the wrap-up meeting.
- 1600 - 1630            Summary by Mr. Yo Kimura of understandings reached and actions to be taken.
- 1630 - 1700            Summary statement by the Government of China.
- 1700 - 1715            Concluding remarks by Mr. Shahid Javed Burki.
- 1800                    Reception by the World Bank.

Thursday, February 25, 1993

Follow-up Discussions at RMC

- 0930 - 1200            Follow-up discussions on CIR special topics or sector-specific issues, if necessary.

CHINA  
THIRD COUNTRY IMPLEMENTATION REVIEW (CIR-III)

PROPOSED AGENDA FOR THE MEETING ON GENERAL CROSS-SECTORAL ISSUES  
(Three Separate Group Meetings in Parallel)

\*\*\*\*\*

January 30, 1991 (0900 - 1130)

Group I      PROCUREMENT AND CONTRACT ADMINISTRATION

- Need to streamline domestic approval process
- Role of Machinery and Electric Equipment Approval Office
- Joint ventures: roles and responsibilities of respective partners
- Conflict of interest
- Adjustment of contract scope

Group II     TECHNICAL ASSISTANCE (TA)

- Reluctance by the Chinese agencies to undertake TA or use of borrowed money for TA
- Slow implementation of TA due to delays in consultant selection
- Excessive emphasis on study tours
- Findings of TA in oil and Gas Sector

Group III    TRANSFER OF TECHNOLOGY

- Overview of technology acquisition
- Selection of appropriate technology
- Proper packaging of mandatory equipment, software, and training
- Optimum use of acquired technology
- Sustainability

CHINA  
THIRD COUNTRY IMPLEMENTATION REVIEW (CIR-III)

PROPOSED AGENDA FOR THE SECTORAL DISCUSSIONS  
(Chaired by Respective Division Chiefs)

\*\*\*\*\*

January 30, 1991 (Afternoon)

AGRICULTURE

1. Financing of software project components by center
2. Counterpart funding shortages
3. Procurement - excessive pressure to purchase locally
4. Reluctance to use international consultants
5. Construction standards of some projects (Gansu, Coastal Lands, etc.)
6. Marketing

INDUSTRY AND ENERGY <sup>1</sup>

1. Adherence of MOF to the agreed increase in bad debt provisioning for CIB
2. Arrangements to finance foreign cost shortfalls for Shanghai Machine Tools and Beilungang Power projects
3. Mechanisms to ensure more prompt identification of local financing issues, including expeditious resolution of burden sharing responsibility for cost overruns
4. Measures to reduce delays associated with clearances by the Machinery and Electrical Equipment Import Approval Office of the State Council
5. Trade-off between the technology transfer objectives of Bank projects and GOC's desire to promote local manufacture through participation in Bank projects
6. Achievement of financial targets under energy projects

---

<sup>1</sup>It is proposed that industry and energy be discussed in separate groups in parallel.

TRANSPORT (Railway)

1. Expediting MOR's bid and contract document approval process
2. Strengthening the role of FCTID to ensure efficient coordination
3. Ways to expedite implementation of TA components

TRANSPORT (Ports)

4. Status of various studies under ports projects
5. Measures required to expedite procurement process

TRANSPORT (Highways)

6. Mechanism to share project implementation experience among MOC and Provincial Transport Departments
7. Organization of training programs on project management
8. Role of supervision and responsibility relationships between Employer, Engineer and Contractor
9. Ways to strengthen contractors' management and resources to accelerate implementation of BTT and Jiangxi projects
10. Better use of foreign consultants
11. Joint venture agreements
12. The serious deficiencies manifested in the management, overall technical experience and resources (appropriate equipment and adequate finance) of the contractors to carry out works efficiently and adequately

ENVIRONMENT, HUMAN RESOURCES AND URBAN DEVELOPMENT  
(Education)

1. Use of savings: UDP-II, and PUP
2. Provision for spare parts after project competition: all projects
3. Increasing equipment utilization: all projects
4. Technical assistance: VTE, Textbook and Teacher Training



(Health/Environment)

5. Health I: Need to stay on scheduled plan to complete project by 12/91
6. Health II: Need to ensure good/sound organization and management plan for implementing the vaccine component (Part B) of the project
7. Health III: Relevant departments in MOPH must be involved in the active supervision of Regional Plans. First National Workshop should be held by MOPH in the first half of 1991.
8. Shanghai Sewerage: Need to develop detailed action plan to meet project completion date of 6/93

GENERAL

9. Need to reduce time involved in equipment selection/contracting and approval process; also to reduce the requirement of duplicate approvals, e.g. study tours that were already agreed and specified in SAR had to be approved again by MOF.

DRAFT

January 30, 1991

CHINA: THIRD CIR - SUB-GROUP SESSION SUMMARIES (as delivered)

[This is a rough summary of the presentations made by the eight sub-groups (Technical Assistance; Transfer of Technology; Procurement; Industry; Energy; Human Resources/Environment/Urban; Agriculture; and Transport). Due to the time constraint, only a part of the sub-group discussion results could be presented. Readers of this draft are requested to elaborate on the points recorded here, so that we will eventually have a complete picture of all the sub-group discussions. Please revise the text below as you see fit, and provide whatever additional information you have in the blank spaces below.]

Introduction - Mr. Kimura

Procurement seems to have come up as the biggest issue in most of the sub-group discussions. It included the following:

Inadequate procurement planning -- both the Bank and the project entity should prepare procurement arrangements more carefully and thoroughly using necessary consultant support, and start the procurement process early so that any pitfalls can be detected in time. Procurement planning includes preparing and obtaining necessary approvals of the list of goods and works to be financed and the bidding documents.

Inadequate tender documents -- When bidding documents, either the commercial sections or technical specifications, are not properly prepared, disputes and delays result, including for ITC and MEAO. Use of model bidding documents should help reduce this problem on the commercial sections; for technical specifications, a more consultant services should be utilized.

Unpredictability of MEAO and manufacturing line ministry interventions -  
- Rules and Guidelines for the intervention of central and provincial agencies should be made more clear to project implementation agencies as well as to the Bank. MEAO's operational policies and guidelines, and a detailed flow chart of the domestic approval process, should be prepared and sent to the Bank as soon as possible. (two months)

If central control agencies rely upon manufacturing line ministries to check review and vet the technical specifications prepared by project entities, there is a clear conflict of interest. Either manufacturing line ministries should not be , if can get input from other space, or, they , should be instructed by MEAO to limit their review to . The Bank should be consulted promptly by project implementing entity any requests to change technical specifications.

Performance and service standards of central procurement agencies needs to be improved. Suggestions on how this can be done will be welcome.

Project entities' own procurement capacities should be strengthened, but how?

Detailed arrangements should be made soon for 1) issuance  
2) manual/handbook 3) seminars to promote effective utilization of model  
bid documents.

Technical Assistance - Mr. Howlett

Disbursements of TA components have improved since 2nd CIR, but still funds in TA components are often not fully disbursed. Group discussed the reasons. Chinese said it was not mainly because of reluctance to use TA. In fact sometimes TA implemented surpassed the plan. Yet all funds for TA not usually spent. Reasons for this given were: appreciation of the SDR; Bank staff over estimate cost of training; grants are sometimes substituted for loan funds; TA is often provided by equipment suppliers, but is not counted as TA; and there is increasing use of local consultants who are less expensive than foreign consultants.

In cases where there is still reluctance to use loan funds for TA the reasons include: difficulty in quantifying the benefits make it hard to justify the TA in advance; perceived high cost of consultants by the Chinese; TA in the loan has to be repaid; and onlending terms for TA are hardening in some sectors.

To improve the situation the following is recommended:

Bank and Government should agree on TA requirements early in project cycle.

If TA has both immediate and long term benefits, it will be more easily accepted.

TA will be more successful if local experts participate.

Now that we're doing more provincial projects, there is a need for more training of managers of those projects.

However, there remains a need to strengthen the sector ministries at the national level, and to carry out sector and policy studies at the national level.

CIECC is completing a project management manual to help with project management. This should strengthen project management.

Onlending terms for TA should be reviewed.

The role of the Technical Assistance and Training Division (TATD) of MOF will be strengthened; this should make it more efficient. It should then also be able to provide more assistance with the implementation of TA.

TATD will summarize the experience of TA on various projects and will disseminate it to all project agencies.

Transfer of Technology - Mr. Ashraf

Bank operations contribute to transfer of technology (TOT) to China.

Most TOT problems result from poor project design including TOT.

TOT should be well defined for each project.

The appropriate level of technology should be identified for each project.

The training needs for TOT should be determined.

The sustainability of the technology should be examined; whether the agency can use it effectively; if not, determine what needs to be done.

Determine the appropriate delivery mode of the TOT.

Recommendation to review experience in TOT over past 10 years, to make recommendations on what can be done to improve the process.

Procurement - Mr. Miller

It was useful that MEAO had given an explanation during the session on procurement about its role. MEAO indicated that MEAO didn't fully explain how they line this is needs to be a flow charge have to approve the list of goods to be imported, the technical specifications and the evaluation report.

The issue of how to implement the project well and assist national industry at the same time was discussed. There was consensus in the group that in cases of conflict, the project objectives take precedence.

Agencies at all levels will need to know the Bank's procurement procedures better. The Bank also needs to understand better GOC procedures.

It is the Bank's view that the implementing agency should be the one to inform the Bank of changes in bid documents, particularly those introduced by central control agencies, post-facts,

There is a need to strengthen interagency coordination in China.

There is a need to shorten the approval times and reduce overlapping.

Some projects have suffered because of frequent in the Bank's task managers.

The Bank should ensure that supervision missions should have expertise in various areas.

The role of RMC, especially the Procurement Unit, needs to be clarified.

Procurement - Mr. Sanchez.

Based on the discussions held, the Bank will propose a procurement work agenda for the next year will be drawn up including detailed proposals on how to address the issues identified including specific actions and timetable. After review by GOC agencies, the action plan will be implemented under the coordination of CD3.

Procurement - Mr. Chen Junshuo

From the point of view of RPA office this is feasible provided that the mandatory reviews by RPA spelt out in the procedures memorandum of Nov 28, 1990 are followed. CD4 has already delegated some procurement work to field office. CD3 needs to consider pros . It is important to define RMN role clearly. RMC should be given the authority to approve LCB documents and ICB documents below \$500,000.

Industry - Mr. Song

Shortage of foreign and local exchange is a major problem. These are caused by cost overruns due to delays in project implementation, inflation, and insufficient allocation of funds. However, the situation is improving.

It is recommended that there be more realistic cost estimates up front; make proper allowance for contingencies. No ceilings should be established by any institution on project cost before appraisal process completed.

(Other points discussed and action programs agreed during the sub-group session but not presented due to time constraint should be given below.)

Energy - Mr. Albouy

If there is a foreign cost shortage borrowers should look elsewhere such as MOF but not to the Bank.

Local Financing. Be more rigorous in cost control.

TA components should be designed well.

MEAO has agreed to give a list of items that can be imported without further clearance at an early stage of the project. (appraisal?)

TOT important particularly to increase energy efficiency.

Financial viability of agencies is critical; proposal that seminar with MOE and Price Bureau be carried out within six months to examine energy prices; this should be confirmed at the wrap-up meeting.

Social Sectors - Mr. Bumgarner

MOF should participate more in project preparation and implementation.

Bureau of Education and Culture of MOF should be involved in project preparation.

A joint Bank/MOF study team should be set up to study onlending, funding of central components, and -----.

Social sector projects have difficulty getting TCC funds. Need to study what arrangements can be made so these sectors can benefit from TCC.

(There was not enough time for a full presentation. Please elaborate below the items unsaid, or cut short.)

Agriculture - Ms. Xia Ying

TA funds not used for personnel training. This is not included on our list (meaning?). used for building.

If related to advanced technology, TA can be approved.

Project management is a problem.

Suggestion: take all the TA components out of the projects and put them together under different (onlending?) arrangements.

(Please elaborate further on all these points)

Infrastructure - Mr. Ahmad

Railways procurement. Insufficient attention to technical specifications.

Internal review and approval process of contract awards too long for railroad projects. This matter will be studied and recommendation for streamlining will be made.

Implementation of institutional development and studies components needs to be expedited. The next round of Bank supervision missions will focus on this aspect of the infrastructure projects.

Quality control problems of highway projects is an issue, particularly the provincial projects where the owner and contractor are the same. This sometimes leads to designs being changed without going through the proper process.

When prequalification documents not properly done, responsibility should be with the tendering company.

AHowlett/

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

China  
ECAP

DATE: December 18, 1992 03:39pm

TO: David Rix ( DAVID RIX )

FROM: Pablo Guerrero, DGO ( PABLO GUERRERO )

EXT.: 31717

SUBJECT: Re: China- IDF Background Note on Evaluation

David:

Your note is quite complete and I only have a couple of minor comments:

Par. 2.

A workshop on Evaluation for the SAA was prepared and delivered by OED staff in October 1991. The DGO visited China to discuss evaluation capacity development during the same period.

par. 4.

I would not say that the function is being carried out effectively. Rather, I would say that China would like to put in place an effective evaluation function.

I look forward to seeing the complete IDF request and to help as you may consider necessary. I will be back in Washington on January 4.

CC: David Pearce

( DAVID PEARCE )



ROUTING SLIP		Date 12/18/92	
NAME		ROOM NO.	
Mr. R. P. Guerrero		F13-035	
<b>URGENT</b>	X	For Action/Comment	Per Your Request
Appropriate Disposition		Information/Discard	Returned
Approval/Clearance		Note And Return	See My E-Mail
File		Per Our Conversation	Signature/Initial
RE: IDF Proposal for Performance Evaluation			
REMARKS			
<p>Pablo -</p> <p>Attached is a copy of a draft note on the proposed IDF project for performance evaluation in China. I would welcome any comments or suggestions.</p> <p>I am still working on cost estimates and the form itself</p> <p>Many thanks.</p>			
From	David Rix	Room No.	Ext.
		A-8041	85517

CHINA  
ORGANIZATION AND DEVELOPMENT  
OF A  
PROJECT PERFORMANCE EVALUATION CAPABILITY

Background

1. Following the major redirection of China's reform policies in 1978, international development assistance to China has increased rapidly and substantially. Loans and credits for such assistance have been extended by a number of international financial institutions--multilateral and bilateral--for projects in all sectors of China's economy. The World Bank alone has made over 120 loans and credits to China in this period. With the completion of many projects over the past 14 years, the Government of China has become increasingly interested in assessing the performance of these projects and in learning lessons from the experience that could be applied to future development efforts. Performance evaluation of projects has now become a high-priority aspect of China's development program.

2. Performance evaluation of projects has been an ongoing part of the Bank-China dialogue. To provide exposure to senior Chinese Government officials on the Bank's performance evaluation methodology, a joint OED/EDI seminar was held in Beijing in 1987. Further discussions on the subject have been held since then in the context of project completion report and audit reviews, and visits of Bank staff, particularly from EDI and OED. In addition, a regional seminar on Performance Evaluation in Asia and the Pacific was held in Malaysia in May 1992, with Chinese participation. The time may now be appropriate for increased support to be provided by the Bank in this area.

### Present Organization and Performance Evaluation Process

3. China has no single agency specifically responsible for project performance evaluation. Performance evaluation of China's internal projects is primarily the responsibility of the State Planning Commission (SPC), with the participation of various line ministries. Performance evaluation is typically carried out initially by the project executing agency, followed by reviews by the appropriate line ministry or local authority, and SPC. Performance evaluation of externally-funded projects is primarily the responsibility of the Ministry of Finance (MOF), aided by the SPC and the State Auditing Administration (SAA), and, for certain projects, the People's Bank of China (PBC). In the case of Bank-financed projects, performance evaluation is coordinated by MOF, and may involve several other Government agencies. The SAA, as an independent agency, has the role of independent auditor of the implementation of these projects. In the case of projects financed by the Asian Development Bank, the PBC carries out the performance evaluations, assisted by SAA and SPC.

### Issues and Actions

4. The Chinese authorities attach high priority to the project performance evaluation function. While this function is being carried out quite effectively in China at present, the effectiveness of the process is nevertheless constrained by the lack of a well-defined organizational network, shortages of staff, lack of knowledge of performance evaluation methodologies and techniques, and general lack of experience in this area. If these constraints and the present situation are to be addressed through some form of

national evaluation system, the institutional responsibilities, performance evaluation process, and staffing requirements warrant further clarification or definition. In this connection, several aspects would need to be considered:

- the form, location, and inter-agency relationships of the performance evaluation unit or agency;
- the institutional role, responsibilities and organizational structure of the performance evaluation unit;
- the performance evaluation process, and related policies, guidelines and standards;
- the provision of adequate staff to carry out the performance evaluation function; and
- the strengthening of performance evaluation skills of staff involved in the process.

5. While no formal request has been made previously to the Bank, the Government of China is interested in obtaining international technical assistance to address these aspects of the country's performance evaluation capability. This assistance could include such items as annual seminars on performance evaluation, professional staff secondments to developed countries, study tours by senior officials, hands-on participation in the evaluation of externally-financed projects in China, the development of performance evalua-

tion guidelines, and the setting up of an evaluation information system. Such assistance would help bring China's performance evaluation capability up to and in line with international levels.

#### Proposed Technical Assistance

6. Technical assistance to be provided under the proposed Institutional Development Fund (IDF) grant would seek to address the aspects of performance evaluation listed in para. 4. Broadly speaking, the institutional aspects (the first two items) would be addressed through: (i) a program of seminars designed to apprise senior Government officials of the dimensions of a system of performance evaluation (scope, coverage, degree of centralization, reporting relationships, focus, inter-agency relations, financial and staffing resources, etc.); and (ii) a review of the existing performance evaluation function in China, and the development of a proposal for a more comprehensive and unified performance evaluation system and an organizational structure (form, location, role, responsibilities, structure and inter-agency relationships) under which it would operate. The operational aspects of performance evaluation (item three) would be addressed through: (i) a review of existing evaluation practices in China; and (ii) a review of the Bank's and selected other development institution's practices, as a basis for the design of operational policies, guidelines and standards for the Chinese context. The human resource aspects (items four and five) would be addressed through: (i) the development of a training curriculum to provide basic skills in project evaluation methodology and practice; (ii) the development of a train-the-trainer course, to strengthen the country's capability to train staff in these

skills; (iii) a limited number of study tours for senior Government officials to familiarize them with international practices in project evaluation; and (iv) direct, practical involvement in ongoing Bank-financed projects in China for selected evaluation staff.

7. The reviews and studies would be carried out by short-term consultants with specific skill capabilities, such as organizational design and project performance evaluation. The study tours would be arranged with one developed and one developing country, the latter preferably in Asia. Development of the seminars and training programs would be carried out by training specialists in coordination with selected EDI staff. To the extent possible, consultants would be recruited from countries in the region.

PERFORMANCE EVALUATION OF FOREIGN FINANCED PROJECTS IN CHINA

Li Ruogu

Deputy Director of the International Department of the  
People's Bank of China

Presentation at Regional Seminar on  
Performance Evaluation in Asia and the Pacific  
Kuala Lumpur, Malaysia

11-14 May 1992

Respected Mr. Chairman, ladies and gentlemen,

I am very happy to have the opportunity to participate in this Regional Seminar on Performance Evaluation in Asia and the Pacific. China first launched the policies of reform and opening to the outside world in 1978. Since then, we have accelerated the pace of attracting foreign capital, which is partly reflected by the substantial increase of loans from multilateral financial institutions. As time goes on, a number of projects have been completed and performance evaluation of these projects has naturally become an important issue on our agenda. Here, I'd like to make some comments on performance evaluation and share our experience with our counterparts from other countries.

## I. Present Policy Considerations.

Performance evaluation is a critical step in a project cycle, and an important tool for management. It helps to improve project efficiency and facilitate investment decision making through a comprehensive assessment of different stages from identification, implementation to completion of a project, and evaluation of its social and economic benefits. In doing so, experience will be drawn upon and lessons learned. Since November, 1988, the State Planning Committee (SPC) has planned to have performance evaluation for 23 foreign financed and state key construction projects. The initial experiments provide justification of performance evaluation in improving decision making process, project design and investment return. We are now examining these trial efforts so as to learn from past experience, improve our work and formulate rules and guidelines in this area.

Some views on performance evaluation:

- \* It is necessary to establish an authoritative performance evaluation agency and network, guided by sound rules and equipped with highly qualified professionals;
- \* Performance evaluation can proceed at two tiers: first, self-evaluation by project executing agencies and line ministries; second, evaluation by the state evaluating agency on behalf of the government;
- \* Performance evaluation of projects should be put in the broad social and economic context. It happens sometimes that the success of a specific



project can be interpreted as a failure, when examined from a broad social perspective, given the different parameters used under these two approaches; and,

- \* performance evaluation should not start immediately after the completion of a project so that it can be judged properly.

## II. Institutional and Organizational Arrangements.

At present, performance evaluation of domestic projects in China is within the terms of reference of SPC. Line ministries are also involved in the process. There are three stages during the process: self evaluation, review by line ministries or local authorities and final review by SPC.

For a time in the past, performance evaluation of foreign financed projects was not clearly defined at the state level and guidelines for such evaluation were not made available. In 1991, a decision was made by the Ministry of Finance (MOF) in consultation with the State Auditing Administration (SAA) and SPC that MOF, with the assistance of SAA and SPC, would be responsible for evaluating the performance of the World Bank financed projects, and for formulating action plans, organizing task force (including hiring consultants), arranging staff training and identifying pilot projects for implementation. The project office which conducts day-to-day work would be located in MOF. This decision has been formally communicated to the World Bank and received its recognition and concurrence.

One may question the rationale for this arrangement. The answer lies in the specific circumstances in China. The purpose of such an arrangement is to place

the responsibility of performance evaluation on independent and authoritative government bodies, thus ensuring the quality and full utilization of evaluation. The World Bank loans are loans to the government, therefore, their performance evaluation should be conducted by government agencies. The involvement of competent authorities, key decision making body and supervisory agencies will serve the principle of conducting evaluation in a rational, unbiased and justifiable way and eliminating the possible oversight and misinformation. It also helps to take the advantages of having experts from various disciplines and flow of feedback information, and ensure the success of evaluation. As regards the Asian Development Bank financed projects, we are of the view that, given the same nature of projects with that of those financed by the World Bank, the above-mentioned arrangements will be followed likewise. The People's Bank of China will conduct performance evaluation assisted by SAA and SPC. Better arrangements will probably emerge in the future, for example, a special agency for performance evaluation. The agency should be given superior legal status, high degree of independence and authority, so as to facilitate its macro-control functions. Meanwhile, the evaluating agency should behave in a manner of standing aloof instead of directly participating in decision making and management of projects, to achieve objective examinations of facts.

### III. Feedback Arrangements

In this part, I'd like to discuss feedback arrangements and necessity of enforcement measures. The findings of performance evaluation should be

communicated through various channels to whoever concerned with a view to drawing experience and improving performance for future projects. It is essential that findings be studied in a serious manner in the context of project implementation and performance evaluation should not be conducted purely as an exercise for the sake of itself. Thus the state authorities should formulate necessary enforcement measures as a follow-up to the findings when they are justified and sound feasible. In doing so, we can make best use of this information for future work.

#### IV. A Plan to Strengthen Government Involvement in Performance Evaluation.

Here listed as followings, I'd like to identify some difficulties and constraints we are now facing in our work.

- \* Non-existence of competent organizational network, shortage of staff and professional qualification needs to be improved;
- \* Lack of practical knowledge, and necessity to learn foreign experience particularly in the areas of evaluation technique, procedures, models and methodologies; and.
- \* Lack of modern evaluation and feedback facilities.

So far, 22 World Bank financed projects have been completed and another 18 will also be completed at the end of this year. It is expected that a number of ADB financed projects will meet their completion in 3-5 years' time. Therefore, performance evaluation has become one of the top priorities on our agenda.

PERFORMANCE EVALUATION

In order to facilitate performance evaluation in China, besides our self-confidence and diligence, we need to incorporate foreign advanced experience in our work to widen our horizon and gradually bring our performance evaluation up to the international standards. In this connection, we would like to seek international technical assistance and cooperation for the following issues:

- \* One or two training seminars on performance evaluation to be held in China every year in the next ten years;
- \* Secondments in developed countries by a number of young professionals;
- \* Study tours to developed countries by senior officials to be exposed to advanced management tools and technical knowledge;
- \* Participation by young professionals in performance evaluation in China, conducted by the World Bank and ADB, as assistants;
- \* Formulation of rules and guidelines governing China's performance evaluation; and,
- \* Establishment of a modern data bank and feedback system for performance evaluation.

*Review*

*advice*

*some  
more  
detail*

*]*

*] R.  
Office*

It is our sincere hope to develop a fruitful cooperative relationship with OECD, World Bank and ADB, and other donor institutions or countries.

Thank you very much.

*ITP*  
*GP*

*accen*  
*to*

*ETB*

China

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: January 19, 1993 05:22pm

TO: David Pearce ( DAVID PEARCE )

FROM: Pablo Guerrero, DGO ( PABLO GUERRERO )

EXT.: 31717

SUBJECT: Re: China-IDF Proposal- Memo from A. Golan to D. Rix  
Comments

---

David:

I tried to contact David Rix but he is away for a few weeks. For this reason I am passing these comments to you.

While the comments from Mr. Golan seem supportive of the IDF Proposal for China, some of the points he makes could have the opposite effect.

1. The IDF request must concentrate on ex-post evaluation because this is an area that the Chinese authorities want to strengthen and that has not been attended to by the Bank. In the early 1980's, EDI provided a large amount of resources for ex-ante analysis and preparation of projects to China. China will always need more support in this area, but not to the detriment of the initial phase of support for ex-post evaluation which would be afforded by the IDF.

2. While EDI support for some aspects of the IDF request seem to be envisaged in their Business Plan, the IDF grant would allow China to finance its counterpart to the effort. As far as OED is concerned, we do not have the resources required to assist the Chinese, other than through the advice we can give them on launching the different IDF financed components. We are quite aware that IDF resources cannot be used to finance Bank activities.

I trust the IDF request is moving ahead as planned.

CC: David Rix ( DAVID RIX )  
CC: Anthony Ody ( ANTHONY ODY )

# OFFICE MEMORANDUM

DATE: January 15, 1993

TO: Mr. David Rix, Senior Country Office, EA2CO

FROM: Amnon Golan, Director, EDIDR *AG*

EXTENSION: 36300

SUBJECT: China: IDF Proposal for the Organization and Development of a Project Performance Evaluation Capability

I have reviewed your proposal regarding the above, and would like express our support for the proposed initiative. The subject matter to be covered is also a priority area in EDI's work, and we shall be happy to work with you on the development and implementation of the proposed program of activities. I do have two specific comments on the proposal, however.

First, ex-post evaluation is only one component, albeit an important one, of the project cycle, which includes project identification and appraisal. Do we know that other complementary components of the project cycle are adequately dealt with in China to allow us to focus only on ex-post evaluation? More generally, is it possible to deal substantially with ex-post evaluation without also addressing earlier phases of the cycle?

Second, I am not sure that it would make much sense to subcontract out the proposed activities, given the availability of expertise within the Bank to manage the process. Specifically, seminar design, development of training curriculum and trainers' course (as listed in page 4 of your proposal) can clearly be managed by EDI, while OED's expertise should be tapped for reviewing the evaluation function, developing a evaluation system proposal, reviewing evaluation practices in China, and development of policies, guidelines and standards.

Please keep me informed as the proposal progresses.

cc: Messrs. Burki, Kimura, Pearce, Ody (EA2), Picciotto, **Guerrero** (OED), ter Weele, Al-Bazzaz, Cheong (EDI)

## OFFICE MEMORANDUM

China

DATE: January 15, 1993

TO: Mr. David Rix, Senior Country Office, EA2CO

FROM: Amnon Golan, Director, EDIDR, *AG*

EXTENSION: 36300

SUBJECT: China: IDF Proposal for the Organization and Development of a Project Performance Evaluation Capability

I have reviewed your proposal regarding the above, and would like express our support for the proposed initiative. The subject matter to be covered is also a priority area in EDI's work, and we shall be happy to work with you on the development and implementation of the proposed program of activities. I do have two specific comments on the proposal, however.

First, ex-post evaluation is only one component, albeit an important one, of the project cycle, which includes project identification and appraisal. Do we know that other complementary components of the project cycle are adequately dealt with in China to allow us to focus only on ex-post evaluation? More generally, is it possible to deal substantially with ex-post evaluation without also addressing earlier phases of the cycle?

Second, I am not sure that it would make much sense to subcontract out the proposed activities, given the availability of expertise within the Bank to manage the process. Specifically, seminar design, development of training curriculum and trainers' course (as listed in page 4 of your proposal) can clearly be managed by EDI, while OED's expertise should be tapped for reviewing the evaluation function, developing a evaluation system proposal, reviewing evaluation practices in China, and development of policies, guidelines and standards.

Please keep me informed as the proposal progresses.

cc: Messrs. Burki, Kimura, Pearce, Ody (EA2), Picciotto, Guerrero (OED), ter Weele, Al-Bazzaz, Cheong (EDI)

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: January 8, 1993 02:38pm

TO: Robert Picciotto ( ROBERT PICCIOTTO )

FROM: Joseph Goldberg, EA2AG ( JOSEPH GOLDBERG )

EXT.: 84054

SUBJECT: CHINA - Project Performance Evaluation

I've spoken with colleagues in the China Department and got the latest update on the subject. Our Department has just submitted a proposal for IDF financing (\$440,000) for the development of a project performance evaluation capability in China. I understand that a copy of this proposal has already been sent to you. We hope that this proposal could be considered at the next Bank-wide review meeting in January.

The preliminary schedule in the IDF proposal has included a project performance evaluation seminar to be held around April/May 1993. However, the Ministry of Finance (MOF) has expressed concern to us about the proposed timing of this seminar. Thus, it is very likely that the seminar would be postponed to later this year. During the Country Implementation Review (CIR) meetings in February, Mr. David Pearce will chair a meeting to discuss with MOF the organization and schedule of the above seminar. We will, of course, apprise you and EDI of the outcome of the discussions.

CC: Amnon Golan ( AMNON GOLAN )  
CC: Yo Kimura ( YO KIMURA )  
CC: Selina Shum ( SELINA SHUM )  
CC: David Pearce ( DAVID PEARCE )  
CC: Shahid Javed Burki ( SHAHID JAVED BURKI )  
CC: David Rix ( DAVID RIX )  
CC: Pablo Guerrero ( PABLO GUERRERO )  
CC: Asia ISC Files ( ASIA ISC FILES )



→ China  
ECAP

A L L - I N - 1 N O T E

DATE: 08-Jan-1993 05:31pm

TO: Pablo Guerrero

( PABLO GUERRERO )

FROM: Robert Picciotto, DGO

( ROBERT PICCIOTTO )

EXT.: 84569

SUBJECT: Let us wait and see !!!

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: January 8, 1993 02:38pm EST

TO: Robert Picciotto ( ROBERT PICCIOTTO )

FROM: Joseph Goldberg, EA2AG ( JOSEPH GOLDBERG )

EXT.: 84054

SUBJECT: CHINA - Project Performance Evaluation

I've spoken with colleagues in the China Department and got the latest update on the subject. Our Department has just submitted a proposal for IDF financing (\$440,000) for the development of a project performance evaluation capability in China. I understand that a copy of this proposal has already been sent to you. We hope that this proposal could be considered at the next Bank-wide review meeting in January.

The preliminary schedule in the IDF proposal has included a project performance evaluation seminar to be held around April/May 1993. However, the Ministry of Finance (MOF) has expressed concern to us about the proposed timing of this seminar. Thus, it is very likely that the seminar would be postponed to later this year. During the Country Implementation Review (CIR) meetings in February, Mr. David Pearce will chair a meeting to discuss with MOF the organization and schedule of the above seminar. We will, of course, apprise you and EDI of the outcome of the discussions.

CC: Amnon Golan ( AMNON GOLAN )  
CC: Yo Kimura ( YO KIMURA )  
CC: Selina Shum ( SELINA SHUM )  
CC: David Pearce ( DAVID PEARCE )  
CC: Shahid Javed Burki ( SHAHID JAVED BURKI )  
CC: David Rix ( DAVID RIX )  
CC: Pablo Guerrero ( PABLO GUERRERO )  
CC: Asia ISC Files ( ASIA ISC FILES )

THE WORLD BANK

ROUTING SLIP		DATE
FROM THE OFFICE OF THE DIRECTOR-GENERAL, OPERATIONS EVALUATION		
NAME		ROOM NO.
(RP)		
RM		
APPROPRIATE DISPOSITION		NOTE AND RETURN
APPROVAL		NOTE AND SEND ON
<input checked="" type="checkbox"/> COMMENT		<input checked="" type="checkbox"/> PER OUR CONVERSATION
<input type="checkbox"/> FOR ACTION		<input type="checkbox"/> PER YOUR REQUEST
<input type="checkbox"/> INFORMATION		<input type="checkbox"/> PREPARE REPLY
<input type="checkbox"/> INITIAL		<input type="checkbox"/> RECOMMENDATION
<input type="checkbox"/> DATE AND FILE		<input type="checkbox"/> SIGNATURE
REMARKS		
<p>1. Burki has approved.</p> <p>2. El Maaroufi has raised the issue of whether China has alternative sources of funds (Nimrod had indicated to me that this would not be a problem).</p> <p>3. David Pearce is away until next week. You may want to ask Burki about the timing for the first seminar.</p>		
FROM:		
p. 6.		

## OFFICE MEMORANDUM

DATE: December 31, 1992

D. G. O.

File

TO: Mr. Shahid Javed Burki, Director, EA2DR 93 JAN 4 PM 3 08

FROM: David Rix, Sr. Country Officer, EA2CO

EXTENSION: 85517

SUBJECT: China: IDF Proposal for the Organization and Development of a Project Performance Evaluation Capability

1. Attached for your review and signature is a proposal for IDF financing for the development of a project performance evaluation capability in China. If the proposal is acceptable to you, I would appreciate your forwarding it to Mr. El Maaroufi for consideration by the Regional, and subsequently the Bank-wide, IDF Committees early in January. The Bank-wide Committee is expected to meet next during the week of January 11, 1993.
2. Copies of the proposal are also being sent to Messrs. Zhang Shengman and Chen Junshuo, soliciting their comments on the proposal by January 8, 1993.
3. Incidentally, another IDF proposal -- for administrative reform in Hainan -- is also under preparation at this time.

Attachment

cc: Messrs. Kimura (o/r) (EA2DR); Ody, Pearce (o/r) (EA2CO);  
Guerrero (o/r) (DGO)

DRix:cf

CHINA  
ORGANIZATION AND DEVELOPMENT  
OF A  
PROJECT PERFORMANCE EVALUATION CAPABILITY

Background

1. Following the major redirection of China's reform policies in 1978, international development assistance to China has increased rapidly and substantially. Loans and credits for such assistance have been extended by a number of international financial institutions--multilateral and bilateral--for projects in all sectors of China's economy. The World Bank alone has made over 120 loans and credits to China in this period. With the completion of many projects over the past 14 years, the Government of China has become increasingly interested in assessing the performance of these projects and in learning lessons from the experience that could be applied to future development efforts. Performance evaluation of projects has now become a high-priority aspect of China's development program.

2. Performance evaluation of projects has been an ongoing part of the Bank-China dialogue. To provide exposure to senior Chinese Government officials on the Bank's performance evaluation methodology, a joint OED/EDI seminar was held in Beijing in 1987. Further discussions on the subject have been held since then in the context of project completion report and audit reviews, and visits of Bank staff, particularly from EDI and OED. A workshop on Evaluation for the State Auditing Administration (SAA) was prepared and delivered by OED staff in October 1991, and during the same period, the Bank's Director-General, OED visited China to discuss evaluation capacity development. In addition, a regional seminar on Performance Evaluation in Asia and the Pacific was held in Malaysia in May 1992, with Chinese participation. While China's project implementation record to date is highly satisfactory, there is a need to pay increased attention to, and provide more systematic support for performance evaluation, including the assessment of development impact. This initiative is particularly relevant and timely, in the context of the findings and recommendations of the recent Wapenhans task force report.

Present Organization and Performance Evaluation Process

3. China has no single agency specifically responsible for project performance evaluation. Performance evaluation of China's internal projects is primarily the responsibility of the State Planning Commission (SPC), with the participation of various line ministries. Performance evaluation is typically carried out initially by the project executing agency, followed by reviews by the appropriate line ministry or local authority, and SPC. Performance evaluation of externally-funded projects is primarily the responsibility of the Ministry of Finance (MOF), aided by the SPC and the State Auditing Administration (SAA), and, for certain projects, the People's Bank of China (PBC). In the case of Bank-financed projects, performance evaluation is coordinated by MOF, and may involve several other Government agencies. The SAA, as an independent agency, has the role of independent auditor of the implementation of these projects. In the case of projects financed by the

Asian Development Bank, the PBC carries out the performance evaluations, assisted by SAA and SPC.

#### Issues and Actions

4. The Chinese authorities attach high priority to the project performance evaluation function. While project performance evaluation is currently carried out mainly by the project executing agencies concerned, its effectiveness and independence are inhibited by the lack of an overall national organizational framework, shortages of staff, lack of knowledge of performance evaluation methodologies and techniques, and general lack of experience in this area. If these constraints and the present situation are to be addressed through some form of national evaluation system, the institutional responsibilities, performance evaluation process, and staffing requirements warrant further clarification or definition. In this connection, several aspects would need to be considered:

- the form, location, and inter-agency relationships of the performance evaluation unit or agency;
- the institutional role, responsibilities and organizational structure of the performance evaluation unit;
- the performance evaluation process, and related policies, guidelines and standards;
- the provision of adequate staff to carry out the performance evaluation function; and
- the strengthening of performance evaluation skills of staff involved in the process.

5. During a meeting with the Director-General, OED last September, the former Minister of Finance expressed the Chinese authorities' interest in obtaining international technical assistance to address these aspects of the country's performance evaluation capability. This assistance could include such items as annual seminars on performance evaluation, professional staff secondments to developed countries, study tours by senior officials, hands-on participation in the evaluation of externally-financed projects in China, the development of performance evaluation guidelines, and the setting up of an evaluation information system. Such assistance would help bring China's performance evaluation capability up to and in line with international levels.

#### Proposed Technical Assistance

6. Technical assistance to be provided under the proposed Institutional Development Fund (IDF) grant would seek to address the aspects of performance evaluation listed in para. 4. Broadly speaking, the institutional aspects (the first two items) would be addressed through: (i) a program of seminars designed to apprise senior Government officials of the dimensions of a system of performance evaluation (scope, coverage, degree of centralization, reporting relationships, focus, inter-agency relations, financial and staffing

resources, etc.); and (ii) a review of the existing performance evaluation function in China, and the development of a proposal for a more comprehensive and unified performance evaluation system and an organizational structure (form, location, role, responsibilities, structure and inter-agency relationships) under which it would operate. The operational aspects of performance evaluation (item three) would be addressed through: (i) a review of existing evaluation practices in China; and (ii) a review of the Bank's and selected other development institution's practices, as a basis for the design of operational policies, guidelines and standards for the Chinese context. The human resource aspects (items four and five) would be addressed through: (i) the development of a training curriculum to provide basic skills in project evaluation methodology and practice; (ii) the development of a train-the-trainer course, to strengthen the country's capability to train staff in these skills; (iii) a limited number of study tours for senior Government officials to familiarize them with international practices in project evaluation; and (iv) direct, practical involvement in ongoing Bank-financed projects in China for selected evaluation staff.

7. The reviews and studies would be carried out by short-term consultants with specific skill capabilities, such as organizational design and project performance evaluation. The study tours would be arranged with one developed and one developing country, the latter preferably in Asia. Development of the seminars and training programs would be carried out by training specialists in coordination with selected EDI staff. To the extent possible, consultants would be recruited from countries in the region.

THE WORLD BANK GROUP  
REQUEST FOR IDF FINANCING

Region East Asia and Pacific..		Country China
Country Dept EA2	Task Manager D.C. Rix	Amount of Grant Requested US\$

Title of Proposed Activity

Organization and development of a project performance evaluation capability

Purpose of Grant (a brief description of the activities to be financed and likely outcome of grant)

The activities to be financed and the expected outcome are:

<u>Objective</u>	<u>Activities</u>	<u>Outputs</u>
1. To define the form, placement, and inter-agency relationships of the performance evaluation unit or agency.	a. Design a seminar on the dimensions of a performance evaluation system.	a. Seminar content and materials.
	b. Coordinate annual delivery of this seminar.	b. Annual seminar in China.
2. To define the role, responsibilities and structure of the performance evaluation unit.	c. Review existing performance evaluation function.	c. Report on performance evaluation function.
	d. Develop proposal for unified performance evaluation system, and organizational structure.	d. Proposal for performance evaluation system.
3. To establish policies guidelines, and standards for the performance evaluation process.	a. Review existing evaluation practices in China	a. Report on evaluation practices in China
	b. Review the Bank's and other institutions' evaluation practices.	b. Report on evaluation practices in Bank and other institutions.
	c. Develop operational policies, guidelines, and standards for project evaluation.	c. Set of policies, guidelines and standards.
4. To ensure adequate staffing for the performance evaluation function.	a. Develop training curriculum for basic skills in project evaluation methodology.	a. Training curriculum and materials.
	b. Coordinate delivery of course.	b. Annual training course in China.



THE WORLD BANK GROUP  
REQUEST FOR IDF FINANCING

Region	Country	
Country Dept.	Task Manager	Amount of Grant Requested
Title of Proposed Activity		
Purpose of Grant (a brief description of the activities to be financed and likely outcome of grant)		

4. (Continued)

- |  |  |
|--|--|
| <p>c. Develop course to train trainers in project evaluation methodology.</p> <p>d. Coordinate delivery of course.</p> <p>e. Establish and coordinate study tours to familiarize senior officials with international project evaluation practices.</p> <p>f. Establish program for local participation in evaluation of Bank-financed projects in China.</p> | <p>c. Training course and materials.</p> <p>d. Annual training course in China; trainers capable of providing future program of training.</p> <p>e. Study tour program design and delivery.</p> <p>f. Internship program design.</p> |
|--|--|

---

Relationship of Grant Proposal with Country Economic and Sector Work (or Business Plan)

The grant proposal would be consistent with our goals of evaluating China's reform experience to date, and of seeking to operationalize it in terms of new and/or reformed institutions.

Government Agency Responsible for Execution

Director, World Bank Department, Ministry of Finance

Government Contribution (cash or in-kind)  
To be determined.

Other Comments

If approved, this grant would finance activities which could lead to further institutional development based on implementation of a unified project evaluation system.

Preliminary Timetable The schedule for the first round of training and related consultants' activities in 1993 would be approximately:

- Design and delivery of Performance Evaluation Seminar: April/May 1993.
- Development of curriculum for, and delivery of, Project Evaluation Methodology Course: April/May 1993.
- Development and delivery of Project Evaluation Trainer's Course: April/May 1993.

Proposed Use of Grant Funds (breakdown by consultants, travel, studies, equipment)

- Establishment and delivery of Study Tours: July/August 1993.
- Design and delivery of Internship Program: October/November 1993.

See attached.

Modality of Execution (indicate modality - government agency, UN agency, NGO, international consultants, local consultants)

The institutional development program would be implemented largely by external or local consultants, under the general guidance of the World Bank Department of MOF.

Statement by the Director, Country Dept.

Following discussions with donors, I confirm that alternative and timely funds are not available, in particular and in the first instance, from UNDP.

Signature \_\_\_\_\_

Date of Submission to the Screening Committee \_\_\_\_\_

Date of Review by the Screening Committee \_\_\_\_\_

Decision by the Screening Committee \_\_\_\_\_

Grant No. (Issued by the Trust Funds Administrator upon approval by the Screening Committee) \_\_\_\_\_

CHINA

ORGANIZATION AND DEVELOPMENT OF A PROJECT  
PERFORMANCE EVALUATION CAPABILITY

Estimated Costs over Two-Year Implementation Period

	<u>Quantity</u>	<u>Unit Cost/ Rate</u>	<u>Total Cost</u>
<b>I. <u>Consultants</u></b>			
Fees:	12 m/months	\$12,000/mo.	\$144,000
Travel:	9 China visits total (2 consultants)	\$ 5,500	\$ 50,000
	Subtotal		<u>\$194,000</u>
<b>II. <u>Training Courses/Seminars</u></b>			
Performance Evaluation:	3 seminars x 15 participants	\$ 1,000	\$ 45,000
Project Evaluation Methodology:	3 courses x 15 participants	\$ 1,000	\$ 45,000
Project Evaluation Trainers:	3 courses x 15 participants	\$ 1,000	\$ 45,000
	Contingency (10%)		\$ 13,000
	Subtotal		<u>\$148,000</u>
<b>III. <u>Study Tours</u></b>			
In Developed Country:	1 tour x 6 partici- pants	\$ 4,500	\$ 27,000
In Developed Country:	1 tour x 6 partici- pants	\$ 3,000	\$ 18,000
	Subtotal		<u>\$ 45,000</u>
<b>IV. <u>Internships</u></b>			
Mission Participation:	2 missions x 5 participants	\$ 2,500	<u>\$ 25,000</u>
<b>V. <u>Equipment</u></b>			
Computers/Software:	3 workstations	\$ 2,500	<u>\$ 8,000</u>

VI. Miscellaneous

Training Facilities Usage	\$ 10,000
Translation Services	\$ 5,000
Supplies & materials	\$ 5,000
Subtotal	<u>\$ 20,000</u>
<u>Total Estimated Cost:</u>	<u>\$440,000</u>

Cost Summary

I. Consultants' Fees and Travel	\$194,000
II. Training Courses/Seminars	148,000
III. Study Tours	45,000
IV. Internships	25,000
V. Equipment	8,000
VI. Miscellaneous	20,000
<u>Total Estimated Costs</u>	<u>\$440,000</u>

Assumptions Used in Determination of Unit Costs

1. <u>Consultants' Fees:</u>			<u>\$12,000 per month</u>
2. <u>Consultant Travel to China:</u>			
Airfare:	\$2,000	=	\$ 2,000
Accommodation:	\$120/day	=	1,680
Subsistence:	\$130/day	=	1,820
Duration of visit:	2 weeks		
			<u>\$5,500 per visit</u>
3. <u>Training Courses and Seminars:</u>			
Travel within China:	\$300	=	\$300
Accommodation & subsistence:	\$100/day	=	700
Duration of courses:	1 week		
			<u>\$1,000 per participant</u>
4. <u>Study Tours:</u>			
(a) In developed country:			
Airfare:	\$2,000	=	\$2,000
Accommodation & Subsistence:	\$175/day	=	2,500
Duration of tour:	2 weeks		
			<u>\$4,500 per participant</u>
(b) In developing country:			
Airfare:	\$1,500	=	\$1,500
Accommodation & subsistence:	\$100/day	=	1,400
Duration of tour:	2 weeks		
			<u>\$3,000 per participant</u>
5. <u>Internships:</u>			
Airfare:	\$1,000	=	\$1,000
Accommodation:	\$100/day	=	1,400
Duration of mission:	2 weeks		
			<u>\$2,500 per participant</u>

Notes:

1. Consultant activities total 12 man-months; see attached list for details.
2. The visits to China would be for delivery of courses/seminars and/or local research required under the project.

Consultant Activities and Time Requirement

<u>Activity</u>	<u>Consultant Man-Months</u>
Performance evaluation seminar design	- /a
Seminar delivery	- /a
Review of evaluation function	0.5
Development of evaluation system proposal	1
Review of evaluation practices in China	1
Review of evaluation practices in Bank, etc.	1
Development of policies, guidelines, standards, etc.	1
Development of training curriculum	2
Course delivery	0.5
Development of trainers' course	1.5
Course delivery	0.5
Establishment of study tours	1
Delivery of study tours	0.5
Design of internship program	1.5
<u>Total</u>	<u>12 man-months</u>

---

/a Activities to be undertaken by EDI/OED staff.

# International Development Association

→ China

IDA/SecM92-396

FROM: Vice President and Secretary

November 23, 1992

## STATUS OF NEGOTIATIONS

### CHINA

#### REFORM, INSTITUTIONAL SUPPORT AND PREINVESTMENT PROJECT

Negotiations have been completed, and the Credit documents will be submitted to the Executive Directors for consideration on a date to be determined.

The following is a description of the proposed Credit:

Borrower: People's Republic of China

Beneficiaries: Various

Amount: SDR35.5 million (US\$50 million)

Credit Terms: Standard

Commitment Charge: Standard

Terms: Payable in 35 years, including ten years of grace.

Purpose: The proposed project would support China's overall economic reform and modernization effort and help to strengthen selected key institutions responsible for policy and research, training and implementation. It would also help prepare selected public investments and projects, in particular those potentially suitable for external financing.

#### Distribution:

Executive Directors and Alternates  
Office of the President  
Executive Vice Presidents, IFC and MIGA  
Vice Presidents, Bank, IFC, and MIGA  
Directors and Department Heads, Bank, IFC, and MIGA

File  
China

A L L - I N - 1 N O T E

DATE: 25-Sep-1992 09:20pm EST

TO: SELINA SHUM ( SELINA SHUM @A1@VAX12 )

FROM: Hong Zhang, EA2CH ( HONG ZHANG AT A1 AT CHINA )

EXT.: 3420

SUBJECT: Re: New Director of Foreign Funds Application Audit Dept., SAA

You are right, Selina. Mr. Xu Yudi is the successor of Mr. Li Jianmin who has been retired and both were officially announced by SAA on Sept. 7, 1992. Regards. Zhang Hong

CC: Rmcfile ( RMCFILE AT A1 AT CHINA )  
CC: R. Venkateswaran ( VENKATESWARAN AT A1 AT CHINA )  
CC: Robert van der Lugt ( ROBERT VAN DER LUGT AT A1 AT CHIN.  
CC: Mohammad Ashraf ( MOHAMMAD ASHRAF AT A1 AT CHINA )



→ China

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: September 18, 1992 09:29am

TO: ROBERT VAN DER LUGT ( ROBERT VAN DER LUGT @A1@CHINA )

FROM: Pablo Guerrero, DGO ( PABLO GUERRERO )

EXT.: 31717

SUBJECT: China - ECDP

Robert:

Bob Picciotto and I will be meeting with the China delegation to the Annual Meetings this afternoon. I have not been able to find out what issues are on their agenda but I will let you know the outcome.

In the meantime Joe Buky is going to China to do some audit work that you are aware of. I have asked Joe to set aside a few hours, perhaps up to half-a-day, to hold an informal workshop on evaluation of water and sewerage projects for interested staff of the executing agency, MOF, the SAA, and SPC. I would hope that you can help pass this message onto the relevant parties so that the event can be held without much fanfare. I know that in the past you have supported this type of exchange; let's see if we can make it work more systematically.

Best regards,

Pablo

CC: Yo Kimura ( YO KIMURA )  
CC: Jozsef B. Buky ( JOZSEF B. BUKY )  
CC: Yves Albouy ( YVES ALBOUY )  
CC: Hans-Eberhard Kopp ( HANS-EBERHARD KOPP )

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: September 18, 1992 09:52am

TO: Robert Picciotto

( ROBERT PICCIOTTO )

FROM: Pablo Guerrero, DGO

( PABLO GUERRERO )

EXT.: 31717

SUBJECT: China - ECDP

For your information.

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: September 18, 1992 09:33am EST

TO: Hans-Eberhard Kopp

( HANS-EBERHARD KOPP )

FROM: Pablo Guerrero, DGO

( PABLO GUERRERO )

EXT.: 31717

SUBJECT: ECDP Meetings

Eberhard:

Bob welcomes your participation.

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: September 17, 1992 05:46pm EST

TO: Robert Picciotto ( ROBERT PICCIOTTO )

FROM: Pablo Guerrero, DGO ( PABLO GUERRERO )

EXT.: 31717

SUBJECT: ECDP Discussions with Visiting Delegations

Some Background:

1. **China** - The Chinese are very interested in ECDP. At this stage however they would like the Bank, including OED, to support a program of training seminars on evaluation, study tours, preparation of guidelines, etc... They have partly solved their own institutional arrangements for evaluation and are ready to move forward. In all likelihood, you will be meeting with Mr. Luo Qing, Director of the World Bank Department in the Ministry of Finance ( I am passing to you a paper on evaluation prepared recently by the Chinese outlining their priorities). OED staff are regularly spending a few hours of their mission time with interested agencies discussing evaluation in the areas being audited.

2. Hungary - There is no prior record of interest in ECDP. I am told however by some of our DAC colleagues that Hungary is interested and has been visiting some of the bilaterals inquiring about assistance in the area.

OED has been discussing the possibility of doing a Hungary "country" study; if it goes forward it could present an opportunity to do something interesting tied to public administration.

3. Venezuela - Mr. Narcissiantz, the project advisor for the country department dealing with Venezuela (and Brazil), suggested that I contact our Resident Rep., Jorge Barrientos, to find out about ECDP prospects. I did follow up and he has informed me that indeed the Venezuelans are very interested, although somewhat confused about the matter. I sent him some background notes describing ECDP. He has since confirmed that Mr. Armando Barrios from CORDIPLAN, the planning ministry, has requested the meeting planned for next Monday.

4. Morocco - The Minister of Finance, Mr. Berrada, began our involvement in this country about four Annual Meetings ago. We have since done quite a bit in Morocco (I passed on to you the Evaluation Study we organized with UNDP financing). Moroccan staff of the Plan have spent time in Washington developing work programs. EDI and OED already held two seminars on evaluation in

Rabat. Yves and I also participated in a high level awareness raising seminar. The Ministry of Public Works has indicated an interest in developing their own capacity and sent the task manager, Mr. Filali, to prepare a work program with us last December. Follow up on their part has been lax. .

The Planning Secretary has been the main contact, through their training arm the PNAP (National Program for Training in Project Cycle Analysis). In the latest SAL to Morocco, the Secretary of the Plan was given the responsibility to monitor key indicators of SAL performance, including the social impacts. OED has in its work program a Morocco Country study. This should help us build on progress to date.

5. Sri Lanka - The Asian Development Bank funded a TA that helped the Policy Planning Ministry set up the present evaluation office (I am passing to you a paper on the current status and needs prepared by the Head of the Evaluation Unit). I have discussed this case with the country officer Mr. Benbrahim. After some initial lack of interest he has now agreed to take up the matter of evaluation in the public sector in the forthcoming CIR in January. In the meantime, they would support a training seminar. OED staff have had contacts with this new unit apropos of recent audit work.

6. Cyprus - The Bank strategy calls for public sector reform in Cyprus. I am not sure however to what extent the country sees evaluation as an instrument to help the process along. We will find out.

7. Mexico - ECDP has two clients in Mexico. The newly established supra Finance Ministry (it absorbed the Ministry of planning and budgeting) and NAFIN, a main second story operator rediscounting Bank loans to industry, agriculture, etc.. During the last Annual Meeting, Mr. Antonio Cervera, International Coordinator, met with Yves and I to discuss evaluation in Mexico, including the organization of our ongoing Mexico country study. At the time he indicated that an evaluation capacity was needed. He sent two "scouts" to our December Seminar. Follow up on their part has been absent as far as we know. (Incidentally, Mr. Cervera was one of the borrowers invited by Wapenhans; his expressed the view that evaluation of ongoing operations was crucial and of high priority).

In the case of NAFIN, a mission came to Washington a year ago to study and develop ideas on how to create an evaluation unit. NAFIN has gone through a reorganization and a restructuring of its portfolio. Approximately three weeks ago, the head of the mission called to let me know that the function had been adopted and that they wanted to work out a specific plan to strengthen it. I am still waiting for the particulars, but the wait is normal. The head of NAFIN will be here next week and I understand from Bob Kanchuger that he will be in our meeting.

8. Turkey - I know that prior attempts by Yves to open a dialogue with the Turkish on evaluation failed. Of course you and Eberhard know the country well. I will certainly learn something from the planned meeting.

I look forward to discussing the strategy we should follow on ECDP with the visiting delegations. For continuity, I would recommend that you invite Eberhard to join us tomorrow at 11 a.m.

China

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: September 15, 1992 04:39pm

TO: Graham Donaldson ( GRAHAM DONALDSON )

FROM: Pablo Guerrero, DGO ( PABLO GUERRERO )

EXT.: 31717

SUBJECT: China - N. China Plain Impact Evaluation  
ECDP

Graham:

I like your idea about an impact evaluation in China, but would also suggest that our OED evaluator plan in advance to spend at least a day and perhaps two holding a Seminar on Evaluation of projects such as China Plains at the end of the mission.

Robert Van der Lugt, who has been asking us repeatedly about holding Seminars in China, should be pleased to intercede on our behalf with the Ministry of Finance to ensure that such a Seminar is organized and attended by our ECDP clients. Agriculture is a priority area for the Chinese and hopefully we can avoid missing this opportunity.

I will be glad to help if needed.

CC: Hans-Eberhard Kopp ( HANS-EBERHARD KOPP )

# OFFICE MEMORANDUM

E/335

File  
China

DATE: September 11, 1992

TO: Mr. H.Eberhard Köpp, Director, OED

FROM: Graham Donaldson, Chief, OEDD1



EXTENSION: 31730

SUBJECT: CHINA - Northern China Plain Impact Evaluation

1. The Chinese are celebrating the 10th anniversary of this project (see attached EM from Robert van der Lugt). We had discussed the possibility of an IER at some time. In view of their interest I propose we announce our intention to do an impact evaluation of this project - (see attached draft).

2. Do you agree?

Attachment

cc: Mr. Guerrero (DGO)



The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

China  
ECAP

DATE: September 10, 1992 11:36am

TO: Yo Kimura ( YO KIMURA )

FROM: Pablo Guerrero, DGO ( PABLO GUERRERO )

EXT.: 31717

SUBJECT: China - Evaluation

Yo:

Have you heard anything either from Robert Van der Lugt or from MOF regarding the SAA request for an evaluation seminar? To this day I have not received a reply to the attached EM.

Thanks for any information you can provide.

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: August 4, 1992 01:11pm EST

TO: ROBERT VAN DER LUGT ( ROBERT VAN DER LUGT @A1@CHINA )

FROM: Pablo Guerrero, DGO ( PABLO GUERRERO )

EXT.: 31717

SUBJECT: China - Seminar on Ex-post Evaluation

Robert:

In order to get the planning of a seminar under way, Yo Kimura, Selina Shum, Mehdi Al-Bazzaz and I met this afternoon. We agree that for this activity to succeed your direct support is essential. In short, we would appreciate your undertaking a series of steps to get this off to a good start, including:

1. MOF should be contacted (Mr. Chen Junshuo was involved in our discussions last December), as it is the "window" for all matters related to evaluation capacity development. MOF's interest in having a seminar organized by OED/EDI, which would include the participation of SAA, CIECC, SPC, must be explicit.
2. Funding for the seminar must be defined. It is very likely that, because MOF is the lead agency, neither SAA nor CIECC would be willing to commit special credit funds of their own for this event. If funds from the forthcoming CRISP are to be used, then the timing of the seminar would have to be delayed from late fall until early next year.
3. It should be clear that the logistical arrangements should be handled by the lead agency, or the agency agreed to by MOF to sponsor the seminar. The seminar should be held in Beijing, or another easily accessible city.
4. The content of the seminar would focus not only on general principles of evaluation but also address evaluation in a priority area, such as the agricultural sector.
5. The audience should include staff with sound academic and professional qualifications, who can serve the role of disseminators of the seminar material.

Robert, you recall that it took quite a bit of effort to get an institutional arrangement for evaluation agreed to by the different agencies. This has now been resolved, both orally and in writing. Your role in helping to steer us through this early phase is to see whether the arrangement can work in practice.

Indeed, for the medium and longer term it would be very

useful if Mr. Luo Qing could ratify MOF's interest in ex-post evaluation. He will have an opportunity to do so when he comes to Washington for the Annual Meetings.

Please let me know if I can be of any assistance.

CC: Yo Kimura ( YO KIMURA )  
CC: Mehdi Al-Bazzaz ( MEHDI AL-BAZZAZ )  
CC: Selina Shum ( SELINA SHUM )

A L L - I N - 1   N O T E

DATE: 08-Sep-1992 10:35am

TO: JOSEPH GOLDBERG ( JOSEPH GOLDBERG @A1@VAX12 )

FROM: Robert van der Lugt, EA2CH ( ROBERT VAN DER LUGT AT A1 AT CHINA )

EXT.: 3100

SUBJECT: China - Northern China Plain Impact Evaluation

Joe,

You know about the conference to discuss the tenth year anniversary of the North China Plain Project. Mr. Zhang Kaiping today personally came to visit me to beg for Bank attendance. As you can see from the attached minutes of the meeting there will be pretty high power Chinese attendance and an important visitor from IFAD as well.

We have never really answered the Chinese, although I indicated to them in writing that it would be unlikely that I would attend.

After you have perused the attached. let's get serious. My suggestion would be:

(1) Draft an official letter to Mr. ZK to regret Mr. Burki not being able to attend, but more important compose some sort of statement of congratulations and encouragement that can be read at and/or presented at the conference.

(2) I strongly recommend that Peter Ting attend most of the conference. He can go from there to the Shandong supervision, which only starts the 24th.

(3) You have been invited as well, but you are also on GDMP in Dalian. I could not go either as I am acting. However I have made a deal with Mr. Zhang Kaiping that either one of us should go to attend the opening day. Personally I think that your presence in Dalian for the grain port might be more useful, in which case I will have to be at the conference opening and undoubtedly make a speech.

(4) I would also suggest that Mrs. Zhu attend the opening. She can either go back with us to Beijing, or continue directly from Anhui to Shandong to join the supervision.

As to operations evaluation, I am not sure and did not get any details as to who Mr. Zhang Kaiping send the letter to. In any case we know that OED did a PPAR on the project. I personally also think it would be an ideal candidate for an Impact Evaluation. So I would strongly suggest that if OED agrees and

has somebody in the area that they might wish to attend. If not and they still agree they could also send a message that would summarize their earlier findings (and announce a possible future Impact Evaluation).

I would be happy to read both messages at the meeting.

Attached to this message is a WORDPERFECT document. You cannot use ALL-IN-1 to display or print it. You must first transfer the attachment to your PC using the FAP option. Then you may process the file with the same software that was used to create it.

CC: ASIA ISC FILES	( ASIA ISC FILES @A1@VAX12 )
CC: Rmcfile	( RMCFILE AT A1 AT CHINA )
CC: KATHRYN MCPHAIL	( KATHRYN MCPHAIL @A1@VAX12 )
CC: GRAHAM DONALDSON	( GRAHAM DONALDSON @A1@VAX12 )
CC: Zhengxuan Zhu	( ZHENGXUAN ZHU AT A1 AT CHINA )
CC: WEN POH TING	( WEN POH TING @A1@VAX12 )
CC: SHAHID JAVED BURKI	( SHAHID JAVED BURKI @A1@VAX12 )

Tenth Anniversary Ceremony of North China Plain Project  
8 September 1992

Mr. Zhang Kaiping, Director of Office of External Economic Relations of Ministry of agriculture and Mr. Huang Zhaoxian, Deputy Division Chief of the same Office visited Mr. Robert van der Lugt this afternoon, regarding the participation of the Bank in the Tenth Anniversary Ceremony of North China Plain Project. Following is the minutes of the meeting:

1. Background

About two years ago, the Bank suggested that post-evaluation be conducted on North China Plain Project, since this is the first Bank financed agricultural project in China. MOA takes this very seriously and has made careful preparation ever since then. A Tenth Anniversary Ceremony will be held on 21-24 September in Mengcheng of Anhui Province. Mr. Burki, Director, China and Mongolia Department, Mr. Goldberg, Chief of Agricultural Operations Division, Messrs. Peter Ting, Langseng Tay and some people from Operations and Evaluation Department are invited to attend the Ceremony. Recommended by Mr. Ting, Mr. Smith is also invited. However no response is ever received.

2. Program

21 September: opening address by Mr. Cheng Junsheng, State Counsellor  
summing up ten years experience of project implementation  
award to those who have made great contribution  
speeches by five farmer beneficiaries  
future plan for project management  
Chairman: Mr. Ma Zhongcheng, Vice Minister of Agriculture

22 Sept. exchange of experience

23 Sept. morning: exchange of Experience  
afternoon: field trip

24 Sept. morning: group discussions  
afternoon: closing ceremony

3. Recommendations

In view of the approaching of the ceremony and time constrains of the invited people, MOA makes the following recommendations:

The Bank participants attend only activities of the 21 Sept. They can take an overnight train to Mengcheng and come back the next night. MOA would try its best to get Mr. Goldberg since he will be in China with grain mission at that time. Mr. Robert van der Lugt could make use of his weekend attend the ceremony. Ms. Zhu Zhengxuan is also invited. In stead of arriving in China on 23 Sept. for Shangdong Supervision Mission, Mr. Ting could come to China 2-3 days earlier and go straight forward to Shangdong afterwards. Mr. van der Lugt is requested to find out the attendance from OED.

#### 4. Response by Mr. Robert van der Lugt

Mr. van der Lugt expresses his thanks to Mr. Zhang for his important information. He promises to promptly report to Mr. Goldberg of this meeting. He suggests that Per Ting be definitely at the Ceremony. He will attend the ceremony in case Mr. Goldberg is not able to attend. But decision will be made after consulting Mr. Goldberg. He will also find out the potential participant from OED. He suggested that perhaps a message could be sent by Mr. Burki if he is unable to come himself.

Minutes/RMC/Zhu/92.IX.08

**Electronic Message (EM)**

To: Robert Van der Lugt, Resident Mission in China  
cc: Mr. Goldberg, EA2AG

From: Graham Donaldson, OEDD1

Subject: North China Plain Impact Evaluation

We do not seem to have received any letter here from Mr. Zhang Kaiping requesting attendance at the conference for the 10th Anniversary of the above project; unfortunately no OED staff will be in the region at that time. Nevertheless, the project is a strong candidate for an impact evaluation, and I have added it to our workprogram.

You may like to present the attached to the conference on 21st September. Rather than summarize the findings of the PPAR, which presumably are already known to the Chinese, I have concentrated instead on what we would plan to do under the rubric of an impact evaluation, as I recall that the Chinese have been keen to learn more about how we go about doing things.



**IMPACT EVALUATION OF CHINA:  
NORTH CHINA PLAIN AGRICULTURE PROJECT (CREDIT 1261-CHA)**

**Background**

1. For more than a decade, the World Bank has been systematically evaluating ex post all lending operations for which Bank loans and credits have been extended. This is undertaken by the Operations Evaluation Department (OED). The objective is accountability - through transparency; lesson learning by the distillation of findings from experience and the validation of casual observation; maintaining an institutional memory and providing public accountability through published findings and dissemination.
  
2. The process of ex post evaluation is a two-tier system. First, self-evaluation by Bank operational staff and Borrowers for lesson learning. The cornerstone is the Project Completion Report (PCR) which is usually prepared at the end of project implementation and once monies have been fully disbursed. The PCR is required to contain a factual account of the operation in respect of objectives, design, implementation, to form a judgement on its direct and indirect impact as well as to analyze and evaluate key issues of relevance to the Bank. These self-evaluations are, in many cases, then tested and validated by OED in its Performance Audit Report (PAR), which also highlights issues relevant for future Bank operations.
  
3. These reviews, therefore, focus principally on project design and implementation; full assessment of the impact of the operation is seldom possible at this stage in the project cycle. To

this end, OED has developed an instrument specifically to measure project impact at full development - at a time when maximum benefits are expected - usually a further 4-5 years after project completion in which new data are generated to analyze the sustainability of the operation and indeed its replicability.

### **Impact Evaluations**

#### **(i) PURPOSE**

4. These impact evaluations, as they are called, are useful tools for evaluating social development. They have been applied particularly in sub-sectors of Bank lending where direct alleviation of poverty is the principal project focus and where beneficiaries participate after project completion, for example, agriculture/rural development and education. The foundation of such studies is a socio-economic survey of project beneficiaries which is always undertaken by local consultants. The purpose of the survey is to determine the extent to which incomes and quality of life have improved, beneficiary perception of project services and benefits, and to draw conclusions and lessons as to what factors account for project success.

5. In almost all cases, impact evaluations are undertaken for projects which appear at completion to offer useful lessons; the resources required to undertake such studies dictate that effort be concentrated on such stories to obtain the maximum benefit for future Bank lending. If the Government of the People's Republic of China is agreeable, it is OED's intention to undertake an impact evaluation of the North China Plain project. This is a particularly appropriate candidate for an impact evaluation - it was the first IDA-supported credit to the People's Republic, at project

completion it was deemed to be very successful in economic rate of return terms, there was a high degree of beneficiary participation, the drainage technology introduced has potential to be replicated in other countries which are increasingly facing drainage problems in large scale irrigation projects.

(II) SCOPE

6. Each impact evaluation explores all facets of the project over a time perspective, often about fifteen years, to determine the technical, economic, financial, social and environmental impact of these programs.

7. With the PCR as a baseline, information is collect to measure changes in agricultural production - area, yields, cropping patterns, cropping intensities in the case of irrigation projects, and production for the principal crop and/or livestock activities in the project area. The evolution of land tenure since project completion is analyzed; this is a particularly important aspect for example, in the case of irrigation projects with land consolidation or land reform. The economic rates of return are recalculated with the costs and benefits streams updated to include any changes in recurrent costs; actual prices of commodities (as opposed to the projections which have been made at completion for full development); actual production and the actual without project situation in order to establish incremental production.

8. The institutional development strategy is analyzed with a view to determining the efficiency of supporting services to farmers, research and technology, processing and marketing as well as what factors are regarded by farmers/beneficiaries as being the key ingredients of success. Related

institutional aspects such as the development of farmer groups and associations are also reviewed. The social impact is determined by reference to changes in incomes and expenditures, in income distribution, family size patterns, direct and indirect effects on women and often children, changes in labor use, access to infrastructure - including roads, potable water, health clinics, schools, and how the beneficiaries perceive the benefits of drawbacks of the projects. The impact on the environment is reviewed, for example the extent to which drainage systems have improved waterlogging or salinity. These elements provide the core of the impact evaluations. Depending on particular projects, additional aspects are reviewed, for example, the technical aspects of engineering design and its relation to project performance and outcome.

9. The socio-economic surveys which support the above analysis clearly vary from one project to another but in general cover the following aspects:

- Farmer Identity - age, origin, household members, education;
- Ownership and Use of Land - farm size, land ownership including distribution among family members, cropping patterns, farm equipment;
- Activities of the Family - distribution of work among family members, off-farm activities, role of women;
- Income and Expenditures - yields and production of crops/livestock, on-farm incomes, off-farm incomes, consumption and investment expenditures, savings;

- Participation in Village Organizations - water user groups, credit, marketing;
- Perception of Project Institutions - input supply, extension and transfer of technology, transportation, processing and marketing, pricing, payment for product;
- Quality of Life - access to education, health, potable water, benefits of project, farmers perception of future.

# OFFICE MEMORANDUM

*File*

DATE: September 2, 1992

TO: Mr. David Pearce, Chief, EA2CO

FROM: Paul M. *mmc* Cadario, Chief, ASTID

EXTENSION: 82343

SUBJECT: CHINA - Supervision of the Planning Support and Special Studies Credit

1. During my visit to China July 12-31, I reviewed progress of this project. The Implementation Summary (with attachments) and Follow-up letter with Aide Memoire are attached.
2. As noted in the follow-up letter, since my departure from Beijing, SPC has resubmitted the poverty subproject proposal and sent a revised version of the supplement for SPC. The poverty subproject redraft is being reviewed by Alan Piazza, now on mission to China, and we will be contacting SPC for clarification of the objectives and content of the work program in the SPC proposal.

cc: (Full Report)

Shahid Javed Burki, Yo Kimura, Joseph Goldberg, Richard Stern,  
Zafer Ecevit, Anthony Ody, Peter Harrold, Robert van der Lugt,  
Chingboon Lee, E.C. Hwa (EA2), Nena Manley (LEGEA),  
Susan Morris (LOAAS)

cc: (Implementation Summary with attachments only)

Gautam Kaji (EAPVP), Attila Sönmez (EA2CH), Sherif Hassan (LEGEA),  
Robert Picciotto (DGO)

PCADARIO/

Detailed instructions on completion of  
This Form are in Annex D of 0013.05.

\*\*\* Working Version \*\*\*

( ) the initial summary  
This Summary is (X) part of a mission report  
( ) an update

Regional Office: VP - EAST ASIA & PACIFIC	Project Name: PLANNING & SPECIAL S Project Code:4CHAPA115	Loan/Credit Numbers: C18350	L/C Amt (\$XX.XM/SDR) Original: 20.7 / 15.9 Revised:	Type of Lending Instrument: TAL
Country: CHINA	Borrower: PRC	Board Date: 06/30/87	Signing Date: 09/14/87	Effective Date: 12/11/87
Managing Dept/Div Name: COUNTRY OPERATIONS DIVISION	Dept/Div Code: 25510	Task Manager: P. CADARIO	Mission End Date: 07/31/92 Next Mission (mo/yr): 10/92	Last 590: 04/24/92 This 590: 08/31/92

SECTION 1: Summary of Project Development Objectives:

The objectives of the Project are to assist the Borrower in: (a) strengthening its development policy and planning capability through studies for preparation of its 8th Five Year Plan; (b) preparing and implementing inter-sectoral and innovative technical assistance projects; and (c) strengthening key institutions responsible for economic and financial reform.

SECTION 2: Summary of Project Components:

line of credit for: 1) training, technical assistance and equipment to improve efficiency of economic management agencies; 2) consultant services for execution of major sectoral studies.

SECTION 3: Project Data and Performance Ratings:

Basic Data	Closing Date	Project Cost (\$XX.XM)	Disbursement	(mo/yr) 07/92	
				(\$XX.XM)	(% of L/C)
Original (from SAR/PR):	12/31/92	\$29.6	Original SAR/PR Forecast:	\$19.3	93.2%
As Formally Revised:	12/31/92		Formally Revised Forecast:	\$18.4	88.9%
Expected-Last Form 590:	12/31/92	\$29.6	Actual Disbursement:	\$9.7	46.9%
Expected-This Form 590:	12/31/93	\$29.6	Disb. Forecast for CFY:	\$1.8	8.5%
			Actual for CFY:		

Number of formal closing date extensions: 0  
Date of last closing date extension (mo/yr): 12/31/92

Reporting: End of period covered by last project progress report (mo/yr):

Indices	This Form 590	Last Form 590	Audits and Accounts	Number	
Closing Delay	18.9%	.0%	Overdue Fin. Stmtns/Project Accounts:	0	
Cost Overrun	.0%	.0%	Overdue SOE Audits:	0	
Disbursement Lag	47.3%	42.5%	Overdue Special Account Audits:	0	
			Qualified and Unsatisfactory Audits:	0	
Mandatory Ratings	This Form 590	Last Form 590	Other Ratings	This Form 590	Last Form 590
Overall Status	2	2	Procurement Progress	1	1
Project Development Objectives	1	1	Training Progress	2	2
Compliance With Legal Covenants	1	1	Technical Asst. Progress	2	2
Project Management Performance	1	1	Studies Progress	1	1
Availability Of Funds	1	1	Environmental Aspects	NR	NR
			Financial Performance	NR	NR
			WID Impact	NR	NR

SECTION 4: Supervision Management:

Names Of Mission Members	Member Specialization	Participated In The Previous Mission (Yes/No)	Time Spent On Supervision	(mo/yr) 08/92
PAUL M. CADARIO	PRINCIPAL COUNTRY OFF.	Y	S/W Up To Current FY	59.1
			S/W Planned During Current FY:	11.0
			S/W Actual During Current FY -	
			Total :	.0
			In Field :	.0

Project ID & Name: 4CHAPA115 Planning Support and Special Studies

Section 5: ACTIONS PREVIOUSLY AGREED OR RECOMMENDED (Section 8 of last 590)

SPC to accelerate internal agreement of South-North Water Transfer, Energy Pricing and Poverty subprojects taking account of Bank views, and submit request for \$300,000 supplement for SPC subproject to commit remainder of credit (\$5.8 million) to Closing Date (and thus avoid cancellation). With the finalization of new subprojects, MOF to request first one-year extension of the Closing Date.

Section 6: ACTIONS TAKEN BY (A) BORROWER AND (B) BANK SINCE PREVIOUS 590

New subproject for energy pricing formally approved. Following formal rejection of Poverty proposal and IDA staff's informal negative comments on relatively advanced drafts for South-North Water Transfer, government attempting to revise both so that they can be approved and started. Acceptable proposal for Flood Information System stalled in SPC over amount (\$3.5mn requested and well-justified) despite IDA and MOF support for MWR proposal. Performance of SPC's National Planners' Training Center and Audit Administration subprojects much improved. SPC \$300,000 supplement submitted following July 1992 mission and is under review: appears rather travel intensive, against unclear goals. 1991 audit report submitted on time, substantially in compliance with IDA requirements.

Section 7: SUMMARY OF CURRENT PROJECT STATUS AND MAJOR PROBLEMS

Work programs have fully recovered since 1989-90 delays in overseas training, but all but two have lasted longer than foreseen. SPC implementation of new 1991 project management regulations appears smooth and flexible, although MOF practices still not fully supportive of overseas training activities despite repeated encouragement to be realistic. Arrangements for foreign support seem to be paying off and working with a single firm for large studies now well understood with the substantive completion of power and petrochemicals studies; consultant selection under way for electronics, energy pricing and machine tools studies along this model. While the project has no apparent major execution problems, impasse has developed over agreement on new subprojects to commit the rest of the Credit before the Closing Date (12/31/92) and thus avoid cancellation of about SDR4.1 million of uncommitted funds. New subprojects under discussion would largely commit the rest of the Credit, possibly leaving small amounts for supplements for completion in 1993 of 1992 work programs on account of price increases. But action on government side to take account of IDA's substantive ~~IDA~~ comments on South-North Water Transfer Proposal (re travel and equipment intensity, organizational arrangements, and unfocussed nature of work program) and Poverty (re travel and equipment intensity) leaves little time for agreement on subprojects before Closing Date; China thus runs risk of cancellation of unused funds.

Section 8: SUMMARY OF AGREEMENTS REACHED WITH BORROWER, AND FURTHER ACTIONS RECOMMENDED TO BE TAKEN BY (A) BORROWER AND (B) BANK


SPC to expedite government revision of South-North Water Transfer Proposal and Flood Information System (MWR) subproject, and may revisit Poverty subproject. Formal one-year extension to be requested once subprojects to commit full Credit agreed. Follow-up letter and brief supervision (10-11/92) should press for completion of action as proposed.

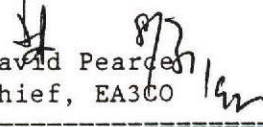
=====

NAME OF PREPARING OFFICER

REVIEWED BY (DIV. MANAGER)

REVIEWED BY (DIR/RVP)

  
Paul M. Cadario  
Chief, ASTID (Task Manager)

  
David Pearden  
Chief, EA3CO



SUPPLEMENTAL SHEET FOR FORM 590

PROJECT NAME: Planning Support and Special Studies  
MISSION SEQUENCE NO:  
DATES OF LAST MISSION: July 16-31, 1992

PROJECT ID: 4CHAPA135  
REPORTING PERIOD: 3/92-7/92

=====

1. COMPLIANCE WITH LOAN COVENANTS

List action due on any loan covenants during reporting period.

None

List all loan covenants on which action is overdue:

None

=====

2. AUDITS

Last Audit Report received for CY 92 on June 4, 1992.

Due date of next Audit Report: June 30, 1993.

Action taken by Task Manager on Audit Report received and/or due:

Receipt acknowledged. Audit Report, including auditor's separate opinions on Special Account and use of Statements of Expenditure, appears satisfactory, but has been passed to EA2 audit coordinator for comment.

=====

3. PROGRESS REPORTS

Last Progress Report received for period: 1991, on March 19, 1992.

Due date of next Progress Report: January 1993.

=====

4. PROCUREMENT

List procurement activities/problems during reporting period:

Procurement of computers, training and office equipment under LIB nearly complete. RFPs under way for consultants for newly approved subprojects (electronics, machine tools) and moving as slowly as usual.

=====

5. TECHNICAL ASSISTANCE/TRAINING ACTIVITIES

List key TA activities for the reporting period: (e.g. appointment of consultants, completion of studies, etc.)

Petrochemical studies completed. Electronics Products Research Institute now selecting consultants. MMEI preparing TOR for consultants for basic machine tools subproject. SPC launching energy pricing study.

List all TA activities facing implementation problems:

AAPRC subproject continues to proceed slowly but may now be in hand following threat of cancellation--1992 activities on schedule and 1993 work program, including joint audit, being planned. Problem remains weak AAPRC subproject management and little noticeable higher management support. Following SPC warning to MOF and PBC that subprojects would be halted and funds reallocated to others, performance has improved. SPC and implementing agencies' inability to formulate acceptable proposals for poverty and South-North Water Transfer subprojects persists despite significant effort by IDA staff: work continues on Chinese side.

## OFFICE MEMORANDUM

DATE: June 4, 1992

TO: Mr. Yo Kimura (EA2DR)

FROM: Pablo Guerrero, DGO P.G.

EXTENSION: 31717

SUBJECT: China - Evaluation Capability

I recently participated in a Regional Seminar on Performance Evaluation in Asia and the Pacific, which took place in Kuala Lumpur. The Seminar was organized by the Development Assistance Committee's Expert Group on Aid Evaluation and the Asian Development Bank's Post Evaluation Office. The purpose of the meetings was to assess first hand the state of evaluation in the recipient countries in the region and identify specific forms of cooperation that the DAC members and observers, such as the Bank, could provide to strengthen evaluation capabilities over time. Attached is a list of the Seminar participants as well as the Seminar's closing statement which includes a menu of possible initiatives that could be supported by donor agencies.

As you know, the DGO's office and OED have been actively supporting evaluation capability development in borrowing member countries, including countries which participated in the Seminar such as China. A paper on this subject was prepared by the China delegation and is herewith attached for your review and comment. In the past, all our support for evaluation capability development has been carried out in close consultation with the respective country department and with EDI. As the demand for assistance in this area from the borrowing members grows it is expected that a direct role of the regions and EDI will too become increasingly essential.

cc: Messrs. Rovani (DGO); Pearce (EA2C0)

PERFORMANCE EVALUATION OF FOREIGN FINANCED PROJECTS IN CHINA

Li Ruogu

Deputy Director of the International Department of the

People's Bank of China

Presentation at Regional Seminar on

Performance Evaluation in Asia and the Pacific

Kuala Lumpur, Malaysia

11-14 May 1992

Respected Mr. Chairman, ladies and gentlemen,

I am very happy to have the opportunity to participate in this Regional Seminar on Performance Evaluation in Asia and the Pacific. China first launched the policies of reform and opening to the outside world in 1978. Since then, we have accelerated the pace of attracting foreign capital, which is partly reflected by the substantial increase of loans from multilateral financial institutions. As time goes on, a number of projects have been completed and performance evaluation of these projects has naturally become an important issue on our agenda. Here, I'd like to make some comments on performance evaluation and share our experience with our counterparts from other countries.

## I. Present Policy Considerations.

Performance evaluation is a critical step in a project cycle, and an important tool for management. It helps to improve project efficiency and facilitate investment decision making through a comprehensive assessment of different stages from identification, implementation to completion of a project, and evaluation of its social and economic benefits. In doing so, experience will be drawn upon and lessons learned. Since November, 1988, the State Planning Committee (SPC) has planned to have performance evaluation for 23 foreign financed and state key construction projects. The initial experiments provide justification of performance evaluation in improving decision making process, project design and investment return. We are now examining these trial efforts so as to learn from past experience, improve our work and formulate rules and guidelines in this area.

Some views on performance evaluation:

- \* It is necessary to establish an authoritative performance evaluation agency and network, guided by sound rules and equipped with highly qualified professionals;
- \* Performance evaluation can proceed at two tiers: first, self-evaluation by project executing agencies and line ministries; second, evaluation by the state evaluating agency on behalf of the government;
- \* Performance evaluation of projects should be put in the broad social and economic context. It happens sometimes that the success of a specific

project can be interpreted as a failure, when examined from a broad social perspective, given the different parameters used under these two approaches; and,

- \* performance evaluation should not start immediately after the completion of a project so that it can be judged properly.

## II. Institutional and Organizational Arrangements.

At present, performance evaluation of domestic projects in China is within the terms of reference of SPC. Line ministries are also involved in the process. There are three stages during the process: self evaluation, review by line ministries or local authorities and final review by SPC.

For a time in the past, performance evaluation of foreign financed projects was not clearly defined at the state level and guidelines for such evaluation were not made available. In 1991, a decision was made by the Ministry of Finance (MOF) in consultation with the State Auditing Administration (SAA) and SPC that MOF, with the assistance of SAA and SPC, would be responsible for evaluating the performance of the World Bank financed projects, and for formulating action plans, organizing task force (including hiring consultants), arranging staff training and identifying pilot projects for implementation. The project office which conducts day-to-day work would be located in MOF. This decision has been formally communicated to the World Bank and received its recognition and concurrence.

One may question the rationale for this arrangement. The answer lies in the specific circumstances in China. The purpose of such an arrangement is to place

the responsibility of performance evaluation on independent and authoritative government bodies, thus ensuring the quality and full utilization of evaluation. The World Bank loans are loans to the government, therefore, their performance evaluation should be conducted by government agencies. The involvement of competent authorities, key decision making body and supervisory agencies will serve the principle of conducting evaluation in a rational, unbiased and justifiable way and eliminating the possible oversight and misinformation. It also helps to take the advantages of having experts from various disciplines and flow of feedback information, and ensure the success of evaluation. As regards the Asian Development Bank financed projects, we are of the view that, given the same nature of projects with that of those financed by the World Bank, the above-mentioned arrangements will be followed likewise. The People's Bank of China will conduct performance evaluation assisted by SAA and SPC. Better arrangements will probably emerge in the future, for example, a special agency for performance evaluation. The agency should be given superior legal status, high degree of independence and authority, so as to facilitate its macro-control functions. Meanwhile, the evaluating agency should behave in a manner of standing aloof instead of directly participating in decision making and management of projects, to achieve objective examinations of facts.

### III. Feedback Arrangements

In this part, I'd like to discuss feedback arrangements and necessity of enforcement measures. The findings of performance evaluation should be

communicated through various channels to whoever concerned with a view to drawing experience and improving performance for future projects. It is essential that findings be studied in a serious manner in the context of project implementation and performance evaluation should not be conducted purely as an exercise for the sake of itself. Thus the state authorities should formulate necessary enforcement measures as a follow-up to the findings when they are justified and sound feasible. In doing so, we can make best use of this information for future work.

#### IV. A Plan to Strengthen Government Involvement in Performance Evaluation.

Here listed as followings, I'd like to identify some difficulties and constraints we are now facing in our work.

- \* Non-existence of competent organizational network, shortage of staff and professional qualification needs to be improved;
- \* Lack of practical knowledge, and necessity to learn foreign experience particularly in the areas of evaluation technique, procedures, models and methodologies; and.
- \* Lack of modern evaluation and feedback facilities.

So far, 22 World Bank financed projects have been completed and another 18 will also be completed at the end of this year. It is expected that a number of ADB financed projects will meet their completion in 3-5 years' time. Therefore, performance evaluation has become one of the top priorities on our agenda.

In order to facilitate performance evaluation in China, besides our self-confidence and diligence, we need to incorporate foreign advanced experience in our work to widen our horizon and gradually bring our performance evaluation up to the international standards. In this connection, we would like to seek international technical assistance and cooperation for the following issues:

- \* One or two training seminars on performance evaluation, to be held in China every year in the next ten years;
- \* Secondments in developed countries by a number of young professionals;
- \* Study tours to developed countries by senior officials to be exposed to advanced management tools and technical knowledge;
- \* Participation by young professionals in performance evaluation in China, conducted by the World Bank and ADB, as assistants;
- \* Formulation of rules and guidelines governing China's performance evaluation; and,
- \* Establishment of a modern data bank and feedback system for performance evaluation.

It is our sincere hope to develop a fruitful cooperative relationship with DECD, World Bank and ADB, and other donor institutions or countries.

Thank you very much.



## REGIONAL SEMINAR ON PERFORMANCE EVALUATION IN ASIA AND THE PACIFIC

Kuala Lumpur, Malaysia

11 -14 May, 1992

Final List  
Updated 10.30hrs  
13 May 1992

### A. LIST OF PARTICIPANTS FROM THE BANK'S DMCS

COUNTRY	NAME	DESIGNATION
BANGLADESH	Mr. Khandker Asaduzzaman	Secretary, Implementation, Monitoring and Evaluation Division, Ministry of Planning
	Dr. Sheikh Maqsood Ali	Member, General Economics Division, Planning Commission
CHINA, PEOPLE'S REPUBLIC	Mr. Li Ruogu	Deputy Director, International Department, People's Bank of China
	Mr. Zhang Xiaoqiang	Division Chief, International Financial Organizations Division, Department of Foreign Capital Utilization, State Planning Commission
	Mr. Hong Songhe	Division Chief/Economist, China International Engineering Consulting, Corp.
	Mr. Li Jianmin	Director, Foreign Funds Application Audit Department, State Audit Administration
FIJI	Mr. Patrick Spread	Director, Economic Planning, Central Planning Office, Ministry of Finance and Economic Planning
	Mr. Anand Sugrim	Acting Director, Animal Health and Production
INDIA	Mr. P.G. Lele	Additional Secretary (Expenditure), Ministry of Finance
	Dr. B. Sahay	Adviser (Evaluation), Planning Commission
	Mr. S.H. Khan	Managing Director, Industrial Development Bank of India
INDONESIA	Ms. Asmarni Sjamsu	Bureau Chief, Monitoring of Implementation of Development Projects, BAPPENAS
	Dr. Marcellus Rantetana	Division Head, Project Monitoring and Evaluation Section, Bureau of Planning, Ministry of Agriculture
KOREA	Mr. Jung-Won Kim	Director, Government Evaluation, Performance Division 1, Economic Planning Board
	Mr. Sun-ik Hwang	Deputy Director/First Senior Loan Officer Economic Dev. Cooperation Fund Dept. I The Export-Import Bank of Korea

COUNTRY	NAME	DESIGNATION
LAO PDR	Mr. Soulignong Nhouyuanisvong	Director, Budget Department, Ministry of Economy, Planning and Finance
MALAYSIA	Mrs. Husniarti Tamin	Director, Energy, Economic Planning Unit Prime Minister's Department
	Mr. Lim Heng Boon	Secretary, Monitoring and Evaluation Division, Ministry of Agriculture
	Mr. Freddie Chu Chin Seng	Director of Social Analysis Centre, Socio-Economic Research Unit Prime Minister's Department
MYANMAR	Dr. Sein Tin	Director, Project Appraisal and Progress Reporting Department, Ministry of Planning and Finance
	Mr. U. Sein Linn	Director, Budget Department Ministry of Planning and Finance
NEPAL	Mr. V.N. Nepal	Joint Secretary, Ministry of Finance
	Mr. Ram Babu Nepal	Director, Office of Auditor General
PAKISTAN	Mr. Aftab Ahmad Khan	Member (Finance) WAPDA Lahore
	Mr. Muhammad Akram Khan	Director General (Training), Audit and Accounts Training Institute, Dept. of the Auditor General
	Dr. Mohammad Arif	Chairman, Planning and Development Board Government of Punjab, Lahore
PAPUA NEW GUINEA	Mr. R. Kamanabi	First Assistant Secretary, Economic Affairs Department of Finance and Planning
PHILIPPINES	Mr. Harry S. Pasimio	Assistant Director-General, NEDA
	Mr. Rolando Tungpalan	Director, Project Monitoring Staff, NEDA

COUNTRY	NAME	DESIGNATION
SRI LANKA	Dr. Prathap Ramanujam	Director, Evaluation and Coordination Unit, Ministry of Policy Planning and Implementation
THAILAND	Mr. Nonthaphon Nimsomboon	Deputy Auditor General, Office of the Auditor General
	Ms. Lamduan Pawakaranond	Director, Development Evaluation Division National Economic and Social Development Board
	Ms. Pathara Chorsorapongs	Director, Evaluation Division I
	Mr. Chamnong Wattana	Budget Bureau, Prime Minister's Office Director, Div. of Econ. Project & Program Evaluation Ministry of Agriculture and Cooperatives
TONGA	Mr. Tevita Tapavalu	Deputy Secretary for Finance, Ministry of Finance
	Mr. Penisimani Vea	Acting Managing Director, Tonga Development Bank
VIETNAM	Mr. Pham Xuan Ninh	Deputy Manager, State Bank of Viet Nam
	Mr. Doan The Uong	Project Management Officer, External Cooperation Department, Ministry of Water Resources

## REGIONAL SEMINAR ON PERFORMANCE EVALUATION IN ASIA AND THE PACIFIC

Kuala Lumpur, Malaysia

11 -14 May, 1992

Final List  
Updated 10.00hrs  
12 May 1992

### B. LIST OF PARTICIPANTS FROM DAC MEMBERS/OBSERVERS

COUNTRY	NAME	DESIGNATION
AUSTRALIA	Ms. Maureen Allan	Section Head Evaluation and Review Section Australian Development Assistance Bureau
BELGIUM	Mr. Pierre Ryckmans Mr. Jos Engelen	Deputy Head of Development Cooperation Section Embassy of Belgium, Jakarta Head of Development Cooperation Section Embassy of Belgium, Bangkok
CANADA	Mr. Jean S. Quesnel Mr. Tang Tuong	Director - General Evaluation and Audit, Canadian International Development Agency Evaluation and Audit, Canadian International Development Agency
DENMARK	Mr. Niels Dabelstein	Head, Evaluation Unit Danish International Development Agency (DANIDA) Ministry of Foreign Affairs
FINLAND	Mr. Matti Kaariainen	Counsellor, Policy Coordination Unit FINNIDA, Ministry for Foreign Affairs
FRANCE	Mme Françoise Benard Mr Daniel Besson	Ministere de l'Economie, des Finances et du Budget Finance Counsellor for Asean Countries Embassy of France, Singapore
GERMANY	Dr. Michael Zink	Deputy Head of Evaluation Unit Federal Ministry for Economic Cooperation (BMZ)
ITALY	Ms. Lodovica Longinotti Mr. Vittorio Masoni	Directorate for Development Cooperation Central Technical Unit, Ministry of Foreign Affairs SIM, Ministry of Foreign Affairs
JAPAN	Mr. Makoto Watanabe Mr. Asao Tsukahara Mr. Shigeru Kiyama Mr. Katsubiko Oshima Mr. Yasuo Uchida	Vice President, JICA Director, Evaluation Division, Economic Cooperation Bureau, Ministry of Foreign Affairs Director, Post - Evaluation Division Operation Evaluation Department, OECF Director, Evaluation Division Planning Department, JICA Deputy Director, Planning and Research International Development Centre of Japan

COUNTRY	NAME	DESIGNATION
NETHERLANDS	Ms. Hedy I. von Metzsch	Director, Operations Review Unit Ministry of Foreign Affairs
NEW ZEALAND	Mr. Kevin Clark	Coordinator, Appraisal, Evaluation and Analytical Support Unit, Ministry of External Relations and Trade
NORWAY	Mr. Rolf Skudal	Programme Department, Ministry of Foreign Affairs
SPAIN	Mr. Rafael Soriano Ortiz	Planning and Evaluation Office Ministry of Foreign Affairs Madrid
SWEDEN	Mr. Anders Johnson Mr. Stefan Dahlgren	Deputy Assistant Under-Secretary Ministry for Foreign Affairs Head of Evaluation Section Swedish International Development Authority (SIDA)
UNITED KINGDOM	Mr. John Morris	Head, Evaluation Department Overseas Development Administration
UNITED STATES	Dr. John Eriksson Mr. Stephen Carig	Associate Assistant Administrator Agency for International Development (AID) Second Secretary, US Embassy, Kuala Lumpur
AFRICAN DEVELOPMENT BANK	Dr. R. M. Bishai	Deputy Director, Operations Evaluation Office, Abidjan
IMF	Mr. Christopher Browne	Senior Resident Representative in the Philippines
OECD/DAC SECRETARIAT	Mr. Hans Lundgren Ms. Robin Jackson	Principal Administrator, Aid Management Division Consultant

COUNTRY	NAME	DESIGNATION
UNDP	Mr. Somendu K. Banerjee	Director, Central Evaluation Office
	Mr. Abdenour Benbouali	Senior Evaluation Officer, Central Evaluation Office
WORLD BANK	Mr. R. Pablo Guerrero	Special Advisor to the Director—General Operations Evaluation
ASIAN DEVELOPMENT BANK	Mr. S. Mahboob Alam	Chief, Post—Evaluation Office
	Mr. V. R. Mehta	Senior Evaluation Specialist, Post—Evaluation Office
		Seminar Coordinator
	Mr. George Whitlam	Senior Evaluation Specialist, Post—Evaluation Office
	Mr. C. Narayanasuwami	Senior Evaluation Specialist, Post—Evaluation Office
	Dr. Gene M. Owens	Senior Project Economist, Social Dimensions Unit
	Mr. Ian A. Gill	Information Officer, Information Office
Mr. Robert Boase	Consultant Rapporteur	
Ms. Catalina Blanco	Technical Assistant, Post—Evaluation Office	
Mr. George Villamor	Assistant, Technical Instruments, Office of Administrative Services, Facilities Management Division	

REGIONAL SEMINAR ON PERFORMANCE EVALUATION  
IN ASIA AND THE PACIFIC  
KUALA LUMPUR, MALAYSIA

IDENTIFICATION OF MEDIUM TERM NEEDS AND PRIORITIES  
FOR AN ACTION PLAN

SUMMARY BY SOMENDU K. BANERJEE,  
DIRECTOR, CENTRAL EVALUATION OFFICE,  
UNITED NATIONS DEVELOPMENT PROGRAMME

Mr Chairman, this, our final session of the seminar has addressed the question of "what do we know and where do we go from here?" in relation to the prospects and scope for strengthening performance evaluation in the region.

UNDP has been invited to report on the results of the seminar in the identification of medium term needs and priorities for an action plan for the strengthening of evaluation capacities in developing countries in the Asia and Pacific Region. Our task has been made that much easier by the professional and focused outputs of the plenary and working group sessions.

In articulating an action plan, it is important that we take note of the process through which our action plan has evolved. First, the seminar has afforded all of us an opportunity for a workmanlike exchange of experience and views. In the course of this exchange we have identified the different levels of national capacity in monitoring and evaluation prevailing in the countries of this region. The seminar has also allowed for a clear expression of country level requirements to strengthen evaluation capacities as well as for the identification of current and potential sources of assistance both from multilateral and bilateral donors as well as between the developing countries of the region.

Mr Chairman, it is also important for us to note that the action plan being proposed also rests on several basic principles that are seen to be widely accepted by the participants at this seminar. Firstly, it has been universally recognized that evaluation is an integral part of the development process.

Secondly, that concern for effective evaluation be mutually shared by both recipient and donors alike. Thirdly, that the primary responsibility for strengthening national monitoring and evaluation capacity lies with the recipients themselves. Fourthly, in the context of the wide spectrum of experience offered by this region, there are no uniform prescriptions for strengthening evaluation capacities. Fifthly, effective evaluation capacity needs to be grounded in an evaluation culture which, inter alia, includes appropriate attitudes, ethics and political commitment. Sixthly, the inter linkages between the issues of location, independence, capacity, feedback and reporting levels, all need to be adapted to particular country needs for evaluation to be effective. And finally, in terms of the relationship between planning and evaluation, these functions may be separate or converge at the highest level but it was agreed that both national functions should share a common understanding of development issues and effectively relate to each other.

Mr Chairman, as indicated earlier, in attempting to organize the broad range of experience, initiatives and needs that have been expressed over the past three days into a phased action plan, we took into account the different levels of evaluation capacity in the different countries of the region.

The review of country experiences presented at the seminar and the resulting exchange of views suggest that the countries of the region may be broadly classified in three categories.

At the first level are countries experienced only in monitoring and evaluation but with little or no performance evaluation institutions or experience. At the second level are countries which have fairly well developed monitoring and evaluation capacity at the project level which has enabled them to collaborate in donor evaluations.

For these two levels, it was considered that priorities in terms of institution building and training needs would include:



- \* awareness building,
- \* definition, establishment or upgrading of government evaluation policy,
- \* design of institutional arrangements relating to monitoring and performance evaluation activities at the programme and or project levels,
- \* design of performance evaluation methodologies at the programme and or project levels, and
- \* on the job training in monitoring and performance evaluation

At the third level are countries which have already established a mature and operational national system, for monitoring and performance evaluation.

Their needs relating to institution building and training for monitoring and performance evaluation may be met through

- \* improving current institutional arrangements,
- \* refining current levels of evaluation methodologies and techniques, including related specialised training
- \* ensuring more effective feed back systems for the better use of evaluation results, and finally,
- \* through establishing effective national performance evaluation programmes.

Mr Chairman, the foregoing taxonomy has also helped us in assessing the current match between national efforts and technical cooperation support with actual needs.

Mr Chairman, in the context of the wide range of evaluation related technical cooperation initiatives expressed during the

seminar, we have organized the possible responses, both domestic and external, into four areas : Training, Institution building, Information exchange and Joint Initiatives.

- 1) In relation to training needs, assistance may be provided through:

Training courses,  
On the job training,  
Attachments,  
Seminars and,  
Exposure trips (study tours)

- 2) For institution building and strengthening, we may consider the provision of assistance through:

Advisory services,  
Country diagnostic studies,  
Needs assessments,  
Management information systems support (including hardware and software) and,  
Support for improved evaluation techniques and methodologies

- 3) In the area of exchange of information,

Twinning arrangements,  
Networking,  
Sharing of evaluation results and,  
Access to databases, were identified as relevant activities.

- 4) And finally, under the heading of joint initiatives, seminar participants agreed on collaboration through

Joint evaluations,  
Concurrent evaluations,  
through the use of national consultants and through  
the exchange of expertise at the regional level

Mr Chairman, an action plan synthesizing the outcome of our discussions over the last two days has been prepared in the form of a matrix, an approach apparently favoured by many participants.

This is being distributed to you at this moment. The plan is presented through two tables, one in which measures and actions involving modest organizational effort or financial investment, if any, might be initiated in the immediate or near future and the other entailing a more medium term perspective with relatively greater investment of time and money.

In both the immediate and medium term, five areas of cooperation or action have been identified: involving recipients, between recipients at the regional level and between recipients and donors. The donors in turn have been separately identified as multilateral organisations and the bilateral group members of the DAC/OECD.

Mr Chairman, with your permission, I would like to now briefly review the various elements of the plan.

---

#### ACTION PLAN

---

Mr Chairman,

The two co-sponsors of the seminar propose that ~~the~~ the action plan be triggered at the country level by either the recipients taking steps to approach the prospective donors with specific requests for collaboration, or the prospective donors taking the initiative to contact the recipient to pursue such collaboration.

Finally, Mr Chairman, it is also understood that the DAC group will review the progress on the implementation of the immediate measures under the action plan within a years time from now.

Thank you Mr Chairman.

# ACTION PLAN

## IMMEDIATE MEASURES FOR STRENGTHENING PERFORMANCE EVALUATION

TABLE 1

AREAS FOR COOPERATION	ASIA AND PACIFIC Regional Level		DAC MEMBERS AND OBSERVERS International Level	
	COUNTRY	REGION	MULTILATERAL	BILATERAL
<b>AWARENESS</b>	<ul style="list-style-type: none"> <li>- Broad dissemination of evaluation results</li> </ul>	<ul style="list-style-type: none"> <li>- Information networking</li> </ul>	<ul style="list-style-type: none"> <li>- Dissemination of abstracts, news letter and country diagnostic studies</li> </ul>	<ul style="list-style-type: none"> <li>- Dissemination of abstracts, news letter and country diagnostic studies</li> </ul>
<b>POLICY</b>	<ul style="list-style-type: none"> <li>- Re-dissemination of established policy</li> </ul>		<ul style="list-style-type: none"> <li>- Dialogue</li> <li>- Advocacy</li> </ul>	<ul style="list-style-type: none"> <li>- Dialogue</li> <li>- Advocacy</li> </ul>
<b>INSTITUTIONAL ARRANGEMENTS</b>	<ul style="list-style-type: none"> <li>- Assessment</li> <li>- Improvement</li> </ul>		<ul style="list-style-type: none"> <li>- Country diagnostic studies</li> <li>- Study tours/Training</li> <li>- Short term advisers</li> <li>- Needs assessment</li> </ul>	<ul style="list-style-type: none"> <li>- Country diagnostic studies</li> <li>- Study tours/Training</li> <li>- Short term advisers</li> <li>- Needs assessment</li> </ul>
<b>METHODOLOGY (SYSTEM, TECHNIQUES, .....)</b>	<ul style="list-style-type: none"> <li>- Seminars</li> <li>- Assessment</li> <li>- Improvement</li> <li>- Dissemination of current methodologies</li> </ul>	<ul style="list-style-type: none"> <li>- Networking</li> <li>- Exchange</li> </ul>	<ul style="list-style-type: none"> <li>- Seminar</li> <li>- Manuals</li> <li>- Guidelines</li> <li>- Training</li> <li>- Joint evaluations</li> <li>- Data base sharing</li> <li>- Study tours</li> <li>- Use of national consultants</li> </ul>	<ul style="list-style-type: none"> <li>- Seminar</li> <li>- Manuals</li> <li>- Guidelines</li> <li>- Training</li> <li>- Joint evaluations</li> <li>- Data base sharing</li> <li>- Study tours</li> <li>- Use of national consultants</li> </ul>
<b>FEED BACK (INCLUDING MIS)</b>	<ul style="list-style-type: none"> <li>- Setup follow up system</li> <li>- Tailor evaluation reports to audience</li> </ul>	<ul style="list-style-type: none"> <li>- Networking</li> </ul>	<ul style="list-style-type: none"> <li>- Dialogue</li> <li>- Sharing experience</li> <li>- Software</li> <li>- Advice</li> <li>- Training</li> </ul>	<ul style="list-style-type: none"> <li>- Dialogue</li> <li>- Sharing experience</li> <li>- Software</li> <li>- Advice</li> <li>- Training</li> </ul>

# ACTION PLAN

## MEDIUM TERM MEASURES FOR STRENGTHENING PERFORMANCE EVALUATION

TABLE 2

AREAS FOR COOPERATION	ASIA AND PACIFIC Regional Level		DAC MEMBERS AND OBSERVERS International Level	
	COUNTRY	REGION	MULTILATERAL	BILATERAL
<b>AWARENESS</b>	<ul style="list-style-type: none"> <li>- Workshops</li> <li>- Thematic seminars</li> <li>- National conferences</li> </ul>	<ul style="list-style-type: none"> <li>- Regional evaluation association</li> </ul>		<ul style="list-style-type: none"> <li>- Linkage with national evaluation associations</li> </ul>
<b>POLICY</b>	<ul style="list-style-type: none"> <li>- Define policies</li> <li>- Re-assess current policies</li> <li>- Set priorities/focus</li> </ul>		<ul style="list-style-type: none"> <li>- Short term advisers</li> </ul>	<ul style="list-style-type: none"> <li>- Short term advisers</li> </ul>
<b>INSTITUTIONAL ARRANGEMENTS</b>	<ul style="list-style-type: none"> <li>- Design</li> <li>- Set up</li> <li>- Strengthening</li> </ul>		<ul style="list-style-type: none"> <li>- Technical advisory services</li> <li>- Attachments</li> <li>- Staff training</li> </ul>	<ul style="list-style-type: none"> <li>- Technical advisory services</li> <li>- Attachments</li> <li>- Staff training</li> </ul>
<b>METHODOLOGY (SYSTEM, TECHNIQUES, .....)</b>	<ul style="list-style-type: none"> <li>- Training</li> <li>- Development of guidelines</li> <li>- Harmonisation</li> </ul>	<ul style="list-style-type: none"> <li>- Use of national institutions for regional training courses</li> <li>- Twinning</li> </ul>	<ul style="list-style-type: none"> <li>- Concurrent evaluations</li> <li>- Technical advisory services</li> <li>- Scholarships</li> </ul>	<ul style="list-style-type: none"> <li>- Concurrent evaluations</li> <li>- Technical advisory services</li> <li>- Scholarships</li> </ul>
<b>FEED BACK (INCLUDING MIS)</b>			<ul style="list-style-type: none"> <li>- Technical advisory services</li> <li>- Hardware and/or software</li> <li>- Advice</li> <li>- Training</li> </ul>	<ul style="list-style-type: none"> <li>- Technical advisory services</li> <li>- Hardware and/or software</li> <li>- Advice</li> <li>- Training</li> </ul>

THE WORLD BANK

ROUTING SLIP		DATE 5/18
FROM THE OFFICE OF THE DIRECTOR-GENERAL, OPERATIONS EVALUATION		
NAME		ROOM NO.
<del>YAL</del>		
China - ECOP		
APPROPRIATE DISPOSITION		NOTE AND RETURN
APPROVAL		NOTE AND SEND ON
COMMENT		PER OUR CONVERSATION
FOR ACTION		PER YOUR REQUEST
<input checked="" type="checkbox"/> INFORMATION		PREPARE REPLY
INITIAL		RECOMMENDATION
DATE AND FILE		SIGNATURE
REMARKS		
FROM: PG		

*Guerrero*

**THE WORLD BANK**  
**INDUSTRY AND ENERGY DIVISION, CHINA AND MONGOLIA DEPARTMENT**  
**DIRECT FAX TEL. NO. (202) 477-1273**

**FACSIMILE**

---

**DATE:** May 5, 1992      **NO. OF PAGES:** {1}      **DIV. LOG NO.:** {No.}  
(including this page)

**TO:** Mr. Li Yuqi, Senior Economist  
Organization: General Secretary of Chinese Petroleum Economic Society  
City/Country: Beijing, China  
Fax No: (86-1) 201-7123

**FROM:** Selina Shum, Senior Financial Analyst  
Dept./Div.: EA2IE 255/30  
Room No.: A-8073  
Tel. No.: (202) 458-2452

**SUBJECT/  
REFERENCE:** CHINA: Lectures on Petroleum Economics

---

**MESSAGE:**

Thanks for your fax on the subject. We will try our best to send one to two representatives from our Operations Evaluation Department to attend the seminar on project management, ex-post evaluation of large scale projects, and cost/benefit analysis. However, the attendance of our representatives will be contingent upon the schedule for project performance audit of four petroleum projects in China which is tentatively scheduled for September 1992. In addition, it is strongly recommended that the relevant agencies for the project performance audits of Bank-financed projects be invited to attend the seminar, including the Ministry of Finance, State Planning Commission and State Audit Administration. Best regards, Selina Shum

*CC: Messrs. Sommer / Van der Lugt / Ashraf (RMC)*

**TRANSMISSION AUTHORIZED BY:** Selina Shum, Senior Financial Analyst, AS3IE

---

If you experience any problem in receiving this transmission, inform the sender at the telephone or fax. no. listed above.

**FOR INTERNAL USE, NOT TO BE TRANSMITTED**

TRANSMISSION AUTHORIZED BY: Selina Shum  
 Extension : 82452  
 Dept/Division : EA2IE  
 Dept/Division No. : 255/30  
 Room : A-8073

cw in substance and cc: Mr. Albouy

cc: Ms. de Merode, Messrs. Guerrero, Kimura and Malhotra

SShum:

**DECLASSIFIED**

**JUL 21 2023**

**WBG ARCHIVES**

TRANSMISSION CONFIRMATION REPORT No.=002817

DATE/TIME	MAY 5, 1992 10:28AM
DURATION	41s
TRANSMITTER (FROM)	WB EA2IE 202 477 1273 202 477 1273
RECEIVER (TO)	IBRD BEIJING (LINK) ABBR) 01 216
PAGES XMITTED	01
PAGES ERRORED	
RESULT	OK
COMM. MODE	G3
RESOLUTION	NORMAL

TRANSMISSION CONFIRMATION REPORT No.=00281

DATE/TIME	MAY 5, 1992 10:27AM
DURATION	37s
TRANSMITTER (FROM)	WB EA2IE 202 477 1273 202 477 1273
RECEIVER (TO)	----- 2017123
PAGES XMITTED	01
PAGES ERRORED	
RESULT	OK
COMM. MODE	G3
RESOLUTION	NORMAL



Dear Miss Selina Shum:

"The Academic Lecture on Petroleum Economy" sponsored by Chinese Petroleum Economic Society and China Petroleum Planning and Engineering Institute will be held in Beijing in early September of 1992. The symposium is scheduled to about seven days. We hope that you can arrange 1--2 experts and give us a lecture. We are warmly welcome them, also you to China, to Beijing. The main substances of lecture are:

1. Project Management;
2. Post-evaluation of large-scale projects;
3. Cost-benefit analysis and other financial problems.

We are anxious to know what your decision is. Please give us a reply as soon as possible. Thank you for your cooperation.

Sincerely yours



Li Yuqi  
Senior Economist  
General Secretary of  
Chinese Petroleum Economic Society

cc: Mr. Xiang Jing  
P.O.Box 938  
Department of Economics  
Beijing 100083  
P.R.CHINA

FAX: 2017123

Tel: (01) 2023366 ext. 2369

ROUTING SLIP		DATE:
		1992/V/13
NAME		ROOM NO.
<u>Mr. Pablo Guerrero</u> PE		17017
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
CLEARANCE	PER OUR CONVERSATION	
COMMENT	PER YOUR REQUEST	
FOR ACTION	PREPARE REPLY	
INFORMATION	RECOMMENDATION	
INITIAL	SIGNATURE	
NOTE AND FILE	URGENT	
REMARKS:		
<p style="text-align: center;">→ File CHINA ECDP</p> <p style="text-align: center;">R</p>		
FROM:	ROOM NO.:	EXTENSION:
R		

THE WORLD BANK  
INDUSTRY AND ENERGY DIVISION, CHINA AND MONGOLIA DEPARTMENT  
DIRECT FAX TEL. NO. (202) 477-1273

AS/VOL/MA

FACSIMILE

DATE: May 5, 1992 NO. OF PAGES: {1} DIV. LOG NO.: {No.}  
(including this page)

TO: Mr. Li Yuqi, Senior Economist  
Organization: General Secretary of Chinese Petroleum Economic Society  
City/Country: Beijing, China  
Fax No: (86-1) 201-7123

FROM: Selina Shum, Senior Financial Analyst  
Dept./Div.: EA2IE 255/30  
Room No.: A-8073  
Tel. No.: (202) 458-2452

SUBJECT/ REFERENCE: CHINA: Lectures on Petroleum Economics

MESSAGE:

Thanks for your fax on the subject. We will try our best to send one to two representatives from our Operations Evaluation Department to attend the seminar on project management, ex-post evaluation of large scale projects, and cost/benefit analysis. However, the attendance of our representatives will be contingent upon the schedule for project performance audit of four petroleum projects in China which is tentatively scheduled for September 1992. In addition, it is strongly recommended that the relevant agencies for the project performance audits of Bank-financed projects be invited to attend the seminar, including the Ministry of Finance, State Planning Commission and State Audit Administration. Best regards, Selina Shum

CC: Messrs. *Sonmez / Van der Lugt / Ashraf (RMC)*

TRANSMISSION AUTHORIZED BY: Selina Shum, Senior Financial Analyst, AS3IE

If you experience any problem in receiving this transmission, inform the sender at the telephone or fax. no. listed above.

Foreign Funds Application Audit Department,  
Audit Administration Of PRC,  
18A Taiping Road,  
Beijing 100039, China

April 9, 1992

Mr. Rovani,  
Director General of OED,  
The World Bank,  
Washington D.C. 20433 U.S.A.

Dear Mr.

I'm very glad to receive the letter of Asian Development Bank to invite me to attend the seminar on performance evaluation held in Malasia in May and, approved by my leader, I will arrive there on time. I want to express my sincere gratitude to you and believe it is the result of your effort.

Told by Mr. Robert Van Der Lugt, Deputy representative of The World Bank Resident Mission in China, you are going to attend this seminar. I'm pleased to meet you again and hope to listen more experience on performance evaluation introduced by you.

Your sincerely



Li Jianmin

China

The World Bank/IFC/MIGA  
OFFICE MEMORANDUM

DATE: March 6, 1992 12:40pm EST

TO: Telex & Facsimile System ( WDIAL@TELEX )

FROM: Pablo Guerrero, DGO ( PABLO GUERRERO )

EXT.: 31717

SUBJECT: China - Kuala Lumpur Seminar

OINFO

-----  
-SUBJECT : China - Kuala Lumpur Seminar

-DRAFTED BY: Pablo Guerrero

EXT: 31717

-AUTHORIZED BY: Pablo Guerrero  
-----

FAX

-FAX # 90116327417961

-#RETURN 202-6760625

-Mr. Mahboob Alam, Chief, Post Evaluation Office

-Asian Development Bank

-MANILA, PHILIPPINES

-China Audit Administration - Kuala Lumpur Seminar

-Urgent

BT

WASHINGTON, D.C. 06-Mar-1992

Dear Mahboob:

In all probability, you will shortly receive a request from the State Audit Administration of the PRC to be invited to participate in the DAC/ADB Seminar on Performance Evaluation. The Bank has been supporting its Foreign Funds Utilization Branch in strengthening its evaluation capacity. In the last year we presented a one week workshop on PCR and performance audit preparation to SAA staff, and at the beginning of last December the SAA and the Ministry of Finance attended our seminar here in Washington. In addition, Yves and myself spent a few days in Beijing last October discussing with the SAA, the Ministry of Finance and other relevant parties, including the SPC and the CIECC, the desirable elements of a framework for establishing an ex-post evaluation system in China.

I have consulted on this matter with John Eriksson and he supports our suggestion that SAA be invited and that you be contacted. The size and complexity of China merits being represented by more than the three institutions already invited. But more importantly, the SAA has audit responsibilities for all foreign funds' utilization making it a key actor.

If you agree, the invitation should be directed to Mr. Li Jianmin, Director, Foreign Funds Utilization Audit Department, Audit

Administration of the PRC (FAX 0086-01-8211873).

Mahboob, thanks very much for your continued support; it really helps all of us pull in the same direction. Please let me know what you decide. Incidentally, will I see you in Paris on March 19?

Best regards,


Pablo Guerrero  
Special Adviser to the DGO

## OFFICE MEMORANDUM

File China

DATE: March 3, 1992

TO: Mr. Graham Donaldson, Chief, OEDD1

FROM:  Paul Duane, OEDD1

EXTENSION: 31728

SUBJECT: CHINA - Rural Sector Adjustment Project  
(Ln.2967-CHA and Cr.1932-CHA)  
Back-to-Office Report of Audit Mission

1. In line with your Terms of Reference of January 24, 1992, I started mission activities in Beijing on February 10 and departed on February 24. The period of February 11-20 was spent on a review of Regional Reform Programs in three provinces: Jiangsu, Shandong and Henan. A formal wrap-up meeting, attended by the principal central agencies involved, was held in Beijing on February 22. Annex 1 lists places visited and persons met.

2. My preliminary findings are that this Rural Sector Adjustment Loan (RSAL) operation was a satisfactory one, due mainly to a persistent commitment of the Central Government and of provincial and local governments to a search for better economic policies. The Bank played an important, but subordinate role, offering independent and helpful dialogue and a relatively small loan/credit of US\$300 million. There was no policy conditionality.

3. On the eve of my departure for China, I felt that the Government's macro-economic stabilization program, which had its most adverse effect on RSAL in 1989 (the year of the Tiananmen Square incident), would dominate the set of evaluation issues. After two weeks in China, I came to the conclusion that the most significant attribute of this project, responsible largely for its effectiveness, has been the obvious commitment to the RSAL reforms by Government. This will be the major issue examined in my draft audit report, scheduled for delivery to you not later than April 10. The effect on the project of macro-economic instability may fade as an issue.

4. This China project had a unique feature - its use of experimental policy making by so-called experimental zone offices scattered across a number of provinces. This innovation could be of interest to other borrowers. China's strong commitment to reform and the absence of any economic crisis requiring emergency, quick-disbursing funds contrast noticeably with the typical characteristics of AgSECALs currently under review in the AgSECAL paper. As a result, the audit will probably note its support of policy-based operations whose only, or main, rationale is to improve policies.

5. The following may be of interest to future OED missions to China. First, CATIC (see Annex 1), which was my principal host agency, hired an excellent interpreter, Mr. Zhuang Ming-Liang - a lecturer from the UN Language Training Programme for Interpreters and Translators. Mr. Zhuang played an essential role in making my discussions effective. Second, it took a while for me to realize that my business cards made the same impression on most Chinese as some of their's made on me. Some of their cards carried Chinese characters only, which protected their identity completely, just as my card, in Latin script only, protected mine. The cards of a majority of Chinese officials, fortunately, explained who they were in both Chinese and English. The small lesson that I wish to pass on is this: OED missions should carry a Chinese translation of their business cards.

cc: Messrs. Köpp (OEDDR) and Guerrero (DGO)



ANNEX 1PLACES VISITED, PERSONS META. Provincial Cities and TownsWuxian, Jiangsu Province

Mr. Xue Richeng            Vice-Director  
Experimental Zone, Changsu Area

Mr. Chen Ping             Director  
Changsu Agribusiness Investment and Development  
Corporation

Mr. Ding Qiming          Agronomist, Wu County  
Agricultural Modernization Office (Chief)

Mr. Yang Jing Ming        General Manager  
Suzhou Wuxian Agriculture, Industry and Commerce  
Company

Mr. Xu Ru Xiang          Agricultural Economist and Vice-Director  
Office of Jiangsu Experiment Zone for  
Agriculture Modernization

Wuxi, Jiangsu Province

Mr. Guo Ji Ji             General Manager  
Wuxi County Agricultural Service Company

Mr. Hu Yao Chang         Deputy Director and Engineer  
Wuxi County Agricultural Modernization Office

Zibo Zhoucun, Shandong Province

Mr. Cui Honggang         Vice-Secretary  
Committee of CPC

Mr. Yu Mao An             Director  
Provincial Experimental Zones Office

Mr. Zhang Xin Sheng      Director  
Experimental Zone Office

Mr. Zhang Xin Wen         Deputy Director  
Municipal Office Experimental Zone, Zibo

Mr. Gao Shan                    Executing Deputy Director  
 Zibo Rural Reform Office

Pingdu, Shandong Province

Mr. Wang Zeng Xiao          Vice-Major  
 Pingdu City

Mr. Zou Shu Liang          Deputy Secretary  
 Pingdu Municipal CPC Committee

Mr. Ma Qin Xiu              Director  
 Animal Husbandry Office, Pingdu Government

Xingxiang, Henan Province

Ms. Wang Ying              Vice-Director and Economist  
 Office of Trial District of Purchase and Sale  
 Grain Structural Reforms, the People's  
 Government, Xingxiang

Mr. Wang Dao-Tong         General Manager  
 Agricultural Development Company

B. Beijing

China Agribusiness Development Trust and Investment Company (CATIC)

Mr. Yin Lantian            Vice-President

Mr. Yang Xiaoyang        Vice-President

Mr. Deng Gang            Deputy Director, The World Bank Loans  
 Administration Office

Ms. Jia Yizhao            Officer, Business Division A

China National Chemicals Import & Export Corp. (SINOCHEM)

Mr. Cui Guangqing        Officer, Fertilizers Division

Mr. Cui Jianhua          Officer, Finance and Accounting Division

Ministry of Finance

Mr. Zhao Hong            Chief, Agriculture and Forestry Division, World  
 Bank Department

Audit Administration of PRC

Mrs. Yu Weiping Auditor Division Chief, Foreign Fund Utilization  
Audit Bureau



Development Research Centre of the State Council

Mr. Chen Xiwen Research Fellow and Deputy Director, Department  
of Rural Development

Ministry of Agriculture, Research Centre for Rural Development

Mr. Du Ying Acting Director, Executive Office for Rural  
Reform Experimental Areas

Mrs. Chen Feng Deputy Director Economist, Executive Office for  
Rural Reform Experimental Areas

Mr. Zhang Dongke Research Fellow and Deputy Department Chief,  
Office for Rural Reform Experiment Areas

Mr. Yang Jing Ming Officer

THE WORLD BANK

ROUTING SLIP		DATE 1/31
FROM THE OFFICE OF THE DIRECTOR-GENERAL, OPERATIONS EVALUATION		
NAME YR		ROOM NO.
China File		
agreed		
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
COMMENT	PER OUR CONVERSATION	
FOR ACTION	PER YOUR REQUEST	
INFORMATION	PREPARE REPLY	
TIAL	RECOMMENDATION	
NOTE AND FILE	SIGNATURE	
REMARKS		
<p><u>China- ECOP</u></p> <ul style="list-style-type: none"> <li>- An EDI/OED Seminar would only be a short-term activity (certainly not enough!).</li> <li>- For the longer term, performance evaluation through the <u>EDI</u> <u>networks</u> would be explored.</li> <li>- This is a matter you might have to discuss with Golau.</li> </ul>		
FROM:		
PG		

A L L - I N - 1 N O T E

DATE: 24-Jan-1992 02:54pm

TO: Robert Lacey ( ROBERT LACEY )

FROM: Kee-Cheok Cheong, EDICD ( KEE-CHEOK CHEONG )

EXT.: 36380

SUBJECT: China Project Performance Audit Training

I participated in a meeting chaired by Mr. Kimura, and attended by Ms. Shum and Messrs. Guerrero and Van der Lugt. I confirmed that EDICD, jointly with OED, had undertaken a similar activity for Morocco, and that scheduling the proposed activity for FY93 would be feasible. In the discussions, both the content of, and institutional arrangements for, the activity were flagged as issues to be clarified by EA2. OED will work with EDI to develop this activity. A separate issue was that of longer term training, it being stressed by EA2 that training not only on performance audit but also on all aspects of the project cycle would be important for the EDI networks.

On the activity itself, we would need to designate a staff member to work with OED and EA2. On the longer term question of training for the networks, I shall solicit the views of EDI colleagues working with the networks when I discuss the forthcoming China Reform, Institutional Support and Preinvestment Project with them.

CC: Amnon Golan ( AMNON GOLAN )  
CC: Alexander H. ter Weele ( ALEXANDER H. TER WEELE )  
CC: Hyung-Ki Kim ( HYUNG-KI KIM )  
CC: Yo Kimura ( YO KIMURA )  
CC: Selina Shum ( SELINA SHUM )  
CC: Pablo Guerrero ( PABLO GUERRERO )  
CC: ROBERT VAN DER LUGT ( ROBERT VAN DER LUGT @A1@CHINA )

# OFFICE MEMORANDUM

File CHINA

PG

by mentioning it  
that they say  
contributed  
little be enough  
might not in China!

DATE: January 16, 1992

TO: Mr. Amnon Golan, Director, EDI

THROUGH: Mr. Robert Lacey, Chief, EDICD ✓

FROM: Kee-Check Cheong, EDICD ✓

EXTENSION: 36380

SUBJECT: China: Project Performance Audit Training

I have discussed Mr. Kimura's request for EDI assistance on the above (his EM is attached) with Mr. Lacey, who feels that EDICD can indeed undertake this training provided that its scheduling will not conflict with the Division's existing commitments. A delivery date set for FY93 would be preferred. The North African training referred to in Mr. Kimura's EM was undertaken in this Division, so that the incremental staff effort appears manageable. In a preliminary conversation with Ms. Shum, EA2, I was given to understand that OED would be willing to participate in this activity. With your permission, I plan to meet with Mr. Kimura/Ms. Shum to discuss this in greater detail.

cc: Messrs./Mesdames Kimura, Shum, Van der Lugt, **Rovani**, Pearce, Sun.

Mr Cheong

Kee - Cheok,

*This sounds like a good idea, I hope our staff resources will permit us to do it.*

*AC*

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: January 8, 1992 11:05am

TO: Kee-Cheok Cheong ( KEE-CHEOK CHEONG )

FROM: Yo Kimura, EA2DR ( YO KIMURA )

EXT.: 81108

SUBJECT: CHINA: Training - Project Performance Audit

1. Since 1980, the Bank has approved more than 100 projects for China and the number of completed projects has increased significantly over the last year. However, the function of project performance audit is still novel to China. The Chinese authorities have recently decided that the State Audit Administration (SAA) would be responsible for the financial aspects of project performance audit. In response to SAA's request for training, and at the suggestion of OED, we would like to request for EDI's assistance to organize a training program for SAA in project performance audit. Consultants, mainly ex-Bank staff, could be funded under the audit subproject (Special Credit). We understand that EDI has recently organized training workshops on project performance audit for north African countries with participation from OED. Similar assistance from you for China would be greatly appreciated.

2. Please let me, or Ms. Selina Shum, know your response.  
Thank you.

CC: Yves Rovani	( YVES ROVANI )
CC: Pablo Guerrero	( PABLO GUERRERO )
CC: Amnon Golan	( AMNON GOLAN )
CC: Peter Sun	( PETER SUN )
CC: Shahid Javed Burki	( SHAHID JAVED BURKI )
CC: David Pearce	( DAVID PEARCE )
CC: Joseph Goldberg	( JOSEPH GOLDBERG )
CC: Barbara Kafka	( BARBARA KAFKA )
CC: Selina Shum	( SELINA SHUM )
CC: Daud Ahmad	( DAUD AHMAD )
CC: Zafer Ecevit	( ZAFER ECEVIT )

The World Bank/IFC/MIGA  
O F F I C E M E M O R A N D U M

DATE: January 11, 1992 03:28pm

TO: Yo Kimura ( YO KIMURA )

FROM: Robert Van Der Lugt, EA2CH ( HQ VISITOR FIFTEEN )

EXT.: 82448

SUBJECT: China Project Performance Audit Training

With refernce to the training in project performance auditing, I have a few additional ideas, given the fact for example that substantial training of this nature was provided to the Pakistan Auditor General. There might be replicability. In the case of Pakistan there was both substantial training as well as the development of a series of handbooks. However, the nature of the training will of course depend on the amount of money that is left.

Another element is the institutional arrangements. It seems that in their usual fashion, the Chinese have progressed in clarifying ths system only partly, leaving the overall rsponsability still vague. However, here we might get further clues when we know the composition of the Chinese delegation to the evaluation seminar in Malaysia that is being sposed by DAC and ADB.

Maybe we can call a short meeting to discuss further.

CC: Selina Shum ( SELINA SHUM )  
CC: Pablo Guerrero ( PABLO GUERRERO )  
CC: Peter Sun ( PETER SUN )  
CC: Kee-Cheok Cheong ( KEE-CHEOK CHEONG )  
CC: Asia ISC Files ( ASIA ISC FILES )



THE WORLD BANK/IFC/M.I. A.

Headquarters: Washington, D.C. 20433 U.S.A.

Tel. No. (202) 477-1234 // Fax Tel. No. (202) 477-6391 // Telex No. RCA 248423

FACSIMILE COVER SHEET AND MESSAGE

DATE: January 6, 1992

NO. OF PAGES: 2  
(including this sheet)

MESSAGE NUMBER: \

TO

Name: \Miss Selina Shum, AS3IE

Organization: \

Fax Tel. No. \71273

City: \

Country: \

FROM

Name: \Pablo Guerrero, DGO

Dept./Div. \

Room No. \

Fax Tel. No. \

Dept/Div No. \

Tel. No. \

SUBJECT: \China - ECDP

MESSAGE: Please see attached.

\



Transmission authorized by: \Pablo Guerrero, Special Advisor & Assist. to the Director Gen. OED

If you experience any problem in receiving this transmission, inform the sender at the telephone or fax number listed above.

✓ M Guerrero 2001  
Circulate to  
OED Bureau  
China

Foreign Funds Application Audit Department,  
Audit Administration of China,  
18A Taiping Road,  
Beijing 100039, China

Dec. 28, 1991

Mr. Rovani,  
Director General of OED,  
The World Bank,  
Washington D.C. 20433 U.S.A.

Dear Mr. Rovani,

Thank you very much for the thoughtful arrangement and hospitality you have shown us. Our discussion was also harmonious and successful which set up good relation between us for post evaluation of the projects.

AAPRC will play on the due function in this work which has bright persepective in China. I hope that we can make further cooperation with you and get your continuous help and support.

With best regards to you and your colleague.

Your Sincerely



Li Jianmin