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EVALUATION CAPABILITY DEV. PROGRAM
China - Vol. 7



 **Archives**  **30291374**
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China - Evaluation Capability Development Program - Volume 7

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CLOSE-OUT SHEET

This File Covers The Period From 12-10-93 To 8-17-94
For Further Correspondence, See China - Vol. 8

C0440
(4-90)

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

DATE: August 17, 1994 12:13pm

TO: DAVID RIX (DAVID RIX @A1@WBHQB)

FROM: Pablo Guerrero, DGO (PABLO GUERRERO)

EXT.: 31717

SUBJECT: China - IDF
TOR for Report to State Council

David:

Thanks for sending me a copy of the above. I have studied them and agree with their thrust. Of course, you might want to tell Mr. Hong that we would be honored to review a draft prior to them finalizing the report for State Council. Please also note that it appears that SAA has won the battle for the lead.

CC: DGO Files (DGO FILES)

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

DATE: August 15, 1994 10:18am

TO: DAVID RIX (DAVID RIX @A1@WBHQB)

FROM: Pablo Guerrero, DGO (PABLO GUERRERO)

EXT.: 31717

SUBJECT: Re: China IDF Study Tour

David:

Some follow up needed on your side:

1. Canada, Sweden and the US agencies have agreed to the proposed visits.

2. Please confirm the dates of the visits:

Sweden- September 5 and 6
Canada- September 12 and 13
USA - September 14 to 16

3. Could you forward to each a list of the participants. In addition, for the US agencies (except the Bank), please confirm by fax or phone the specific dates. You should also ask them for the day's agenda:

US GAO - September 14 - To Mr. Aliferis
US AID - September 15 - To Mr. Eriksson

They will meet with us on September 16 (I will help you arrange a program). I will be away next week.

Thanks.

CC: DGO Files

(DGO FILES)

ROUTING SLIP		DATE: 8/11
FROM THE OFFICE OF THE DIRECTOR-GENERAL, OPERATIONS EVALUATION		
NAME		ROOM NO.
1. R.P.		
2. China ECDP.		
	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:		
<p><u>Re: China ECD</u></p> <p>Attached is the final program I've worked out with SIDA for the Chinese delegation. (Meetings will focus on structure, processes and methodology).</p>		
FROM: P. G.		

The Swedish National Audit Office
International Secretariat

Encl

- Monday 5/9 The Swedish National Audit Office (RRV)
Address: Drottninggatan 89
- 9.30-10 Introduction to RRV
Mrs Inga-Britt Ahlenius, Auditor General
Mr Göran Hyltander, Audit Director
- 10-12 Methods for follow-up, evaluation and
analysis of the results of government programmes.
Mr Jan-Eric Furubo, Audit Director
- 12.30-14 Lunch at RRV
- 14-16 Concepts and methods in Performance Auditing/
Value for Money (VFM)
Mr Tony Angleryd, Audit Director
- Tuesday 6/9
- 10-12 Swedish International Development Authority
(SIDA)
Address: Birger Jarlsgatan 61

Mr Stefan Dahlgren, Head of Evaluation unit
- 12-14 Lunch at SIDA
- 14-16 Secretariat for analysis of Swedish Development
assistance (SASDA/SAU)
Address: Klarabergsgatan 23

Mr Enrique Ganuza, Senior policy analyst

→ China

**WORLD BANK DEPARTMENT
MINISTRY OF FINANCE**

MOF

**中华人民共和国财政部
世界银行业务司**

*Sanlihe, Xicheng District
Beijing 100820 People's Republic of China*

August 5, 1994

To: Mr. Zafer Ecevit, Chief
Country Operations Division
China and Mongolia Department
East Asia and Pacific Region
The World Bank
Washington, D.C.
U.S.A.

Copy to: Mr. David Rix
Mr. Pablo Guerrero, Special Advisor, Operations Evaluation ✓

Dear Mr. Ecevit:

We are pleased that arrangements have been made for the Chinese delegation to visit the World Bank and the relevant agencies in US, Canada and Sweden for the study of their performance evaluation experience. We are very grateful to you for assistance in arranging all the meetings and would like to confirm our itinerary as follows:

September 5 and 6 - Sweden

Swedish International Development Authority
National Audit Office
SASDA (Swedish Parliament Evaluation Commission)

September 7 through 9 - United Kingdom

Overseas Development Administration
National Audit Office

September 12 and 13 - Canada

Canadian International Development Agency
Auditor General of Canada
Ministry of Public Works

September 14 through 16 - USA

**WORLD BANK DEPARTMENT
MINISTRY OF FINANCE**

*Sanlihe, Xicheng District
Beijing 100820 People's Republic of China*

MOF

**中华人民共和国财政部
世界银行业务司**

US. Agency for International Development
US. General Accounting Office
The World Bank

The Chinese delegation comprises the following members:

- | | | |
|----------------------|--------------------|--|
| 1. Mr. Li Yong, | Delegation Leader, | Deputy Director,
World Bank Department
Ministry of Finance |
| 2. Mr. Hong Houqi | | Project Officer
World Bank Department
Ministry of Finance |
| 3. Ms. Xiang Ying | | Interpreter
World Bank Department
Ministry of Finance |
| 4. Mr. Liao Yunchen | | Deputy Director
Post Evaluation Department
State Development Bank |
| 5. Mr. Wang Kuizhong | | Deputy Director
Finance Department
Ministry of Railway |
| 6. Mr. Yu Shoufa | | Deputy Director
Research Institute for Standards and
Norms
Ministry of Construction |
| 7. Mr. Xia Tongqing | | Chief Engineer
Expert Office
China International Engineering
Consulting Company |

**WORLD BANK DEPARTMENT
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Beijing 100820 People's Republic of China*

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**中华人民共和国财政部
世界银行业务司**

8. Mr. Wang Zhuchuan

Deputy Division Chief
Key Construction Department
State Planning Commission

9. Mr. Cheng Wusheng

Division Chief
Capital Construction Audit Department
State Audit Administration

10. Mr. Li Minxin

Deputy Director
Investment Investigation Department
People's Construction Bank of China

We would appreciate your prompt response by telex to the proposed mission and its itinerary. If the above proposal is acceptable, please authorize or help arrange the relevant agencies to authorize the US Embassy, the Canadian Embassy and the Swedish Embassy in Beijing to issue visas for the delegation at their earliest convenience.

Thanks and best regards.



Jin Liqun
Director
World Bank Department
Ministry of Finance
P. R. China

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

DATE: 12-Jun-1994 02:31pm

TO: NICHOLAS HOPE

(NICHOLAS HOPE @A1@WBHQB)

FROM: Robert Picciotto, DGO

(ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: You may be interested in the attached. These issues are central to ECD in China and Indonesia as you noted during the Friday meeting.

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

DATE: 12-Jun-1994 02:24pm EST

TO: Mike Stevens (MIKE STEVENS)

FROM: Robert Picciotto, DGO (ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: RE: OECD Evaluation Experience

It is too bad your comments were not sent earlier -- or indeed contributed to your colleagues on the task force at the drafting stage.

This said, late is better than never. The comments are perceptive and helpful as they illustrate the complementarity between evaluation and a specific aspect of improved public sector management, i.e. budget discipline.

The other side of the same coin, however, is that budget disciplin without effective evaluation may have unintended effects; e.g. by freezing inappropriate patterns of spending even as expenditures are reduced or their growth controlled (the Gramm-Rudman syndrome).

As far as the OECD experience is concerned, I agree with much of what you say but it would be a mistake to understate the influence of evaluation in policy making and legislative content (e.g. in the US, France and Sweden) with respect to issues of program relevance and effectiveness -- as distinct from budget allocation processes. The link between the executive budgeting system and evaluation is weak in the US but many GAO studies (and some Inspectors General interventions) are nevertheless influential and helpful in shaping policy and enhancing accountability for results.

Still, your point is emblematic of the synergy between evaluation and the rest of the economic governance "tool kit" -- including public expenditures management; modern auditing; greater public disclosure; more participative decision making, etc. There is no doubt that reform in these areas increases the value added by evaluation.

This said, I would not go so far as you when you appear to imply that evaluation should not be provided wherever public expenditures management is centralized. Provided it is professional and independent, evaluation adds value -- even under a relatively centralized decision making regime. The Bank under the McNamara Presidency might be advanced as an illustration of this thesis.

Besides, a well conceived ECD strategy can be geared to

facilitating decentralization by (i) inducing competition within the system; and (ii) encouraging constructive cooperation by strengthening professional linkages across agencies.

The fact is that a planning agency focussing on results is more effective than a planning agency focussing on spending. In effect, planning agencies can be influenced from within as well as from without. And capacity building rarely occurs merely by withholding support.

Of course, where governance is rotten through and through no amount of evaluation will help. Furthermore, ECD should not be used to build up only or even mostly the central agencies. So, there is no substitute for a well calibrated, properly sequenced and suitably designed ECD work program explicitly viewed as one (largely neglected today) strategic component of PSM.

This debate is about details. The bottom line is that we are very encouraged about OPR's taking this topic on board and that we look forward to even more fruitful OPR-OED cooperation in the future -- in support of more effective public sector management.

CC: Harinder Kohli
CC: Pablo Guerrero

(HARINDER KOHLI)
(PABLO GUERRERO)

PG

asked to see
some CI/CC detailed
output. I am not
sure this is what
they sent. I would
don't know what
this is or where
it comes from.

→ China

Status of Post_evaluation on 33 State Key Construction Projects

1. Mandated by the State Planning Commission, our company waged a post_evaluation on 9 foreign sponsored projects in 1988. From 1990, two batches of post_evaluation have been made for 24 State Key Construction projects, and in the mean time, "A Temporary regulation of post_evaluation on State Key Construction project" was made up (used only at home) which set up the foundation of project selection, main content and procedure of post_evaluation. As a resolution, the post_evaluation work is formally in the test operation.
2. So far, the post_evaluation work on 33 State Key Construction projects has been made(see the attached table in detail). The projects include 9 electric power and coal items, 9 railway, harbor, highway and airport items, 3 petrochemical items, 2 chemical fertilizer items, 3 nonferrous metallurgical items, 2 cement items, 1 high sensitive material item, 1 agriculture item, 1 broadcasting and education item. Among 33 items, there are 6 projects sponsored by the World Bank, 2 projects sponsored by JICA, 1 project were sponsored by Australia government loan, and the rest projects were mainly sponsored by domestic loan with partial foreign loan to import technology and facilities.
3. According to the post_evaluation results, the 33 projects could be divided into three categories. The first category includes 30 projects which cover 91 percent of the total, they met the demand of development of national economy and reached design productivity. The economy efficiency of enterprises is better in spite that there are different problems in product and construction. The second category includes 2 projects which cover 6 percent of the total. They also met the demand of economy development and market, but did not reach the design productivity, and the economical efficiency of the enterprises is bad. So the further investment is needed for reform of the enterprises. The third category is one failing by the wrong decision making, which covers 3 percent of the total. The economic lose is irretrievable.
4. The problems reflected from the post_evaluation are briefly listed as follows:
 - 1) Investment is far beyond the budgetary estimate, the total capital invested is 26.2 billion YMB¥ according to the budgetary estimate, but in fact the capital invested is 45.5 billion YMB¥ which is more than the budgetary estimate by average of 67 percent. Except 7 projects that are unbiased, the rest projects which account to 82 percent are beyond the budgetary estimate in different degree. there are 5 projects which the capital invested is more than two times budgetary estimate. The causes of the over_investment could be due to the price reform, flaws of design and prospecting, bad construction management, and subjective factors.

- 2) Due to the mechanism of lacking dangerproof in the utilization of foreign loan, in the status of increasing value of Japanese ¥ and Mark and USD, the RMB exchange rate is reduced, this added debts of enterprises and made the enterprises unable to replay debts in time.
- 3) The constructions among projects are not synchronous and matching. For example, the construction of Yan Zhou coal mine was not keep up with one of the Yan Shi railway and Shijiu Suo harbor, as a result, the He Yan railway had to have been rebuilt, and a new Xin He railway had been built; so the Shan Xi coal exported from Shijiu Suo harbor. And another example, Some byproducts could not be used synthetically, the pollution of the environment had been caused.
- 4) The technology and facilities imported are premature in some projects, and the design productivity has not been reached for a long period. Some are due to imprudence in signing contract and some are due to the unmatched of the foreign facilities with the domestic construction projects.
- 5) The market demand predicting of some projects is inaccuracy, due to make allowances for the interests of departments and sub_national governments. The products of projects could not be sold. So the serious economic lose is caused.
- 6) The post_evaluation report and expert opinions could be offered the mandated units, responsible departments and project units. Through the effective back_feed of post_evaluation results, the problems existed in some projects could be resolved in time by the associated departments. For example, the instability of the product which results from the variation of operation in some enterprises could be resolved by concerning departments to reach swiftly the design productivity. In the next process of expanding productivity, some projects could be built more smooth in later construction period by adopting the experience of the importing equipment in early period. The intermediate evaluation on some projects resolved the problems in construction process and ensured the project progress and quality in time.

Comprehensive Table of the Post_evaluation on 33 Projects

No.	Project	Capital Invested (10000 RMB¥)	Time Limit	New Productivity	Producing Status at Post-Evaluation	Remark
1	multi-line and electrification of Hengyang-Guangzhou railway	372,200	1978.9-1988.11	reforming 526.6 kilometers railway, cargo carrying capacity reaching 30 million tons a year	reached	
2	Jiangbei airport of Chongqing	35,002	1985.11-1990.1	passenger transporting capacity reaching one million person-times a year	reached	
3	the third phase of coal dock of Qinhuangdao port	51,196.5	1984.4-1990.7	coal carrying capacity reaching 30 million tons a year	reached	
4	monk island dock of Dalian port	22,046.6	1985.4-1988.9	cargo carrying capacity reaching 5.4 million tons a year	reached	
5	expressway of Shenyang-Dalian	219,000	1984.6-1990.9	375 kilometers	reached	
6	railway of Yanzhou mine-Shijiusuo	85,396 foreign capital: 39.7 billion Japanese ¥	1980.4-1985.12	308 kilometers, 12.64 million tons a year in 1990, 18 million tons a year in 1995	reached	loan from JICA
	railway of Xinxiang-Heze	102,510.9 foreign capital: 105,711 thousand USD	1983.2-1985.12	337 kilometers, 19.54 million tons a year in 1990, 22.07 million tons a year in 1995	reached	
8	rural highway of south west China					
	Yunnan	6,600 foreign capital: 6,864 thousand USD	1985.11-1989.3		reached	loan from the World Bank
	Sichuan	11,851 foreign capital: 10,280 thousand USD	1985.10-1989.10		reached	loan from the World Bank
9	the second phase of coal dock of Qinhuangdao port	22,988.8 foreign capital: 27.313 billion Japanese ¥	1980.4-1985.7	20 million tons a year	reached	loan from JICA
10	Baodian pit of Yanzhou mining area	49,475	1977.10-1985.12	3 million tons of raw coal a year	reached	
11	Yanzhou mining area	347,000	1965-1988	12.25 million tons of raw coal a year	86 percent more reached	
12	the first phase of electric power factory of Zou country	56,344	1983.10-1986.11	installed capacity 2x300 MW	reached	
13	electric power factory of Shiheng of Shandong	123,695	1984.5-1988.12	installed capacity 2x300 MW	reached	
14	Dalian electric power factory of Huaneng	156,760	1986.8-1988.12	installed capacity 2x350 MW	reached	
15	Fuzhou electric factory of Huaneng	-----	1986.8 -	installed capacity 2x350 MW	reached	
16	Shidongkou electric factory of Shanghai	175,793	1985.7-1990.5	installed capacity 4x300 MW	reached	
17	grade-2 hydroelectric station of Tiansheng bridge (intermediate evaluation)	not completed	1982-	installed capacity 6x220 MW	reached	
18	500,000 V high voltage circuit of Xuzhou-Shanghai	35,772.6 foreign capital: 77,340 thousand USD	1984-1988		reached	loan from the World Bank

No.	Project	Capital invested (10000 RMB¥)	time limit	new productivity	producing status at post-evaluation	remark
19	300000 ton of ethylene of Daring	514,000	1979.8-1988.12	300 thousand tons of ethylene and 670 thousand tons of other petrochemical products a year	reached	
20	materials of 300000 tons of ethylene of Daqing	94,490	1979-1988	650 thousand tons of light hydrocarbon a year and other materials of ethylene	basically reached	
21	300000 tons of ethylene of Yangzi	801,000	1979-1989	300 thousand tons of ethylene a year and other petrochemical products	80 percent reached	
22	Shanxi chemical fertilizer factory	165,000	1983-1987	900 thousand tons of nitric phosphorus fertilizer a year	47.6 percent reached	
23	reform for saving energy of Liaohe chemical fertilizer factory	2,517.8 foreign capital: 6,583 thousand USD	1988.9-1988.11		reached	loan from the World Bank
24	the first phase of Qinghai aluminum factory	81,312	1985.4-1988.12	100 thousand tons of electrolytic aluminum a year	50 percent less reached	
25	the first phase of Shanxi aluminum factory	92,760	1983-1987	200 thousand tons of alumina a year	great unreached	
26	the second phase of the extension of Jinchuan(intermediate evaluation)	211,950	1984-	20 thousand tons of nickel and 10 thousand tons of copper a year		
27	the extension of Liuzhou cement factory	32,000	1984.2-1986.12	1030 thousand tons of cement a year	70 percent reached in 1992	
28	Shunchang cement factory	46,892 foreign capital: 2311.5 thousand USD	1985.4-1988.8	620 thousand tons of cement a year	reached	loan from the Australia
29	Xiamen color high sensitive material	61,039	1985.1-1988.11	1100m2 photo high sensitive material a year (including 32 million rolls of color films)	25-30 percent reached	
30	Anyang glass shell of color tube	120,779	1987.12-1991.4	4500 thousand sets of glass shells equivalent to 18"	reached	
31	Guangzhou rubber plantation	48,490 foreign capital: 6,583 thousand USD	1984-1989	44.5 thousand hectares	reached	loan from the World Bank
32	central color TV center	23,500	1982.12-1987	transmitting five sets of color programs, 240 hours a week, time of manufacturing program surpassing 63.5 hours a week	4 sets of programs transmitted, 240 hours a week, 35 hours of manufacturing program	
33	TV university and short_term staff university	25,416 foreign capital: 74,900 thousand USD	1984-1989		reached	loan from the World Bank
	TOTAL	4,194,777.2 foreign capital: 290,572.5 thousand USD 67.013 billion Japanese ¥				

OFFICE MEMORANDUM2/16
330

DATE: June 2, 1994

TO: Files

FROM: Daud Ahmad, Chief of Operations Unit

EXTENSION: 3100

SUBJECT: Visit of Mr. Robert Picciotto

Mr. Robert Picciotto, Director General of Operations Evaluation Department (OED) visited Beijing during May 16-19 to participate in the MOF sponsored high level seminar on Post Evaluation (P.E). OED is taking the lead in an IDF funded exercise to establish performance evaluation capacity in the public sector of China. The IDF Performance Evaluation Project was approved in 1993 and a consultant was hired to prepare a background report on status of P.E in China and to make preliminary recommendation for its enhancement. The high-level seminar was organized by MOF to discuss the consultant's draft report dated February 1994.

During his visit, Mr. Picciotto met with a number of GOC officials; a brief report on these meetings follows:

China International Engineering Consultant Corporation (CIECC)

Mr. Picciotto met with the Chairman of CIECC Mr. Chen Guangjian, along with other senior staff. CIECC, established in 1982, is a consulting outfit of SPC responsible for pre-appraisal, appraisal and post evaluation of projects on behalf of SPC. Most of W.B projects are reviewed by CIECC prior to SPC clearance. CIECC also undertakes macro economic research. Beginning 1990, CIECC has been engaged in post evaluation of selected projects. To date it has reviewed 34 (including 5 W.B financed) projects. CIECC has established a separate "independent" expert committee for this purpose, later on this is to be converted into a bureau. CIECC is the main counterpart for an ODA funded study to introduce P.E in China. It is one of the contenders for the lead agency role in this area.

Mr. Picciotto briefed CIECC officials on role and set-up of OED. He raised a number of questions to probe the suitability of CIECC as an independent P.E agency given its involvement in project review/approval process. CIECC response was that its P.E function is housed separately from the project review process.

Ministry of Construction (MOC)

Mr. Picciotto met with Mr. Tan Qinglian, Vice Minister, MOC. This ministry is responsible for, *inter alia*, establishing "construction norms and standards" in China. It has also been doing checking and acceptance of various projects on behalf of GOC. Since 1988, MOC has been involved in P.E research, particularly the ODA funded study mentioned above. The meeting covered broad discussion of P.E principles and the need to establish P.E in China. In the end, Vice Minister Tan also asked for W.B help to support MOC's housing program; I will do a separate note on this.

State Planning Commission (SPC)

Mr. Picciotto met with Messrs. Chen Tonghai (Vice Chairman) and Jiang Weixin (Deputy Director, Bureau of Key Projects). This was a very substantive meeting in which principles and options for introduction of P.E in China were discussed. In his presentation, Mr. Picciotto highlighted four basic principles:

- * Main client for P.E should be the highest level of government in China i.e. the State Council
- * One could start the P.E process as project evaluation and build on it to cover program and policy evaluation.
- * The process of P.E should be grounded in self evaluation.
- * There should be a coherent but decentralized organization structure covering various aspects of P.E -- self evaluation to overall monitoring.

The MOF consultant has proposed two options (institutional set-up) for establishing P.E system in China:

- 1) to create a new control Post-Evaluation Office under the State Council with linkage to several other control agencies with distinct evaluation responsibilities. (This is seen as a long term ideal solution, but may not be practical now), and
- 2) a two-tiered system:
 - i) an evaluation co-ordination unit at the S.C level for formulation of evaluation policies; and
 - ii) at operational level, P.E Units responsible for implementation of actual evaluation.

Another suggested variation of the above is to split the central functions into three categories: oversight and co-ordination (say SAA^{1/}); Program evaluation (SPC) and Policy evaluation (MOF). Self evaluation should be carried by implementing agencies.

Mr. Chen endorsed the need for enhancement of P.E system in China and elaborated on the role of SPC in analysis of macro economic policies, sector programs and key projects. He briefed Mr. Picciotto about the on-going activities of SPC in P.E, particularly the role of CIECC, while acknowledging the need for improvement in this area. Being an independent agency, SPC claims a strong role in future P.E set-up.

Tianjin Visit

Mr. Picciotto visited Tianjin for 1½ day to see a number of Bank projects: Beijing-Tianjin Expressway, Tianjin Port and Tianjin Urban Development. He met with the officials of Tianjin finance Bureau. The discussion focussed on implementation of the software components of the urban project. The main message from this meeting was that while the physical components of the project were being implemented satisfactorily, the

1 / State Audit Administration

June 2, 1994

implementation of T.A components was slow and complex. Mr. Picciotto came with the impression that now would be an appropriate time to review the project from the point of view of mid-course restructuring.

The High Level Conference

This was a well represented one day conference. The conference program and attendance list is attached. Mr. Picciotto's closing remarks are also attached. MOF is preparing a formal report on the conference with suggested future actions. Generally, there was a strong and clear consensus on the need to establish a P.E system in China. The GOC focus initially is on post evaluation of projects whereas the Bank side was pushing it to (eventually) cover the program and policy evaluation as well. There was less agreement on the institutional set-up required for P.E. Most participants seemed to favor some variation of the second option. As a next step, MOF will undertake the process of internal consensus building on this important issue. It will then approach the W.B for support in its implementation. Both Mr. Picciotto and myself expressed Bank's support in this important task. We agreed that in the next phases of this study, the China and Mongolia Department would need to be more involved.

cc: Messrs/Mmes: Piccioto, Guerrero (DGO)Bottelier, Agawarla, Ogawa, Hwa, Brandiaran, Lee (RMC), Hope, Kimura, Cardoso (EA2DR), Ecevit (EA2CO), Goldberg (EA2AG), Newfarmer (EA2IE), Scurfield (EA2TP), Sierra (EA2EU), Bhargava (EA2HR),

DAhmad:mc

mc:file\m-pic

The Agenda Arrangement of
the High_level Seminar for the Post-evaluation

Date: May 19, 1994

Address: Beijing New Century Hotel

AM:

- 9:00 - 9:05 Li Yong of the vice_director of the World Bank Department of the Financial Ministry announces the opening of the seminar.
- 9:05 - 9:20 A vice_minister of the Financial Ministry makes the initial words.
- 9:20 - 9:35 Piccioto of the vice_chief of the World Bank delivers a speech.
- 9:35 - 9:50 A leader of the State Planning Commission makes a speech.
- 9:50 - 10:05 A leader of the State Audit Administration makes a speech.
- 10:05 - 10:15 The intermediate rest.
- 10:15 - 10:45 The consultative report from the foreign experts is lectured in the seminar by Jin Liqun of the agency director of the World Bank Department of the Financial Ministry.
- 10:45 - 11:00 The chief representative of the World Bank stationed in China delivers a speech.
- 11:00 - 12:00 The whole audience discussing.
- 12:00 - 1:00 The work lunch.

PM:

- 1:00 - 3:30 The continuous discussion.
- 3:30 - 3:40 Having a rest.
- 3:40 - 3:55 A representative of the State Planning Commission speaks.
- 3:55 - 4:10 A representative of the State Audit Administration speaks.
- 4:10 - 4:35 A representative of the Financial Ministry makes a summary speech.
- 4:35 - 5:00 A officer of the World Bank delivers a summary speech.
- 5:00 The curtain drops.

The Representative List of the High_Level Seminar for the Post_evaluation

No.	Name	Unit	Duty
1	Mr. PICCIOTO	World Bank	Vice_Chief
2	Mr. DAUD. AHMAD	China Office of World Bank	Director
3	Mr. Austin Hu	World Bank	Project Officer
4	Chen Tonghai	State Planning Commission	Vice_Chairman
5	Jiang Weixin	State Planning Commission	Vice_Director
6	Kong Linglong	State Planning Commission	Section Chief
7	Guo Xiangjun	State Commission for Restructuring the Economic System	Cadre
8	Dai Xin	People's Bank of China	Cadre
9	Chen Wei	People's Bank of China	Cadre
10	Li Jinhua	State Audit Administration	Vice Audit Senior
11	Xu Yudi	State Audit Administration	Director
12	Chen Zhong	State Audit Administration	Director
13	Yan Sizhong	Ministry of Construction	A member of Party Committee, Chief Economist
14	Yu Shoufa	Ministry of Construction	Vice_Director
15	Qian Fagen	Ministry of Agriculture	Director
16	Liu Limin	Ministry of Agriculture	Cadre
17	An Shunyi	Ministry of Railway	Director
18	Wang Minggang	Ministry of Communication	Section Chief
19	Zeng Hui	Ministry of Communication	Vice_chief of a section
20	Wei Huanzhang	Ministry of Public Health	Vice_chief of a section
21	Shi Weihe	Ministry of Water Resources	Vice_Director
22	Cao Zhengqi	Ministry of Water Resources	
23	Mei Zonghua	Ministry of Electric Power Industry	Section Chief
24	Chen Yufen	Ministry of Electric Power Industry	Vice_Chief of a Section
25	Song Huichuan	Ministry of Forestry	Vice_Director
26	Sun Shujin	Ministry of Forestry	Vice_Director

**The Agenda Arrangement of
the High_level Seminar for the Post-evaluation**

Date: May 19, 1994

Address: Beijing New Century Hotel

AM:

- 9:00 - 9:05 Li Yong of the vice_director of the World Bank Department of the Financial Ministry announces the opening of the seminar.
- 9:05 - 9:20 A vice_minister of the Financial Ministry makes the initial words.
- 9:20 - 9:35 Piccioto of the vice_chief of the World Bank delivers a speech.
- 9:35 - 9:50 A leader of the State Planning Commission makes a speech.
- 9:50 - 10:05 A leader of the State Audit Administration makes a speech.
- 10:05 - 10:15 The intermediate rest.
- 10:15 - 10:45 The consultative report from the foreign experts is lectured in the seminar by Jin Liqun of the agency director of the World Bank Department of the Financial Ministry.
- 10:45 - 11:00 The chief representative of the World Bank stationed in China delivers a speech.
- 11:00 - 12:00 The whole audience discussing.
- 12:00 - 1:00 The work lunch.

PM:

- 1:00 - 3:30 The continuous discussion.
- 3:30 - 3:40 Having a rest.
- 3:40 - 3:55 A representative of the State Planning Commission speaks.
- 3:55 - 4:10 A representative of the State Audit Administration speaks.
- 4:10 - 4:35 A representative of the Financial Ministry makes a summary speech.
- 4:35 - 5:00 A officer of the World Bank delivers a summary speech.
- 5:00 The curtain drops.

THE WORLD BANK
RESIDENT MISSION IN CHINA

No.2 Fuchenglu, Bldg. 5, Diaoyutai State Guest House, Beijing 100830, PRC
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FACSIMILE TRANSMITTAL FORM

DATE: June 16, 1994 NO.OF PAGES: 3 LOG NO.: {
(including this page)
TO FAX NO.: 522-1556
FOR: David Rix, EA2CO
Organization: World Bank
City/Country: {
FROM: Kathy Ogawa *Ko*
SUBJECT: Ex-Post Evaluation -- Request from Min of Construction

MESSAGE:

David:

The attached fax was received from the Ministry of Construction today. Could you or Pablo handle directly from Washington.

Regards.

cc: Pablo Guerrero (DGO) 522-3200

Kathy

JUN 16 1994

To: Ms. Kathy Ogawa
World Bank Office in Beijing

Fax: 3524148

From: Yu Shoufa
Research Institute for Standards and Norms
Ministry of Construction
Beijing, China

Fax: 3394565

Dear Ms. Kathy Ogawa

In order to strengthen the ability of China in aspect of post evaluation of investment projects, we undertook a project-- Organization Setting up and Methodology System in China, which is supported by World Bank. This project was organized by Financial Ministry of China and other several ministries such as State Planning Commission, Ministry of Construction, Audit Administration was involved. The work of post evaluation of investment projects is just beginning in China and we are lack of knowledge and experiences how other countries or some international organizations to conduct post evaluation. Therefore World Bank suggests us to organize a study tour group to visit some international organizations and some other countries to learn their experiences in post evaluation of investment projects. I, as a member of the leading group of the project, am in charge of identifying some suitable organizations and countries to visit. Based on past contact, I know that World Bank has done a lot of work in the field of post evaluation of investment projects and some public sectors in USA also have intensive experiences in this field. Therefore we would like to visit World Bank and some public sectors in USA.

The main aspects which we want to know is as following:

1. conception type and the function of post evaluation.
2. organization structure of post evaluation.
3. procedures of post evaluation.
4. methodologies of investment project post evaluation.
5. experiences of post evaluation.

18/06 '94 14:35

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The group will be consisted of about 8-10 persons from some concerned ministries, such as Financial Ministry, State Planning Commission, Ministry of Construction, Audit Administration, Construction Bank, China International Engineering Consulting Company. The group leader will be a Deputy Director of World Bank Department of Financial Ministry. If it is possible we would like to visit World Bank and USA from 25th to 30th of August of this year.

If you could help us to make arrangement for our visit, I would be very appreciated.

The international travelling fee, local meals and accommodation of the group will be paid by World Bank.

Looking forward your reply.

Yours sincerely



Yu Shoufa

Deputy Director

RISN

Ministry of Construction

Status of Post_evaluation on 33 State Key Construction Projects

1. Mandated by the State Planning Commission, our company waged a post_evaluation on 9 foreign sponsored projects in 1988. From 1990, two batches of post_evaluation have been made for 24 State Key Construction projects, and in the mean time, "A Temporary regulation of post_evaluation on State Key Construction project" was made up (used only at home) which set up the foundation of project selection, main content and procedure of post_evaluation. As a resolution, the post_evaluation work is formally in the test operation.
2. So far, the post_evaluation work on 33 State Key Construction projects has been made(see the attached table in detail). The projects include 9 electric power and coal items, 9 railway, harbor, highway and airport items, 3 petrochemical items, 2 chemical fertilizer items, 3 nonferrous metallurgical items, 2 cement items, 1 high sensitive material item, 1 agriculture item, 1 broadcasting and education item. Among 33 items, there are 6 projects sponsored by the World Bank, 2 projects sponsored by JICA, 1 project were sponsored by Australia government loan, and the rest projects were mainly sponsored by domestic loan with partial foreign loan to import technology and facilities.
3. According to the post_evaluation results, the 33 projects could be divided into three categories. The first category includes 30 projects which cover 91 percent of the total, they met the demand of development of national economy and reached design productivity. The economy efficiency of enterprises is better in spite that there are different problems in product and construction. The second category includes 2 projects which cover 6 percent of the total. They also met the demand of economy development and market, but did not reach the design productivity, and the economical efficiency of the enterprises is bad. So the further investment is needed for reform of the enterprises. The third category is one failing by the wrong decision making, which covers 3 percent of the total. The economic lose is irretrievable.
4. The problems reflected from the post_evaluation are briefly listed as follows:
 - 1) Investment is far beyond the budgetary estimate, the total capital invested is 26.2 billion YMB¥ according to the budgetary estimate, but in fact the capital invested is 45.5 billion YMB¥ which is more than the budgetary estimate by average of 67 percent. Except 7 projects that are unbiased, the rest projects which account to 82 percent are beyond the budgetary estimate in different degree. there are 5 projects which the capital invested is more than two times budgetary estimate. The causes of the over_investment could be due to the price reform, flaws of design and prospecting, bad construction management, and subjective factors.

- 2) Due to the mechanism of lacking dangerproof in the utilization of foreign loan, in the status of increasing value of Japanese ¥ and Mark and USD, the RMB exchange rate is reduced, this added debts of enterprises and made the enterprises unable to replay debts in time.
- 3) The constructions among projects are not synchronous and matching. For example, the construction of Yan Zhou coal mine was not keep up with one of the Yan Shi railway and Shijiu Suo harbor, as a result, the He Yan railway had to have been rebuilt, and a new Xin He railway had been built; so the Shan Xi coal exported from Shijiu Suo harbor. And another example, Some byproducts could not be used synthetically, the pollution of the environment had been caused.
- 4) The technology and facilities imported are premature in some projects, and the design productivity has not been reached for a long period. Some are due to imprudence in signing contract and some are due to the unmatched of the foreign facilities with the domestic construction projects.
- 5) The market demand predicting of some projects is inaccuracy, due to make allowances for the interests of departments and sub_national governments. The products of projects could not be sold. So the serious economic lose is caused.
- 6) The post_evaluation report and expert opinions could be offered the mandated units, responsible departments and project units. Through the effective back_feed of post_evaluation results, the problems existed in some projects could be resolved in time by the associated departments. For example, the instability of the product which results from the variation of operation in some enterprises could be resolved by concerning departments to reach swiftly the design productivity. In the next process of expanding productivity, some projects could be built more smooth in later construction period by adopting the experience of the importing equipment in early period. The intermediate evaluation on some projects resolved the problems in construction process and ensured the project progress and quality in time.

Comprehensive Table of the Post_evaluation on 33 Projects

No.	Project	Capital Invested (10000 RMB¥)	Time Limit	New Productivity	Producing Status at Post-Evaluation	Remark
1	multi-line and electrification of Hengyang-Guangzhou railway	372,200	1978.9-1988.11	reforming 526.6 kilometers railway, cargo carrying capacity reaching 30 million tons a year	reached	
2	Jiangbei airport of Chongqing	35,002	1985.11-1990.1	passenger transporting capacity reaching one million person-times a year	reached	
3	the third phase of coal dock of Qinhuangdao port	51,196.5	1984.4-1990.7	coal carrying capacity reaching 30 million tons a year	reached	
4	monk island dock of Dalian port	22,046.6	1985.4-1988.9	cargo carrying capacity reaching 5.4 million tons a year	reached	
5	expressway of Shenyang-Dalian	219,000	1984.6-1990.9	375 kilometers	reached	
6	railway of Yanzhou mine-Shijiusuo	85,396 foreign capital: 39.7 billion Japanese ¥	1980.4-1985.12	308 kilometers, 12.64 million tons a year in 1990, 18 million tons a year in 1995	reached	loan from JICA
7	railway of Xinxiang-Heze	102,510.9 foreign capital: 105,711 thousand USD	1983.2-1985.12	337 kilometers, 19.54 million tons a year in 1990, 22.07 million tons a year in 1995	reached	
8	rural highway of south west China					
	Yunnan	6,600 foreign capital: 6,864 thousand USD	1985.11-1989.3		reached	loan from the World Bank
	Sichuan	11,851 foreign capital: 10,280 thousand USD	1985.10-1989.10		reached	loan from the World Bank
9	the second phase of coal dock of Qinhuangdao port	22,988.8 foreign capital: 27.313 billion Japanese ¥	1980.4-1985.7	20 million tons a year	reached	loan from JICA
10	Baodian pit of Yanzhou mining area	49,475	1977.10-1985.12	3 million tons of raw coal a year	reached	
11	Yanzhou mining area	347,000	1965-1988	12.25 million tons of raw coal a year	86 percent more reached	
12	the first phase of electric power factory of Zou country	56,344	1983.10-1986.11	installed capacity 2x300 MW	reached	
13	electric power factory of Shiheng of Shandong	123,695	1984.5-1988.12	installed capacity 2x300 MW	reached	
14	Dalian electric power factory of Huaneng	156,760	1986.8-1988.12	installed capacity 2x350 MW	reached	
15	Fuzhou electric factory of Huaneng	-----	1986.8 -	installed capacity 2x350 MW	reached	
16	Shidongkou electric factory of Shanghai	175,793	1985.7-1990.5	installed capacity 4x300 MW	reached	
17	grade-2 hydroelectric station of Tiansheng bridge (intermediate evaluation)	not completed	1982-	installed capacity 6x220 MW	reached	
18	500,000 V high voltage circuit of Xuzhou-Shanghai	35,772.6 foreign capital: 77,340 thousand USD	1984-1988		reached	loan from the World Bank

No.	Project	Capital invested (10000 RMB¥)	time limit	new productivity	producing status at post-evaluation	remark
19	300000 ton of ethylene of Daring	514,000	1979.8-1988.12	300 thousand tons of ethylene and 670 thousand tons of other petrochemical products a year	reached	
20	materials of 300000 tons of ethylene of Daqing	94,490	1979-1988	650 thousand tons of light hydrocarbon a year and other materials of ethylene	basically reached	
21	300000 tons of ethylene of Yangzi	801,000	1979-1989	300 thousand tons of ethylene a year and other petrochemical products	80 percent reached	
22	Shanxi chemical fertilizer factory	165,000	1983-1987	900 thousand tons of nitric phosphorus fertilizer a year	47.6 percent reached	
23	reform for saving energy of Liaohu chemical fertilizer factory	2,517.8 foreign capital: 6,583 thousand USD	1988.9-1988.11		reached	loan from the World Bank
24	the first phase of Qinghai aluminum factory	81,312	1985.4-1988.12	100 thousand tons of electrolytic aluminum a year	50 percent less reached	
25	the first phase of Shanxi aluminum factory	92,760	1983-1987	200 thousand tons of alumina a year	great unreached	
26	the second phase of the extension of Jinchuan(intermediate evaluation)	211,950	1984-	20 thousand tons of nickel and 10 thousand tons of copper a year		
27	the extension of Liuzhou cement factory	32,000	1984.2-1986.12	1030 thousand tons of cement a year	70 percent reached in 1992	
28	Shunchang cement factory	46,892 foreign capital: 2311.5 thousand USD	1985.4-1988.8	620 thousand tons of cement a year	reached	loan from the Australia
29	Xiamen color high sensitive material	61,039	1985.1-1988.11	1100m2 photo high sensitive material a year (including 32 million rolls of color films)	25-30 percent reached	
30	Anyang glass shell of color tube	120,779	1987.12-1991.4	4500 thousand sets of glass shells equivalent to 18"	reached	
31	Guangzhou rubber plantation	48,490 foreign capital: 6,583 thousand USD	1984-1989	44.5 thousand hectares	reached	loan from the World Bank
32	central color TV center	23,500	1982.12-1987	transmitting five sets of color programs, 240 hours a week, time of manufacturing program surpassing 63.5 hours a week	4 sets of programs transmitted, 240 hours a week, 35 hours of manufacturing program	
33	TV university and short_term staff university	25,416 foreign capital: 74,900 thousand USD	1984-1989		reached	loan from the World Bank
	TOTAL	4,194,777.2 foreign capital: 290,572.5 thousand USD 67.013 billion Japanese ¥				

OFFICE MEMORANDUM

5/16
3:00

DATE: May 13, 1994

TO: Executive Directors and Alternates

FROM: T. T. Thahane ~~MAA~~

EXTENSION: 80242

SUBJECT: Mr. Stern's Speech to the 1994 China Summit Meeting

Attached for information is a copy of Mr. Stern's speech to the 1994 China Summit Meeting in Beijing, China delivered yesterday.

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

1994 CHINA SUMMIT MEETING
BEIJING

China's Socialist Market Economy:
The Challenges Ahead

by
Ernest Stern
Managing Director
The World Bank

May 12, 1994

INTRODUCTION: THE BANK'S SPECIAL RELATIONSHIP WITH CHINA

I would like to thank our Chinese hosts and the Conference organizers for providing this opportunity to return to China. My first visit came shortly after the post-1978 reform period began and the changes that have taken place since then have far exceeded expectations.

The World Bank has been China's partner in this transformation. Since our first operation to assist with the modernization of the university system, the Bank has supported 138 projects in China, involving cumulative financing of \$18.6 billion. World Bank loans and credits last year totaled \$3.2 billion -- making China our largest borrower.

The Bank's special relationship with China, however, goes well beyond finance. When we first met with the Chinese leadership in the late '70s, we emphasized that the Bank's advisory role -- our ability to serve as a conduit for global development experience -- would be as helpful as our financial support. And that has, in fact, been the case -- this advisory role has been central to our relationship.

The Chinese government has been adept at using the Bank's worldwide experience, adapting it to strengthen its own capacities in implementing policies and projects. Consequently, the quality of the Bank's portfolio in China is among the highest of any of our client countries -- as is, I believe, the development impact of our assistance.

CHINA'S DEVELOPMENT ACHIEVEMENT

China's economic record over the last 15 years is legendary: an average 9 percent annual growth rate since 1978; and a doubling of per capita income in the ten-year period between 1977-1987 -- an accomplishment that took the United States about 50 years to achieve, and Japan almost 35 years, during their rise to industrial maturity. China's annual exports increased by an average of around 17 percent between 1979 and 1992. In 1993, China attracted about 40 percent of all foreign direct investment in the developing world. By any economic yardstick, these are phenomenal achievements.

From the outset, China's leaders have had a clear vision of development as something that cannot be measured solely in terms of Yuan or dollars. Improvement in the quality of people's lives has been a priority. And progress over the last generation has been dramatic: a doubling in life expectancy; a 75 percent decline in infant mortality; a fall of almost two-thirds in adult illiteracy. Since 1978, an estimated 170 million people have been lifted out of absolute poverty. Few societies in history have made such sweeping progress in so short a time.

Underlying this achievement has been a carefully managed evolution from a planned to a market economy. In the past 15 years, China has:

- expanded the role of markets and the scope for competition within the domestic economy. Between 1979 and 1985 this led, for example, to the fastest-ever sustained growth in agriculture;
- opened its economy increasingly to the outside world. This has brought in large scale foreign investment, introduced new technology, management systems, international quality and cost standards -- and led to a more than 7-fold expansion in exports since 1978;
- promoted entrepreneurship in small enterprises in rural areas -- which now account for a third of all exports, a quarter of industrial output, and about 90 million jobs.

MANAGING THE FORCES OF CHANGE

And yet, despite the impressive progress, much remains to be done to complete the transition and to realize China's vision of a "socialist market" economy -- a concept which involves not only continued growth of the national economy and a deepening and strengthening of economic and financial institutions, but also steady improvement in the quality of people's lives. This uniquely Chinese vision can be realized only through a determined effort to manage the forces of change. And that must start with the measures necessary to make the recent achievements sustainable.

Three major elements will shape the future: the external environment; domestic challenges; and ensuring the quality and stability of growth:

First, the external environment. As we know, the global economy is undergoing fundamental changes: the increasing integration of capital and markets; the revolution in economic management, emphasizing private-sector approaches; global and instant communications and access to data; rapid technological progress transcending national boundaries; and the general lowering of trade barriers, culminating in the recent signing of the Uruguay Round agreement.

The relative position of East Asia and China in the global economy also is changing fundamentally. On current projections, East Asia will account for well over a third of incremental world imports through the end of this decade. The exports of the US, Japan and the European Community to East Asia increased by 35 percent between 1988-1991. Indeed, the value of East Asia's annual imports (over \$800 billion) now exceeds that of the United States. But it has been the intra-regional trade -- strongly related to joint venture investments -- which has been growing most rapidly (by 72 percent between 1988-91).

East Asia has the potential to become one of the major growth poles of the global economy by the year 2000 -- and China's performance will be a key factor. What China does now, therefore, makes a big difference to the rest of the world. In the sweep of history, of course, China has long been a center of civilization. Now it also is being looked upon as a potential center of economic gravity. From that perspective, it is time for China not just to respond to external conditions, but to help shape them. Two areas are particularly critical: trade and investment.

On trade, substantial progress has been made in recent years, and both imports and exports have grown rapidly. Nevertheless, China's tariffs and quantitative restrictions remain among the highest in East Asia. The time is ripe, therefore, for China to launch a bold program of import liberalization -- assuring a steady reduction in quantitative restrictions and consolidation of tariffs into fewer

categories at lower rates. This further opening up would not only contribute to making China a full member of the international trading community, but also would benefit the domestic consumer by gradually introducing competitive pressures for quality at lower prices. Moreover, increased openness will generate increased employment.

Regarding investment, China has proven itself to be an attractive destination for foreign capital in recent years (\$20 billion in net foreign direct investment in 1993). But, as other countries have discovered in the past, some of those flows can be volatile. Steps must be taken not only to ensure that China's investment climate remains competitive, but also to encourage high-quality investment -- to support improved technology and financial services, for example. That kind of investment will facilitate China's "hook up" to the global economy -- and enhance its leadership role.

The second major force of change is the special problem which all large countries with many different regions and constituencies (for example, the United States, Russia and India) face -- the balance between economic growth and equality of opportunity; between local interests and the national interest; between rural and urban needs; between centralization and participation.

To be competitive in the global arena requires agility. This, in turn, requires a large degree of decentralization, private initiative and strong institutions so that the country is diverse and flexible -- and can react to change with minimal disruption. It also requires a framework of incentives, regulatory supervision and taxation which can ensure fairness and equity. Building that capacity means continuous investment in learning and broadening participation in economic decision-making.

Each country has to find the balance appropriate to its own circumstances. But there is little doubt that a system that can absorb change is vital for the long-term stability which underlies sustainable growth.

The quality and stability of that growth is the third element that will shape China's future. Yes, China's recent economic growth has been spectacular. It has taken place, however, against a background of severe imbalances among regions and income groups, rapid changes in relative welfare among people and regions, increasing environmental destruction, and periodic high inflation. In addition, China's very high growth rates have been largely the result of very high investment rates. Major underlying issues of productivity improvement remain to be addressed.

Managing the quality and stability of growth is the key to China's future -- and it is on that issue that I would like to focus now.

THE QUALITY AND STABILITY OF GROWTH: FIVE CHALLENGES

Five areas in particular require urgent attention:

First, macroeconomic stability. We know from worldwide experience that macroeconomic instability impedes the momentum of reform, heightens income disparities and social tensions, and impairs domestic and international confidence in an economy. This makes the cyclical pattern of China's growth -- and particularly the recent intense overheating -- a matter of serious concern.

Despite the government's adoption of corrective measures last summer, inflation in the major cities reached around 20 percent in 1993. The crucial challenge now is to complement the government-administered measures already adopted with more market-based instruments and reforms that can promote long-term stabilization.

Such reforms would include improving fiscal and monetary discipline; expeditiously strengthening the independence and authority of the Central Bank; assuring that the banking system operates on a commercial basis in the allocation of credit and management of portfolios; restructuring the tax system -- particularly the fiscal relationships between the central and provincial authorities; and strengthening regulatory frameworks to create more transparent, rules-based systems.

These measures will help to mitigate the immediate overheating problem, improve domestic resource allocation, and encourage increased external flows. But they will do more than this: they will help to lay the foundations of a modern economy -- to increase productivity and build the flexibility needed to adjust quickly to changing circumstances.

* * * *

State enterprise reform is the second area requiring urgent attention. Demand for subsidies and credit from over 100,000 parastatals is a major cause of China's fiscal and financial difficulties. At least a third of the state enterprises lose money. Budgetary subsidies to them are on the order of 3 percent of GDP -- or 1-1/2 times the size of the fiscal deficit. Those enterprises also have preferential access to banking credits with, in many cases, little prospect of repayment. Effective fiscal management and monetary discipline depends on success in this area.

Much of the debate on enterprise reform has centered on the question of "ownership". The basic question, however, is efficiency -- the application of commercial principles. To borrow a familiar Chinese saying: "It matters little whether the cat is black or white, as long as it catches mice." Put more bluntly: there is no "third way" between subsidization and competition. China simply cannot afford the drag that inefficient enterprises currently impose on the economy.

We must be sensitive, of course, to the fact that the lives of 70 million workers and their dependents are tied to state enterprises -- for jobs, as well as for a variety of social services. Enterprise reform, therefore, should be undertaken in parallel with a package of other reforms covering labor mobility and markets; housing; unemployment compensation; the strengthening of municipal services; and other social measures. These reforms will have a significant cost. This makes the need for swift fiscal adjustment and reform of tax and expenditure assignments all the more important.

The Chinese government recognizes enterprise restructuring as its central medium-term challenge. It has embraced social security reform as a priority; and a start has been made to commercialize parastatals. Those efforts now need to be deepened and expanded.

As state enterprises are exposed to market forces, lay-offs are bound to occur. The World Bank, therefore, shares the government's commitment to ensure that an effective safety net system is in place. We should emphasize, however, that the longer-term effect of enterprise reform will be strongly positive. The state sector has been, at best, a sluggish generator of employment. Its capital intensity per employee is about four times as high as that of the non-state sector; and it absorbs at least four-fifths of the formal credit in the economy. As those investment resources are used more productively, they will generate new employment opportunities.

* * * *

The third challenge that must be met to ensure the quality and stability of growth is to improve basic infrastructure. A modern economy requires efficient transportation and communication facilities: to integrate and realize the full potential of what is the world's largest single market; to attract foreign investment; and to extend growth to the poorer and more remote areas.

China's population is increasing by about 15 million people a year, and China now has the world's largest urban population. The increased urbanization and the rapid growth of the economy are placing severe strains on existing infrastructure -- power shortages, congestion at ports and railways, and slow communications.

The Chinese transport network, for example, ranks among the smallest in the world relative to either population or geographic area. China's relative investment in transport in the last decade (1.4 percent of GNP) was only half that of such countries as Korea, India, and Brazil (2-3 percent of GNP).

Infrastructure investment has lagged largely due to distorted pricing policies. These, in turn, have contributed both to public financing constraints and inefficient consumption patterns. Recent price reforms have helped: increased railway tariffs should permit the self-financing of about 80 percent of planned investments in the sector; and average electricity tariffs are now estimated to cover more than 90 percent of long-run marginal costs. Nevertheless, backlogs remain and regional coverage is uneven. Moreover, as the economy is growing rapidly, so too are the resource requirements for infrastructure -- well beyond the capacity of budgetary financing. As most countries now recognize, private investment and self-financing through appropriate pricing are key to meeting the requirements of this huge sector. The recent examples of foreign investment available to finance Chinese infrastructure confirm this as a source with tremendous potential.

The World Bank, as well as continuing its financial support for infrastructure (which has represented about 40 percent of our total lending), sees an important role in helping to catalyze private flows. The Bank recently approved, for example, its first expanded cofinancing operation in China to help finance the Yangzhou power project. As well as a \$350 million loan, this operation included our guarantee of a \$120 million syndicated loan facility (\$90 million Eurodollar/\$30 million Yen) to bring private capital with long-term maturities to the project. The Bank's affiliates -- IFC and MIGA -- also can be of particular assistance in this area.

As everyone here knows, private involvement in infrastructure can bring additional benefits that go beyond finance, including management expertise and new technology. In the globalized economy, those benefits are of increasing importance.

* * * *

The programs to improve productivity, develop infrastructure and continue rapid growth must be sustainable -- and that is the fourth challenge to be addressed. Sustainability is integral to both the quality of growth and the quality of life.

One downside of the East Asian "miracle" is that the region's accumulated environmental problems are among the worst in the world. Carbon dioxide (CO₂) emissions per unit of GDP in East Asia are three times those of Latin America. China alone accounts for almost half of total CO₂ emissions from developing countries.

Rapid industrialization in urban areas and -- increasingly -- in the countryside, have contributed to serious environmental degradation: air pollution in many northern cities is chronically bad; less than a third of all wastewater is subject to treatment; and an estimated 7 million hectares of farmland have been degraded by excessive use of pesticides and fertilizers.

China, to its credit, has moved vigorously to deal with environmental problems. Laws have been established to help protect the environment: requiring environmental impact assessments for new projects and making polluters pay through fees and fines. Institutional capacity also has been built: from the National Environmental Protection Agency through to local levels. However, while these efforts have helped to prevent sharp environmental deterioration over the past decade, the scale of the problems that remain threatens to overwhelm future progress. As in most countries, economic policies largely determine environmental problems -- and their solutions.

In China, low administered prices for raw materials and energy have resulted in waste and environmental damage. In addition, because state enterprises are not held fully accountable for losses, they have had little incentive to control consumption or efficiency. Industry accounts for almost half of China's GDP -- but much of it is technologically outmoded. Thus, the current pattern of China's industrial development has serious implications for the environment.

Those implications can be dealt with only in the context of a growing and reforming economy. Until more extensive price and enterprise reforms are undertaken, for example, neither pollution fines nor regulations are likely to carry sufficient force to encourage substantial environmental improvement. Systemic economic reform will help by generally improving efficiency -- including energy conservation and agricultural productivity; and by generating increased funds to protect the environment.

In short: there needs to be more focus on the linkages between economic policy and environmental management. The World Bank is supporting the government in this effort -- and environmental operations are currently the fastest-growing part of our lending program in China. For example: \$200 million to support flood control in the Taihu Basin; \$150 million to help improve Shanghai's environment and water supply; and \$250 million to support pollution control and waste management in Southern Jiangsu.

The poor are all too often the victims of environmental destruction as well as inefficient economic management. Therefore, addressing poverty reduction -- the ultimate challenge of development -- requires both broad-based sustainable growth as well as targeted measures to help the poor. And that is the fifth urgent challenge facing China today.

China's gains in the battle against poverty are among the most impressive that the world has ever seen -- and the World Bank has been one of China's staunchest allies in the fight. Among our earliest studies was an analysis of Gansu, one of the poorest provinces. This was followed by a program of Bank-supported investments in agriculture, education and small industry in Gansu. Since then, our portfolio of anti-poverty projects has grown to include irrigation development in Ningxia and Inner Mongolia; agricultural diversification in Sichuan, Guizhou and Yunnan; and support for basic education, rural health and village water supply in most of the poorest provinces.

I referred earlier to the roughly 60 percent reduction in the incidence of absolute poverty which China achieved between 1978 and 1985. Since 1985, however, there appears to have been very little further progress. The curve, which had been declining rapidly, suddenly flattened out. What changed?

In some ways, the "character" of poverty in China itself changed. For most of China's history, the majority of the people in all regions lived on the threshold of poverty. For most of the country, that picture has changed. Communities along the coastline, some of which only a generation ago seemed mired in acute need, now enjoy the benefits of vibrant growth.

To find the poor in China today, one must look closely at the map: to the mountains of the North-West and South-West, for communities far from the main transport system; to the upper reaches of the Yellow River, for communities plagued by low or unreliable rainfall; to the fragile, erodible environment of the Loess Plateau or the Red Soils area. In summary: poverty in China today has become geographically concentrated.

But, if the good news is that poverty is greatly diminished in scale, the bad news is that a very large minority -- we estimate, as many as 100 million people -- has missed out on the growing prosperity. And many of those unable to participate in growth are not just poor, they are desperately poor. What can be done to help them?

Actions on several fronts are needed to help generate improved incomes for the poor:

- Improved financial policies, enterprise reform, improved productivity -- to help increase employment and incomes;
- Increased labor mobility -- to allow the poor more opportunity to participate in growth:
- Investment in roads and other infrastructure -- to integrate more remote areas with the rest of the economy; and
- Expanded soil conservation and related programs to raise, and to sustain agricultural productivity -- thereby supporting the natural resource base on which so many poor people depend for their livelihood.

But beyond these steps, there must be a further effort: a more carefully targeted, more carefully implemented effort to reach the poorest communities in the poorest regions. And government must take the lead.

The fiscal decentralization of recent years has helped to underscore the assumption that, in the main, local communities in rural areas should look to themselves when it comes to providing basic amenities. Self-reliance is an admirable quality; but a lack of resources within the poorest communities can lock them into a cycle of poverty in which the young are no better educated, no healthier, and no more productive than their parents. Clearly, that would be unacceptable. As China responds to change and strives to realize its vision of a socialist market economy, it must sustain its effort to reduce poverty.

We have been hearing in recent weeks the very encouraging news that the Government is planning to launch a new seven-year program intended to eliminate absolute poverty by the year 2000. I want to emphasize the continuing commitment of the World Bank to support China in meeting this crucial objective.

CONCLUSION: A CRITICAL MOMENT IN HISTORY

I began by emphasizing that China's pragmatic approach to development in the reform period since 1978 has worked extraordinarily well. The achievements have been impressive in terms of growth, investment, institutional capacity and integration into the world economy. Yet the transformation process is not complete. Difficult issues remain to be resolved and they will grow in complexity as further progress is made.

Actions to reduce inflation and maintain stability are urgent and of high priority. Fiscal and monetary restraint is a necessary component of a continued program of reform and transition. And the reform program is essential to sustaining a high rate of growth which, in turn, will enable China to achieve its poverty reduction objectives.

If the past is prologue, we can expect China to manage the necessary changes -- not without difficulties and setbacks -- but nonetheless, with success.

Thank you.

→ China

RECEIVED

94 MAY 12 AM 11:10

D.G.O.

To: Mr. Robert Piccolo

5/12/94

From: David Rix EA2CO

Re: Your China Visit

Attached is latest information concerning your visit to China.

Pls. let me know if there are any problems.

Many thanks.

D.

cc. Mr. Guerrero

THE WORLD BANK
RESIDENT MISSION IN CHINA

No.2 Fuchanglu, Bldg. 5, Diaoyutai State Guest House, Beijing 100830, PRC
Tel. (86)(1)851-2227 • TELEX 22934 IBRD CN • Fax (86)(1)852-4140

FACSIMILE TRANSMITTAL FORM

DATE: May 11, 1994 NO.OF PAGES: 2 LOG NO.:

TO FAX NO.: 522-1556 (including this page)

FOR: Mr David Rix
Organization: EA2CO
City/Country:

FROM: Kathy Ogawa, EA2CH *Ko*

SUBJECT: Mr Plociotto's visit

MESSAGE:

David:

Attached please find the latest schedule of meetings as communicated by Mr Hong Houqi. Please note he is still trying very hard to include the Tianjin Urban Project in.

Regards.

cc: Messrs Bottelier, Ahmad (RMC)

**Tentative Itinerary of
Mr Robert Picciotto, Director-General, Operations Evaluation
May 14 - 20, 1994, China**

<u>DATE</u>	<u>TIME</u>	<u>ACTIVITIES</u>	<u>LOCATION</u>
14 (Sat)	9:25 pm	Arrival via UA853, stay at Shangri-La Hotel (Mr Bottelier and Ms Zou Jiayi to pick up at airport)	
15 (Sun)		Visit to Forbidden City and Great Wall	
16 (Mon)	9:00 am	Meeting with Messrs Bottelier, Ahmad	RMG
	10:00	Meeting with China International Engineering Consulting Company	CIKCC
	-11:30 am		
	1:30	Meeting with Ministry of Construction	MOC
	-2:30 pm		
	3:10	Meeting with State Audit Administration	SAA
	-4:10 pm		
17 (Tue)		Visit Beijing-Tianjin Expressway & Port	Tianjin
18 (Wed)	2:30	Meeting with State Planning Commission	SPC
	-3:30 pm		
	4:00	Meeting with Ministry of Finance	MOF
	-5:00 pm	Followed by dinner hosted by Vice Minister of MOF	
19 (Thur)	9:00 am	Performance Evaluation High-Level Seminar	New Century Hotel
	-5:00 pm		
20 (Fri)	9:55 am	Departure via UA852	

LHuang:rp, 05/12/94

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

→ China
(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

May 5, 1994

J.C.H. Morris Esq.
Head, Evaluation Department
Overseas Development Administration
94 Victoria Street,
LONDON, SW1E 5JL
England, UK

Ex-Post Evaluation Training in China

Dear Mr. Morris,

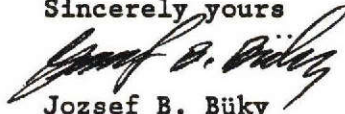
Pablo Guerrero passed your letter of April 28, 1994, regarding the above, to me for response.

The Xian-Sanyuan expressway, mentioned by Mr. Zhang Sanli, your trainee, was, apparently, a relatively small part of the first China Highway Project (Loan 2359/Credit 1594-CHA) which was completed in June 1991. A Project Completion Report (No 10749) was issued on June 29, 1992 (a copy is enclosed for your information) but no Performance Audit has been carried out, as yet. In the Transport sector, we plan to wait for the accumulation of a number of projects before we plan any audit work.

The only other Audit work is scheduled in the Agriculture and Forestry sectors (Rubber Development - Cr. 1417; Forestry Development - Cr. 1605 and Second Agricultural Education - Ln. 2444) and OED staff, Mr. Christopher Gibbs, is scheduled to travel to Beijing on or about May 16, 1994. The contacts are the Ministry of Agriculture and the Ministry of Forestry.

You may wish to advise Mr. Zhang Sanli accordingly.

Sincerely yours



Jozsef B. Büky
Acting Division Chief
Infrastructure and Energy Division
Operations Evaluation Department

Attachment

cc: Messrs. Guerrero, Donaldson

- China

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

DATE: 05-May-1994 02:38pm

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

FROM: David Rix, EA2CO (DAVID RIX@A1@WBHQB)

EXT.: 85517

SUBJECT: Re: Performance Evaluation Project -- Your Visit

Mr. Picciotto -

We received today from RMC a suggested schedule for your visit. Since it is quite detailed, I am forwarding the text to you as an attachment, for your comments.

Please respond directly to me - I will advise RMC.

Many thanks.

CC: ANNE MUHTASIB (ANNE MUHTASIB@A1@WBWASH)
CC: ROSA MARIA WIEMANN (ROSA MARIA WIEMANN@A1@WBWASH)
CC: PABLO GUERRERO (PABLO GUERRERO@A1@WBWASH)

David:

Pieter & I have discussed your EM & have come up with the following suggested schedule for Mr Picciotto:

May 14 (Sat)

9:25 p.m. Arrival via UA 853 (Mr Bottelier & Mr Hong Houqi to meet him at the airport)

May 15 (Sun)

a.m. Closed (rest at hotel)
p.m. Visit to the Great Wall

[N.B. We have left the morning free since the earlier schedule, when the seminar was still scheduled for May 17, indicated Mr Picciotto would like to rest the morning after his arrival. If he would instead like to visit the Forbidden City, we could arrange for that; please advise.]

May 16 (Mon)

9 a.m. Meeting at RMC with Messrs Bottelier & Ahmad

[From 10 a.m. onward to May 18 (Wed), I have asked Mr Hong Houqi to arrange meetings at appropriate levels with MOF, SPC, SAA, CIECC, & MOC per your April 27 EM, & to include a visit to a nearby project. Please note the following:

- It is not possible to squeeze 4 - 5 meetings in one working day. In fact, 3 would probably be the maximum for a first-time high-ranking visitor, in a consecutive interpretation setting. As Mr Picciotto is a Vice President, the receiving agencies also have to have their leaders receive him. Thus, 2 - 2.5 days of meetings, with a full- or half-day spent on project visit would be more realistic. I have told Mr Hong that if time is too limited, & if MOF does not think it would be very useful, to feel free to drop the meeting with Ministry of Construction.

- I also asked him to check with Mr Jin LQ on the project visit as we understand there was some discussion about this with Messrs Picciotto & Hope during Mr Jin's Washington visit. Perhaps Mr Jin has some particular project in mind.

- From RMC's point of view, we would not recommend a visit to Tianjin unless MOF insists.]

May 17 - 18 [Continuation with meetings/project visit]

May 19 (Thu)

9 a.m. - 5 p.m. Performance Evaluation High-Level Seminar at New

Mandarin Hotel, including a working lunch

May 20 (Fri)

9:55 a.m. Departure via UA 852

Some additional points which you probably already know from Mr Hong --

- For the seminar, the opening speech will be made by MOF Vice Minister, with Mr Jin LQ giving the keynote speech. The keynote speech will most likely be a summary/briefing of the consultant's report.

- As this would be an inter-ministerial seminar, MOF is not preparing any documentation in addition to the consultant's report [a draft of which I trust you have & which is now being finalized] & the keynote speech the text of which will be available at the meeting.

Regards.

Kathy

→ China

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

DATE: 04-May-1994 08:29am

TO: DAUD AHMAD
TO: ROBERT PICCIOTTO

(DAUD AHMAD @A1@CHINA)
(ROBERT PICCIOTTO@A1@WBWASH)

FROM: David Rix, EA2CO

(DAVID RIX@A1@WBHQB)

EXT.: 85517

SUBJECT: IDF Performance Evaluation Project -- Seminar Outline

I attach for your information an em from MOF outlining the schedule and content of the May 19 "High-Level" Seminar, received this morning. Please let me know if you have any comments or questions.

I will keep you informed on other aspects of your program as and when I hear.

Thanks.

CC: Zafer Ecevit
CC: Nicholas Hope
CC: PABLO GUERRERO

(ZAFER ECEVIT@A1@WBHQB)
(NICHOLAS HOPE@A1@WBHQB)
(PABLO GUERRERO@A1@WBWASH)

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

DATE: May 4, 1994 07:04am EST

TO: DAVID RIX (DAVID RIX @A1@WBHQB)

FROM: Ministry of Finance, AS3CH (CHMOF AT A1 AT CHINA)

EXT.:

SUBJECT: Program for the High-level Seminar

Dear Mr. Rix:

Further to my yesterday's message, I would like to attach for your comments the program for the upcoming high-level seminar. We would appreciate it if you could promptly give us any comments on this program and the other matters we mentioned in our last message.

Thanks and best regards.

Hong Houqi
Project Officer
World Bank Department
Ministry of Finance
P. R. China

Attachment:

Program for the High-level Seminar

Date: May 19, 1994

Location: Mandarin Hotel, Beijing

Participants: Vice ministers or directors from relevant
central agencies

Number of Participants: 40

am

9:00 opening of the seminar (Mr. Jin Liqun)
9:05 opening speech (vice minister of finance)
9:20 Mr. Piccioto's presentation
9:40 10 minutes break
9:50 Mr. Jin Liqun's keynote speech
10:20 SPC's remark
10:35 SAA's remark
10:50 World Bank RMC's remark
10:55-12:00 discussion

12:00-1:00 working lunch

pm

1:00-4:00 continued discussion

4:00-4:10 break
4:10-4:35 concluding speech(MOF)
4:35-5:00 World Bank's remark

CC: Pablo Guerrero - China Visitor

(PABLO GUERRERO AT A1 AT CHINA)

→ China
ECD

ALL - I N - 1 N O T E

DATE: 04-May-1994 07:41pm

TO: CHMOF (CHMOF @A1@CHINA)

FROM: David Rix, EA2CO (DAVID RIX@A1@WBHQB)

EXT.: 85517

SUBJECT: Performance Evaluation - Training Seminar and High Level Seminar
For Mr. Hong Houqi, World Bank Department, Ministry of Finance.

Dear Mr. Hong -

This is in regard to your em of May 4, 1994 on the above. Please accept my apologies for the delay in response, but there may have been some misunderstanding as to what was required. First, we had already sent you comments on the total budget for the work program in my em of April 22 (a copy is attached), and there was no question about the budget amount allocated (\$17,000) for the Methodology Workshop (Item 2 in the Work Program). Thus the budget shown in your em of April 26 (\$4360) is perfectly acceptable. There is no need to be concerned over small budget over-runs such as the one you mention in your em.

Second, shortly after we received the draft Letter of Agreement for the external consultant, I received a call from Mr. Rist to say that he had received the Letter of Agreement, and that it was acceptable to him, and that he had signed it. Since Mr. Rist had signed the agreement, we did not think that comments from us would still be needed - nothing would have been accomplished by them.

I called Mr. Rist's office today. His secretary informed me that he departed for China today as planned, and will arrive May 5th evening. He will be staying at the Shangri-La Hotel. His secretary also says that she thinks Mr. Rist is carrying the signed Letter of Agreement with him to Beijing - apparently the cover letter to him from MOF indicated that this would be acceptable to you. Thus I do not think that there is any problem with the contracting with Mr. Rist. I trust that you will be able shortly to conclude the agreement with the internal agency organizing the seminar.

Regarding the high-level seminar on May 19, Mr. Picciotto confirms his participation. Mr. Daud Ahmad from our Resident Mission will represent the China Department. The cost you indicated in your em is acceptable. Mr. Bottelier or Ms. Ogawa from our Resident Mission will be in touch with you soon concerning details of Mr. Picciotto's visit.

I think that this addresses the outstanding issues on the

Methodology Workshop; I will send another em tomorrow concerning the program for the high-level seminar. Mr. Picciotto has agreed to the program, but I need to discuss briefly with Mr. Guerrero and Mr. Ahmad.

Once again, I'm sorry for any inconvenience I may have caused on this.

Regards and best wishes for a successful Methodology Workshop!

David Rix,
China and Mongolia Country Operations.

CC: GUANGYAO ZHU
CC: PABLO GUERRERO

(GUANGYAO ZHU @A1@EDSEL)
(PABLO GUERRERO@A1@WBWASH)

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

DATE: 22-Apr-1994 05:45pm EST

TO: CHMOF (CHMOF @A1@CHINA)

FROM: David Rix, EA2CO (DAVID RIX@A1@WBHQB)

EXT.: 85517

SUBJECT: IDF Performance Evaluation - Work Program for 1994/95

For Mr. Hong Houqi, Project Officer, copied to Ms. Zou Jiayi, Deputy Chief, Energy, Transportation and Industry Division, World Bank Department, Ministry of Finance.

Dear Mr. Hong -

Thank you for your em of April 18 concerning the changes to the work program for the IDF Performance Evaluation Project proposed by Ms. Zou. We have the following comments (item numbers refer to those used in the Work Program):

(1) Items #1 and #3: The shared amount of \$10,000 for these two activities seems on the high side for translation costs and a 1-day seminar.

(2) Item #2: The budget should be adequate to cover Mr. Rist's costs (assuming you decide to hire him) as well as the fee to the agency organizing the workshop. What kinds of activities or expenses would be covered by the fee? Do these include personnel costs?

(3) Item #2: Is the exclusion of MOC from the participating agencies for this item an oversight?

(4) Item #4: How will the equipment items to be procured be applied to performance evaluation work?

(5) Items #6 and #12: The participants must be carefully selected in order to maximize the benefits of a study tour. In addition, planning these visits takes time, not only for the participants but also for the host countries, who have to agree to the visits. While the Bank can advise on choice of countries and perhaps suggest the content of the study tours, requests for tours would have to be made to host countries by the government of PRC. For this purpose, you may want to seek the assistance of the State Audit Administration, which may be able to work through its network of counterpart agencies overseas to help organize the visits. In view of the above, we would recommend for your consideration that the study tours be deferred until later in the overall program.

(6) Item #9: The amount for this item seems inadequate, unless you use the same consultant (Mr. Rist?) as for item #2, in which case there would be some savings in workshop design and preparation costs.

(7) Item #16: The type of training is not specified for this item. For the type of subject-matter likely to be required under this project, it is unlikely that overseas training would offer an advantage over in-country training in China, and it certainly has a much higher per capita cost. In any event, training in the Operations Evaluation Department of the World Bank would not be possible. I will explore with EDI whether there are possibilities, but I am not very hopeful on this. It would probably mean that EDI would have to recommend an outside consultant, which means that the training could just as well be given in China.

I hope that the above comments are helpful. They should not hold up your moving ahead with the project and the various arrangements.

Mr. Guerrero and I have discussed the report of Mr. Khan, and will send the comments very shortly.

Mr. Picciotto is planning to attend the high-level seminar on May 17th. At this point he has not indicated his program for the rest of his short visit. I believe that that part will be coordinated by our Resident Mission. We appreciate your offer of assistance.

As I mentioned to you and Ms. Zou in Beijing during my most recent mission, I will be unable to be in Beijing on May 17, as I will be travelling elsewhere outside the USA at that time. However, I hope to be able to visit Beijing in June possibly, at which time we can discuss plans and progress and address any issues that may have arisen.

Thanks and regards,

David Rix
China and Mongolia Country Operations.

CC: Pablo Guerrero

(PABLO GUERRERO@A1@WBHQB)

PG



→ China

OFFICE OF THE DEAN

11 April, 1994

Mr. Jin Liqun
Acting Director
World Bank Department
Ministry of Finance
P.R. China

Dear Mr. Liqun:

Thank you for your letter/FAX of April 1, 1994. I was pleased to hear from you and to learn of the possibility of my coming to provide a week-long seminar and training course on program/project evaluation.

I must say, however, that I am quite disappointed in the decision made to reduce my compensation by nearly 20 percent for this effort. In light of the scope of work developed in close consultation with Dr. Hong during his visit here in Washington, and staying in step with my standard consulting rates established with the World Bank, the amount that I submitted to you was appropriate and justified. Without an explanation, I am unable to determine why such a cut was made. May I reinforce for you that the only time where there was any discretion at all on this proposal was for the course preparation time. That time is absolutely necessary, given the specialized nature of this course and the work that has to go into a highly tailored set of presentations. I should also note that I did not request payment for my four days of travel--something that is automatic for me when I am working in the OECD countries.

If is the case that I would be invited back to present the course a second time, the preparation time would be less.

As an alternative to my original proposal, and in light of the reduction your have proposed for my lump-sum payment, I believe I now need to hear from you as to how you might propose to restructure the course. I can only wait to hear as to how you now would see the course, given the reduced amount you have suggested.

I am scheduled to begin the course four weeks from today. Realistically, I think we have to reach an agreement very soon or the time will not be available to make all necessary arrangements and for the necessary preparation to take place. I also note in

the Terms of Reference that I am required to provide a detailed outline fifteen days prior to the beginning of the course. That deadline is soon upon us and if I am to achieve it, we have to move quite soon.

I do look forward to your response.

Best Regards,

A handwritten signature in black ink, appearing to read "Ray Rist". The signature is written in a cursive, somewhat stylized font.

Ray C. Rist, Ph. D.
Director

cc: Mr. Rix (The World Bank)

March 24, 1994

Mr. Wang Xian Zhu
Chief
Project Division II
Office of External Economic Relations
Ministry of Agriculture
11 Nongzhanguan Nanli
Beijing 100026, People's Republic of China

Dear Mr. Wang:

Re.: Impact Evaluation on the People's Republic of China
North China Plain Agriculture Project (Cr.1261-CHA)

The Operations Evaluation Department (OED) of the World Bank is an independent unit which reports to the Bank's Board, primarily on the evaluation of completed lending operations financed by Bank loans or IDA credits. A number of selected projects, which have already been audited by OED, are subject to impact evaluation. Impact evaluation is intended to evaluate the longer term impact of Bank supported projects, focusing particularly on sustainability. I am forwarding to you the draft report of OED's impact evaluation of North China Plain Agriculture, for your review and comment. Any comments you care to make will be most welcome.

To facilitate feedback from this report, Mr. Christopher Gibbs of this division, expects to be in Beijing on several days between mid-May and mid-June, and he would be happy to lead a discussion on the report, at a time that is mutually convenient. If you would like to have such a discussion, please inform me by telex at your earliest convenience and it will be arranged.

The impact evaluation concludes that North China Plain Agriculture is a highly satisfactory project which generates substantial economic and social benefits for the population which was targeted, and for others. The rehabilitation of the drainage and irrigation systems which took place under the project continues to be efficiently operated and well maintained. The economic rate of return of the project is highly satisfactory in each of the three provinces affected, and sustainability of benefits continues to be likely provided the current high standards of operation and maintenance are continued.

When revising the impact evaluation report for submission to our Board, we shall take account of any comments you and your colleagues in Beijing or the project provinces send to us by letter, fax (202-522-3123) or telex, received by May 16, 1994. If you do not intend to comment on the draft, we would appreciate hearing from you by fax or telex.

We shall send you a copy of the final report when it has been distributed to the Bank's Executive Directors. The report may be submitted to OED's Publications Committee for advice to

March 24, 1994

OED's Director General on publication. In this regard, I would appreciate your separate acknowledgement that you would have no objection to the final report being published.

I would like to take this opportunity to thank you and your staff, and your provincial colleagues in Anhui, Henan and Shandong, for the kind cooperation shown to Mr. Gibbs and his team during the preparation of this report.

Yours sincerely,



Graham Donaldson, Chief
Agriculture and Human Development Division
Operations Evaluation Department

Enclosure

cc: Mr. Wang Liansheng, EDS17

→ China

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

DATE: 21-Mar-1994 04:42pm

TO: Pablo Guerrero (PABLO GUERRERO)

FROM: Christopher Gibbs, OEDD1 (CHRISTOPHER GIBBS)

EXT.: 31735

SUBJECT: China - Study of Bank Lending for Agriculture and Rural Sector

Pablo:

I am working on the draft of my design and approach papers for a study of Bank lending for agriculture and the rural sector in China. The Bank's experience appears to have been highly satisfactory. The question is why? Was it because of quality at entry? Quality in implementation? Or, attention to factors which contribute to sustainability? The purpose of the study is to reconfirm the experience and look for the lessons.

I am very interested in learning about the experience of other lenders or donors in China. In particular, ADB, IFAD and at least one bilateral donor, such as CIDA. Has their experience been similar to the Bank's? For that reason, I would like to make contact with evaluation units in those agencies in order to request data on their experience in China.

So far, the project is cast fairly broadly, i.e. all projects with a rural focus are included, including agriculture and its subsectors, rural health care, agricultural education, rural water supply, and fertilizer industry rehabilitation. I would, therefore, need to make contact with people who have a fairly broad range of interests.

Can you please help me, either with names and fax numbers, or introductions to the right contact people in these agencies? From your knowledge of evaluation groups outside the Bank, who do you think should be on my list? I would appreciate your advice. ||

I would be happy to talk with you further.

Regards.

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

DATE: 17-Mar-1994 03:47pm

TO: Alcira Kreimer (ALCIRA KREIMER)

FROM: Robert Picciotto, DGO (ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: RE: China-Shanghai Environment Project

Many thanks. This thoughtful comment should be transmitted to the Sector Division concerned and also to Ted Rice.

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

CC: Yves Albouy (YVES ALBOUY)

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

DATE: 17-Mar-1994 12:41pm

TO: See Distribution Below

FROM: Alcira Kreimer, OEDD3 (ALCIRA KREIMER)

EXT.: 33205

SUBJECT: China-Shanghai Environment Project

1. As per your request below are some comments on the Monitoring and Evaluation arrangements for the China-Shanghai Environment Project, SAR, February 8, 1994.
2. Section I "Project Monitoring, Reporting and Supervision" (page 25) indicates that the project will use as monitoring indicators for environmental improvements three categories which are included in Annex 11. The three categories deal aspects related to (i) water quality protection, (ii) pollution control and (iii) municipal solid waste and nightsoil management. However, Table I in Annex 9 provides a summary of environmental impacts and mitigating measures that discuss potential impacts related to the project itself or to project-related construction. The summary includes thirty categories. Those categories comprise, inter alia, aspects such as (i) resettlement, (ii) industrial and commercial premises, (iii) agricultural land, (iv) rivers and canals, (v) lakes and ponds, (vi) dewatering, (vii) roads, (viii) tracks... etc. It appears that there is a significant discrepancy between what is described as "environmental impacts" in Annex 9 and the environmental indicators selected by the project (Annex 11). A relevant question here is, since project preparation identified thirty impacts why are the proposed monitoring indicators only addressing three issues?
3. Some of the indicators included in Annex 11 seem too general. For example, for municipal solid waste and nightsoil management, the proposed monitoring indicator calls for "efficient and hygienic collection and transport". How will "efficient" and "hygienic" be defined in Shanghai and in the project? Are there any local/ international/technical standards that could be helpful and more precise?
4. The institutional aspects of this project seem to be very important, particularly after reading Section G "Project risks" (page 44). However, the reference to monitoring for institutional strengthening and training in Section I appears to be vague. There is no reference to monitoring and evaluation included in the Terms of Reference for Technical Assistance and Training in Annex 6.
5. Overall, it seems that more time and effort devoted to

monitoring and evaluation upstream in the project could only be of benefit to the quality of the operation.

DISTRIBUTION:

TO: Robert Picciotto	(ROBERT PICCIOTTO)
TO: Hans-Eberhard Kopp	(HANS-EBERHARD KOPP)
TO: Yves Albouy	(YVES ALBOUY)

→ China

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

DATE: 04-Mar-1994 03:40am

TO: Pablo Guerrero@a1@VAX12
TO: David Rix@A1@VAX12

FROM: David Rix - China Visitor, EA2CH (DAVID RIX AT A1 AT CHINA)

EXT.:

SUBJECT: IDFPPE Document forwarded

PERFORMANCE EVALUATION PROJECT (IDF GRANT NO. 28735)

AIDE MEMOIRE

A World Bank mission comprising Messrs. David Rix and Pablo Guerrero visited Beijing from February 19 to March 4 (Mr. Guerrero from February 20 to 23) to participate in a workshop, sponsored by the Ministry of Finance, on the results of a study on the establishment of a national performance evaluation system in China. The mission also held discussions on the work program for 1994/95. The mission is very appreciative of the cooperation received from the Ministry of Finance and the several agencies involved in the workshop. A review of the main aspects of the workshop discussions, and recommendations of the mission, are set out in the following paragraphs.

Workshop on Study Report

1. A two-day workshop on the study report "Establishing a Performance Evaluation Capacity in the Public Sector of the Peoples' Republic of China" was held in the Ministry of Finance (MOF) on February 21-22, 1994. Mr. Jin Liqun, Acting Director, World Bank Department (WBD), MOF, chaired the workshop, and was assisted by Ms. Zou Jiayi, Acting Deputy Chief, and Mr. Hong Houqi, project manager, Energy, Transportation and Industry Division, WBD. Representatives of several agencies and of the Expert Group established under the project, as well as Mr. Adil Khan (consultant) and the Bank mission, participated in the workshop. A list of participants is attached. The purpose of the workshop was to have Mr. Khan present the main features of his report, and his proposed options and recommendations for the establishment of a national performance evaluation system in China, and to have the participants share their views on the report and on performance evaluation in general.

2. Mr. Khan provided copies of a revised report (February, 1994) which reflected comments of Bank staff provided to him earlier. His presentation focussed primarily on the revised chapters. Observations on Mr. Khan's report, on the report "The Practices of Performance Evaluation in P.R. China" prepared in August 1993 by Professor Zhou Huizhen, and on general issues of performance evaluation in China, were extensive and detailed. Many excellent suggestions were raised by the participants, and the difficulties likely to be encountered in the establishment of a national performance evaluation system, particularly in light of the ongoing restructuring of a number of government ministries, were also highlighted.

3. In his concluding summary remarks, Mr. Jin expressed his

appreciation to the participating agencies, the mission, Mr. Khan, and Prof. Zhou for their strong support for this undertaking. He also raised several points concerning the study report that he hoped could be taken into account in the final version, as follows:

(i) Objectives and functions of performance evaluation: He agreed that performance evaluation should improve public sector decision-making; therefore it was important to establish a linkage between performance evaluation and public sector investment management, so that public sector investment could be monitored, and efficiency and effectiveness improved at both macro and micro levels.

(ii) Scope of performance evaluation: He agreed that a performance evaluation system should cover all public sector investment -- infrastructure, social, and market sectors, etc. Priority should be given to post evaluation of social sector and agricultural projects -- particularly those accorded high priority by the government, and all foreign-funded projects. Performance evaluation could also cover policy implications of public sector investment with respect to national economic development, although the evaluation of policy would be conducted differently.

(iii) Stages of performance evaluation: He noted that the study identified three stages of performance evaluation -- project completion reports, sustainability assessments, and impact assessments -- and that a general review of the first two of these activities could be carried out by the different agencies responsible for project implementation. The third -- impact assessment -- could be carried out by some central performance evaluation agency. The primary focus of the central agency could be on the sustainability and impact aspects.

(iv) Institutional framework for performance evaluation: He commended Mr. Khan's comprehension of the trade-offs between performance evaluation principles and suitability, and noted that this issue would be the subject of further study by the government. He also stressed the necessity of establishing a national framework for performance evaluation, and believed that a two-tier framework (central government level, and project implementing agencies) was appropriate. Performance evaluation could be carried out by particular project agencies, and the central government agency could coordinate the addressing of major policy issues. He noted that this aspect will most likely be pursued further by the government. The conceptual model presented in the report would provide a useful basis for studying the various factors relating to performance evaluation -- feasibility, desirability, and current status -- and would enable the advantages and disadvantages of different options, and their suitability for the Chinese context, to be determined.

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4. Mr. Rix, on behalf of the mission, concluded with an outline of the next steps that needed to be taken as a follow-up to the workshop. These are:

(i) Finalization of Mr. Khan's report, taking into account appropriate comments from the participants (including Bank), and incorporating reported technical corrections; the final report would also have to be translated into Chinese and distributed to members of the Expert Group and other interested parties.

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case-studies in the proposed courses for trainers in performance evaluation; also, identification of a host agency or ministry for the first of these courses.

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(ix) An emphasis to be placed on timely implementation of these actions and those listed in the work program, as the project enters its second year.

Review of Work Program

5. Meetings were held on February 23 with Mr. Hong and Mmes. Zou and Yang to establish a detailed work program for the second year of the project (March 1994 - February 1995). Some changes were made to the overall program in light of progress in the first year and the present better understanding of the nature of the task of establishing a national performance evaluation system in China. The proposed work program, which is subject to further MOF review of the timing and sequence of some of the key events, is attached.

6. Concerning the finalization of the study report, Mr. Khan agreed to deliver the final draft version to the Bank by March 20, 1994, and sooner if possible. He would also provide a copy to MOF at the same time, in order to advance the translation process. The Bank team agreed to provide comments to Mr. Khan within three or four days of receipt of the report, so that it could be finalized and translated by March 31, 1994. In this connection, the mission suggested that Mr. Khan visit China for resolution of any final issues relating to the study and report, instead of visiting Washington as originally planned. MOF agreed to this suggestion. A tentative timing of early April for Mr. Khan's China visit was agreed.

7. Concerning the methodology workshop, additional copies of a proposed outline for the design and delivery of the workshop, prepared by a candidate consultant (Mr. R. Rist), were provided by the mission to the MOF representatives. Mr. Hong agreed to discuss the details of the possible assignment with Mr. Rist when Mr. Hong visits Washington in early March. The mission reminded the MOF team that terms of reference and a draft contract letter for such an assignment would need to be prepared by MOF very soon.

8. The mission reminded the MOF representatives that terms of reference for the methodology workshops, curriculum development and basic skills workshops, trainers' courses, study tours, and mission participations, would need to be prepared by MOF progressively over the next two months.

9. The MOF representatives agreed to review and discuss the proposed work program within MOF, and to advise the Bank within the next month of any adjustments needed.

Utilization of IDF Grant Funds

10. In the February 23rd meetings, the mission expressed concern to the MOF representatives about the slow pace of disbursement during the first year of the project. The mission reminded them that under the terms and conditions established by the Bank for IDF grants, no extensions of grant closing dates were permitted, and funds unutilized at the time of grant closing have to be forfeited. The mission strongly encouraged the MOF team, now that the study was close to completion, to move ahead quickly with the key activities identified in the work program. The mission further pointed out that a number of the work program activities could be undertaken without having to wait for formal approval by the State Council of a particular design or approach to a performance evaluation system in China.

Beijing,
February 28, 1994.

PERFORMANCE EVALUATION PROJECT (IDF GRANT NO. 28735)

PROPOSED WORK PROGRAM FOR 1994/95

1. STUDY REPORT

Responsibility: Mr. A. Khan (Consultant), EG, MOF(WBD)
Date (completion): March 31, 1994.
Content: Revisions discussed in Workshop of Feb. 21/22.
Remarks: Final draft to Bank and MOF by March 20. Mr. Khan to visit MOF in early April.

2. METHODOLOGY WORKSHOP #1

Responsibility: MOF(WBD), Consultant Location: Beijing
Date: May 9, 1994. Duration: 5 days
No. of Participants: 15 Agencies: MOC, SAA, CIECC, Ministries.
Type of Participants: Managers of performance evaluation.
Content: Methods, procedures and practices of performance evaluation systems.
Consultants: 1
Remarks: Candidate consultant identified.

3. SEMINAR FOR SENIOR MANAGERS ("HIGH-LEVEL SEMINAR")

Responsibility: MOF(WBD), EG Location: Beijing
Date: May 17, 1994. Duration: 1 day
No. of Participants: TBD Agencies: MOF, SPC, SAA, SCRES, SCET.
Type of Participants: Vice-Ministers, Directors.
Content: Options and recommendations for a national performance evaluation system.
Consultants: None.
Remarks: Senior-level Bank representatives may participate.

4. EQUIPMENT PROCUREMENT

Responsibility: MOF(WBD)
Date: May, 1994.

5. EVALUATION SYSTEM PROPOSAL

Responsibility: EG, MOF(WBD)
Date (completion): May 31, 1994.
Content: Proposal detailing options and recommendations for a national performance evaluation system, for submission to State Council and other authorities for approval.
Consultants: None.

10. TRAINING CAPACITY ASSESSMENT

Responsibility: EG
Date: July, 1994

Location: TBD
Duration: Two months
Agencies: Various
Universities

Content: Brief assessment of capacity for training in performance evaluation in selected Chinese universities, and identification of options for developing a long-term training capacity.

Consultants: 1 local consultant, possibly.

Remarks: The need for this task is to be considered by the Expert Group.

11. CURRICULUM DEVELOPMENT AND BASIC SKILLS WORKSHOPS

Responsibility: EG, Consultant, Univ. Location: Beijing
Date (completion): Sept/Oct. 1994. Duration: 5 days x 3

No. of Participants: 15 x 3 Agencies: Various

Type of Participants: Staff of project evaluation units.

Content: Basic evaluation skills, eg., cost-benefit analysis, social impact, etc.

Consultants: 1

Remarks: Three five-day workshops in immediate succession.

12. STUDY TOUR #2

Responsibility: EG
Date: Sept. 1994.

Location: TBD
Duration: 15 days
Agencies: Various

No. of Participants: 5

Type of Participants: Staff responsible for managing, or carrying out, performance evaluation.

Content: Visits to government agencies and performance evaluation agencies in selected countries in Europe, or North America.

Consultants: None.

13. TRAIN TRAINERS COURSES

Responsibility: EG, Consultant, Univ.
Date: Nov. 1994.

Location: TBD
Duration: 15 days x 4

No. of Participants: 15 x 4

Agencies: Various

Type of Participants: Staff who will train others in their units in sector-specific performance evaluation skills.

Content: Within the infrastructure, agricultural, social, and financial sectors: evaluation of projects, lessons of experience, case studies.

Consultants: 4 (one per course)

Remarks: The four sector-specific courses could be conducted simultaneously.

PERFORMANCE EVALUATION PROJECT

PARTICIPANTS IN STUDY REVIEW WORKSHOP, FEBRUARY 21-22, 1994

Mr. Jin Liqun	Director	Ministry of Finance
Ms. Zou Jiayi	Dy. Divn. Chief	Ministry of Finance
Mr. Hong Houqi	Project Manager	Ministry of Finance
Ms. Zhou Huizhen	Professor	People's University
Mr. Lang Rongsang	Professor	People's University
Mr. Jiang Yanfu	Professor	Tsinghua University
Mr. Ren Shuben	Dy. Divn. Chief	SPC
Mr. Yang Yongjun	Dy. Divn. Chief	SAA
Mr. Xia Tongqin	General Engineer	CIECC
Mr. Zhang Jianshen	General Engineer, Professor	CIECC
Mr. Yu Shoufa	Research Fellow, Vice-Director	Ministry of Construction.
Mr. Wang Chaogang	Dy. Divn. Chief	Ministry of Construction.
Mr. Li Minxin	Dy. Dept. Director	PCBC Investment Investigation
Ms. Ci Bin	Vice General Pres.	China International Tendering Company
Ms. Du Junrong	Vice General Pres.	China International Tendering Company
Mr. David Rix	Sr. Country Officer	World Bank
Mr. Pablo Guerrero	Sr. Adviser	World Bank
Mr. Adil Khan	Consultant	Ministry of Finance

Beijing,
February 28, 1994.



China

OFFICE OF THE DEAN

TERMS OF REFERENCE

TRAINING SEMINAR ON PROGRAM/PROJECT EVALUATION

Dr. Ray C. Rist
Director
Center For Policy Studies
The George Washington University
Washington, D.C. 20052

Phone (202) 994-3306
FAX (202) 994-7207

- 1) Fifteen days of effort will be required for this seminar--ten days of preparation and five days of presentation.
- 2) The proposed dates for the seminar are Monday 9 through Friday, May 13, 1994. The location will be in Beijing, PRC.
- 3) The proposed content for the seminar is described in the enclosed attachment describing the various topics and the length of time to be devoted to each topic.
- 4) Other Requirements:

-A detailed outline will be submitted to the Ministry of Finance fifteen days before the beginning of the seminar, so that there is time for translation of this outline for all participants.

- 5) Cost and payment schedule:

-Payment is to be made in two equal portions, one when the contract is signed and the second when the project is completed. Payment is to be made as follows:

Riggs National Bank
Wisconsin & Jennifer Streets
Washington, D.C. 20015

Routing numbers (ABA code): 054-0000-30

Account name and Number: Dr. Ray C. Rist, Jr. (cust)
76-191-341


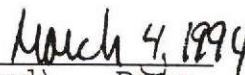
-Total lump sum contract for this seminar: \$14,620.00, based on the following categories of expenses:

-10 days preparation and 5 days presentation at \$600.00 per day (World Bank Consultant Rate) equals \$9,000.00

-Travel (round trip business class from Washington, D.C.) and local travel equals \$4100.00

-Hotel and meals for eight nights at \$190.00 per night equals \$1520.00.

Billing will be via two signed invoices at the times noted in #5 above.

 
Dr. Ray C. Rist (signed) Date
Washington, D.C.



OFFICE OF THE DEAN

PROPOSED FIVE DAY TRAINING SEMINAR ON PROGRAM/PROJECT EVALUATION

Dr. Ray C. Rist
Director
Center for Policy Studies
The George Washington University
Washington, D.C. 20052

This proposed five day training course on program/project evaluation will focus on presenting a systematic overview of the key components of program evaluation, beginning with issues of design and conceptualization, moving through strategies of data collection and analysis, and ending with an examination of how to effectively use program and project evaluation to enhance public sector performance and effectiveness. While the stronger emphasis will be on retrospective design and applications (ex post evaluations), there will also be attention paid to "real time" or process evaluations as well as those that use a prospective approach.

Section 1: Program Evaluation: Origin and Logic
(One-half day)

Here the emphasis would be on understanding how program evaluation has come into being, what is the logic of this particular form of research, what assumptions are behind the use of program evaluation, and how it is similar to/different from other forms of research. Different kinds of evaluation questions are asked at different phases of the program/project cycle. How evaluation can help answer those questions will be a focus of this section. Attention will also be paid to how to differentiate evaluation from budgeting and auditing, as well as how to apply evaluation to issues of public sector management and effectiveness.

Further, there will be a systematic discussion of the experiences of other countries who have institutionalized program evaluation at the national level. The intent here will be for the audience to see how various countries have sought to build the program evaluation function into their governance structure.

Section 2: Designing Program Evaluations (One day)

There are a number of different types of designs that can be used in program evaluations. The type of design that is selected depends upon the kinds of questions to be asked and the kinds of information needed by those who are in a position to use the material. Emphasis will be placed upon the three key types of evaluation questions--descriptive, normative, and cause and effect. The appropriate designs to these questions will then be detailed. In addition, there will be attention paid to how to study the implementation of on-going programs and projects so as to assist those programs/projects to be both efficient and effective.

Section 3: Methods of Data Collection (one and one-half days)

In the performance of an evaluation, there are multiple choices to be made regarding the types of data collection strategies to be used. There are surveys, questionnaires, use of secondary data, interviews, historical materials, etc. that are all available to the program evaluator. When to use which--and how to do so correctly--are topics to be discussed in this section. This section will also introduce the discussion of how one collects data for qualitative purposes and how one does so for quantitative purposes.

Beyond the means of data collection, there are the questions of how to institutionalize data collection using project and program implementation. Thus, there will be a discussion of how to create organizational support for data collection during implementation. There are several mechanisms that will be addressed. They include rules of documentation, reporting requirements, and policy guidance on how such data are to be collected.

Section 4: Methods of Data Analysis (One and one-half days)

The focus in this section will be on a thorough discussion of the appropriate methods of quantitative and qualitative analysis. The emphasis will be to select the correct means of analysis depending upon the nature of the data, the questions to be answered, and the needs of the end-user. Of additional interest in this section will be a focus on statistical sampling and how it is that the sample selection relates to the evaluation question being asked.

Section 5: Program Evaluation: Public Sector Applications
(One-half day)

In this final section, the discussion will focus on how to appropriately use evaluations within public sector organizations. Attention will be given to those evaluations that are internally generated and those that come from external sources. Here the focus will be on different strategies of utilization, attempting to differentiate between instrumental and strategic uses of evaluation information. Also there will be a focus on how to strategically place the evaluation function within the public sector to gain the maximum benefits and utility for public sector management and governance.

International Land Management
Research Centre

→ China
ECOP

University of Queensland
St. Lucia, Qld. 4072
Brisbane, Australia

Telephone 61-7-365 2762
61-7-365 2871
Fax No. 61-7-365 1544

TO: Mr Pablo Guerrero Adviser, OED World Bank Washington D.C.	FAX NO. 1-202-477-1212
FROM: Adil Khan Director	Date 11.03.94 Page 1 of 1

SUBJECT: Post-Evaluation, China

Dear Pablo

Greetings. Hopefully, you had a safe journey back home. The rest of my stay in Beijing was very fruitful. I was able to clarify a few things about the development process of the country. This also helped me in thinking about more viable options.

Also a couple of days back, MOF faxed me the official written comments of CIECC, SAA, SPC and the Ministry of Construction. SPC and SAA still maintain their respective positions that post-evaluation should be located in one of these offices. CIECC has now softened their stand, probably because they now realize that their interest will be protected by SPC anyway. Our friend from the Ministry of Construction is still maintaining that China does not need impact evaluation (meaning social analysis).

Anyway, the revised draft seems to be coming along quite nicely. In Chapter 2, I have incorporated sufficient international experiences by drawing lessons from USA, Australia and some Asian countries. I now feel a lot happier with Chapter 2. Chapter 3 (conceptual) is also undergoing some radical changes - thanks to your suggestions and the discussions we had in Beijing. In this chapter, I am now incorporating a flow chart showing the hierarchy of the planning and implementation process from macro to project level and indicate how different types of evaluation are required at each of these different levels. Broadly, ie, from the management point of view, I am defining evaluation at two levels - project level evaluation and non-project level evaluation. Again, within the project level, the different sub-systems of PE as has been introduced in the earlier draft will be introduced except that within input/output monitoring, the element of mid-term evaluation will also be presented (this is your contribution). Elements involving non-project level evaluation was already presented in the earlier revised draft. ?

Page 2 of 2

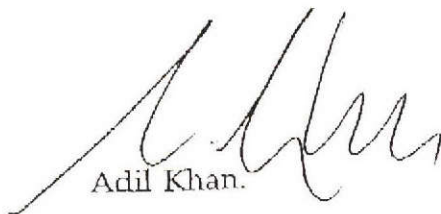
As agreed, Chapter 4 will be shortened and the bulk of the material will be shifted to Annexes. Also Chapter 5 shall include more options. As you can see these changes involve quite a bit of work and I shall try my best to finish them by March 20. However, if I do require a little bit of extra time (another 4-5 days at the most), I hope that you wouldn't mind. In any case, till to date everything seems to be on target.

On another matter, our Overseas Marketing Manager, Mr Nick Volk informs me that he contacted you re a similar project in Indonesia and that you advised Mr Volk to get in touch with the Indonesians on this. I believe that he has already done so. Thanks for the advice.

It is however, difficult to predict at this stage whether the Indonesians would choose us to do this job. But if they do, then it would be a great pleasure to work with you again, especially when we seemed to have reached some sort of common ground on conceptual and definitional issues. ||

With warm regards

Yours sincerely


Adil Khan.

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

DATE: March 4, 1994 10:43am

TO: Robert Picciotto

(ROBERT PICCIOTTO)

FROM: Pablo Guerrero, DGO

(PABLO GUERRERO)

EXT.: 31717

SUBJECT: China - ECD
For Your Information

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

DATE: 04-Mar-1994 03:40am EST

TO: Pablo Guerrero@a1@VAX12

TO: David Rix@a1@VAX12

FROM: David Rix - China Visitor, EA2CH (DAVID RIX AT A1 AT CHINA)

EXT.:

SUBJECT: IDFPPE Document forwarded

PERFORMANCE EVALUATION PROJECT (IDF GRANT NO. 28735)

AIDE MEMOIRE

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9. The MOF representatives agreed to review and discuss the proposed work program within MOF, and to advise the Bank within the next month of any adjustments needed.

Utilization of IDF Grant Funds

10. In the February 23rd meetings, the mission expressed concern to the MOF representatives about the slow pace of disbursement during the first year of the project. The mission reminded them that under the terms and conditions established by the Bank for IDF grants, no extensions of grant closing dates were permitted, and funds unutilized at the time of grant closing have to be forfeited. The mission strongly encouraged the MOF team, now that the study was close to completion, to move ahead quickly with the key activities identified in the work program. The mission further pointed out that a number of the work program activities could be undertaken without having to wait for formal approval by the State Council of a particular design or approach to a performance evaluation system in China.

Beijing,
February 28, 1994.

PERFORMANCE EVALUATION PROJECT (IDF GRANT NO. 28735)

PROPOSED WORK PROGRAM FOR 1994/95

1. STUDY REPORT

Responsibility: Mr. A. Khan (Consultant), EG, MOF(WBD)
Date (completion): March 31, 1994.
Content: Revisions discussed in Workshop of Feb. 21/22.
Remarks: Final draft to Bank and MOF by March 20. Mr. Khan to visit MOF in early April.

2. METHODOLOGY WORKSHOP #1

Responsibility: MOF(WBD), Consultant Location: Beijing
Date: May 9, 1994. Duration: 5 days
No. of Participants: 15 Agencies: MOC, SAA, CIECC, Ministries.
Type of Participants: Managers of performance evaluation.
Content: Methods, procedures and practices of performance evaluation systems.
Consultants: 1
Remarks: Candidate consultant identified.

3. SEMINAR FOR SENIOR MANAGERS ("HIGH-LEVEL SEMINAR")

Responsibility: MOF(WBD), EG Location: Beijing
Date: May 17, 1994. Duration: 1 day
No. of Participants: TBD Agencies: MOF, SPC, SAA, SCRES, SCET.
Type of Participants: Vice-Ministers, Directors.
Content: Options and recommendations for a national performance evaluation system.
Consultants: None.
Remarks: Senior-level Bank representatives may participate.

4. EQUIPMENT PROCUREMENT

Responsibility: MOF(WBD)
Date: May, 1994.

5. EVALUATION SYSTEM PROPOSAL

Responsibility: EG, MOF(WBD)
Date (completion): May 31, 1994.
Content: Proposal detailing options and recommendations for a national performance evaluation system, for submission to State Council and other authorities for approval.
Consultants: None.

10. TRAINING CAPACITY ASSESSMENT

Responsibility: EG

Location: TBD

Date: July, 1994

Duration: Two months

Agencies: Various

Universities

Content: Brief assessment of capacity for training in performance evaluation in selected Chinese universities, and identification of options for developing a long-term training capacity.

Consultants: 1 local consultant, possibly.

Remarks: The need for this task is to be considered by the Expert Group.

11. CURRICULUM DEVELOPMENT AND BASIC SKILLS WORKSHOPS

Responsibility: EG, Consultant, Univ. Location: Beijing

Date (completion): Sept/Oct. 1994. Duration: 5 days x 3

No. of Participants: 15 x 3 Agencies: Various

Type of Participants: Staff of project evaluation units.

Content: Basic evaluation skills, eg., cost-benefit analysis, social impact, etc.

Consultants: 1

Remarks: Three five-day workshops in immediate succession.

12. STUDY TOUR #2

Responsibility: EG

Location: TBD

Date: Sept. 1994.

Duration: 15 days

No. of Participants: 5

Agencies: Various

Type of Participants: Staff responsible for managing, or carrying out, performance evaluation.

Content: Visits to government agencies and performance evaluation agencies in selected countries in Europe, or North America.

Consultants: None.

13. TRAIN TRAINERS COURSES

Responsibility: EG, Consultant, Univ. Location: TBD

Date: Nov. 1994.

Duration: 15 days x 4

No. of Participants: 15 x 4

Agencies: Various

Type of Participants: Staff who will train others in their units in sector-specific performance evaluation skills.

Content: Within the infrastructure, agricultural, social, and financial sectors: evaluation of projects, lessons of experience, case studies.

Consultants: 4 (one per course)

Remarks: The four sector-specific courses could be conducted simultaneously.

PERFORMANCE EVALUATION PROJECT

PARTICIPANTS IN STUDY REVIEW WORKSHOP, FEBRUARY 21-22, 1994

Mr. Jin Liqun	Director	Ministry of Finance
Ms. Zou Jiayi	Dy. Divn. Chief	Ministry of Finance
Mr. Hong Houqi	Project Manager	Ministry of Finance
Ms. Zhou Huizhen	Professor	People's University
Mr. Lang Rongsang	Professor	People's University
Mr. Jiang Yanfu	Professor	Tsinghua University
Mr. Ren Shuben	Dy. Divn. Chief	SPC
Mr. Yang Yongjun	Dy. Divn. Chief	SAA
Mr. Xia Tongqin	General Engineer	CIECC
Mr. Zhang Jianshen	General Engineer, Professor	CIECC
Mr. Yu Shoufa	Research Fellow, Vice-Director	Ministry of Construction.
Mr. Wang Chaogang	Dy. Divn. Chief	Ministry of Construction.
Mr. Li Minxin	Dy. Dept. Director	PCBC Investment Investigation
Ms. Ci Bin	Vice General Pres.	China International Tendering Company
Ms. Du Junrong	Vice General Pres.	China International Tendering Company
Mr. David Rix	Sr. Country Officer	World Bank
Mr. Pablo Guerrero	Sr. Adviser	World Bank
Mr. Adil Khan	Consultant	Ministry of Finance

Beijing,
February 28, 1994.

China

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: March 4, 1994 10:25am

TO: Remote Addressee (David Rix AT A1 AT CHINA)

FROM: Pablo Guerrero, DGO (PABLO GUERRERO)

EXT.: 31717

SUBJECT: China - IDF

David:

Thanks for the IDF mission report. It is accurate and very useful.

I have met with Dr. Hong and Ray Rist and the forthcoming workshop seems to be on track. On request from Dr. Hong, Ray Rist is preparing detailed TOR as well as a budget outlining his fees. The workshop dates would be May 9 through 13. Mr. Hong has indicated that MOF would rather make it a lump sum contract. I will forward a copy of these to you as soon as I receive them. I have tried to impress on Dr. Hong the importance that the participants must be carefully screened to ensure that officials of both the Central and Line agencies, and Academic community, which have or will have post-evaluation responsibilities are preferably invited.

I have also informed R. Picciotto about the High Level Seminar on May 17. Since P. Bottelier mentioned to me that Mr. Kaji is planning to be in China during that time, it would be useful if you could begin to secure his participation in the H-L seminar too.

I hope your mission is going well.

Regards.

File → China

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

OFFICE OF THE DIRECTOR-GENERAL,
OPERATIONS EVALUATION
Tel. (202) 458-4569 *** FAX (202) 522-3200

Facsimile Cover Sheet and Message
(No. of pages including this one: 9)

Date: February 17, 1994 PLEASE DELIVER AS SOON AS POSSIBLE
To: Mr. Pablo Guerrero
World Bank Staff Member
Organization: Hotel Regent International
City/Country: Bangkok/Thailand
Fax No.: (66-2) 253-9195
From: Anne Muhtasib
Subject: China

Message: Pablo - attached is a fax from David Rix.
Hope all goes well.
Regards.

Anne

alm

University of Queensland
St. Lucia, Qld. 4072
Brisbane, Australia

94 FEB 17 AM 8: 21

Telephone 61-7-365 2762
61-7-365 2871
Fax No. 61-7-365 1544

TO: Mr David Rix EA2CO 255/10 R MC-7-335 World Bank	FAX NO. 1-202-522-1556
FROM: Adil Khan	Date 08.02.94 Page 1 of 3

SUBJECT: Post-Evaluation, China

Dear David

Thank you for our fax of February 4 which I received today, the 7th February. The following are my immediate responses.

Presentational

I appreciate your comments on the report and apologize for several editorial presentational flaws which I myself detected when I was able to look at the report more peacefully. Therefore, I have already made several changes and corrections to the text. In some cases, sentences have been shortened, dropped and in others, these have been extended and further explanations provided.

Substantive

About the substantive comments, I find your views on conceptual aspects rather interesting. It is true that evaluation is an important aspect of planning, but this is known as ex-ante evaluation. In our report, we mainly dealt with the aspects of ex-post evaluation. The conceptual framework presented in the report simply detailed different aspects involving post-evaluation. However, I do accept your view of the new approaches of evaluation which regard both ex-ante and post-evaluation as a continuum and a source of learning process beginning with planning. I admit that these were not touched upon very clearly in the report. The other points raised re conceptual framework, such as accountability, linkages to planning, budgeting etc. are also equally valid and I shall try and incorporate them.

About the point raised in para 4 (Conceptual Framework), I still hold the view that evaluation is mainly about the generation of different reports. Whether or not these reports will assist resource allocation, accountability etc. will very much depend on what uses are made of these.

However, in this regard I do accept your view that the relationships between different evaluation reports and these latter attributes have not been well articulated and require more specific mention and that it is also necessary to provide indications as to how best to achieve this.

I also take note of your comments on Local Consultant's Assessment and Draft Recommendations and will try and make the necessary incorporations/changes. However, a quick response re your comments about the recommended institutional framework which is regarded by you as 'overly bureaucratic', I felt that to achieve better results, the proposed evaluation units (whose main job is co-ordination and management) should be located as close as possible to a bureaucratic environment. However, the establishment of an evaluation advisory group to guide these units and the conduct of evaluation which is proposed to be undertaken by outside agencies is expected to provide evaluation with necessary external perspective. This is my view, but we shall discuss it further to arrive at a more acceptable option. Re training, my recommendations are somewhat tentative as I could not gather enough information on current training status in China. Therefore, I also suggested to make a small study on the current training situation in China prior to arriving at a final decision. The current recommendations constitute a package of options.

Finally, thank you again for your useful comments. I shall try and incorporate some of them before I come to China.

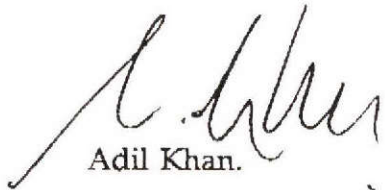
I am arriving in Beijing in the afternoon of Sunday, 20th February to stay up until 26th February. No other flights were available prior to this date to get to China even in first class. Somehow managed a flight in Japan Airlines via Tokyo. Re accommodation, initially I was planning to stay at the Holiday Inn Down Town which is quite close to the MOF. But now seeing that both of you will be staying at the China World Hotel, I have requested Dr Hong Houqi to make a booking for me at the same hotel too. How about a meeting amongst the three of us for dinner on the evening of February 20?

Washington visit in late March sounds okay. BUT PLEASE CONFIRM WHETHER YOU REQUIRE ME TO SEND THE FINAL VERSION OF THE REPORT TO YOU FIRST PRIOR TO SENDING IT TO THE CHINESE. If so, then we would be required to negotiate the date of submission of the report to the Chinese accordingly.

Page 3 of 3

Look forward to seeing you in Beijing soon and meanwhile, warm regards.

Yours sincerely



Adil Khan.

THE WORLD BANK
CHINA & MONGOLIA COUNTRY OPERATIONS DIVISION
DIRECT FAX TELEPHONE NO. (202) 477-8308

FACSIMILE

DATE: February 10, 1994 **NO. OF PAGES:** 4
(including this sheet) **MESSAGE NO.:**

TO: Mr. Hong Houqi
Organization: Ministry of Finance
City/Country: Beijing, China
Fax No.: 861 8511062

FROM: David Rix, Sr. Country Officer
Dept.: China & Mongolia
Div.: Country Operations
Room No.: MC 7-335
Tel. No.: (202) 458-5517

**SUBJECT/
REFERENCE:** CHINA - IDF Performance Evaluation

MESSAGE:

Dear Mr. Hong:

Thank you for your message of February 8, 1994 concerning CVs for Messrs. Rist and Masoni. I was able to contact Dr. Rist and he has prepared a brief preliminary proposal for a performance evaluation methodology workshop. A copy is attached for your information. It can be modified of course to fit the particular needs of the IDF project. If you decide to pursue his interest further, you may contact him at the letterhead address, or telephone (202) 994-3306, fax (202) 994-7207.

Concerning the working-level workshop on February 21 and 22, I would suggest that the first morning be devoted to Mr. Khan's presenting the approach, conclusions and recommendations of the report, then the afternoon to be allocated to a representative of the Expert Group to give the Group's views. We (Mr. Guerrero and I) would also like an opportunity to convey our views, either during the same afternoon or on the second day. Perhaps the second day could be assigned to plenary discussions on each of the recommendations in turn. I hope these suggestions are of help, and can supplement your own ideas on how to schedule the time.

Looking forward to seeing you in Beijing.

Best regards,



David Rix
China & Mongolia Country Operations Division
East Asia & Pacific Region

Mr. Hong Houqi

- 2 -

February 10, 1994

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DECLASSIFIED

Cleared with and cc:

JUL 21 2023

cc: Messrs. Ecevit (o/r), P. Guerrero; *Ms. J. Li*
Asia Information Center

WBG ARCHIVES

Transmission Authorized By : David Rix, Sr. Country Officer, EA2CO
Extension : 85517
Dept. : EA2
Division : CO
Room No. : MC7-335

DRix:cdd



OFFICE OF THE DEAN

February 10, 1994

Mr. David Rix
The World Bank
Washington, D.C.

Dear Mr. Rix:

I am pleased to enclose a proposed five day training course on program evaluation for consideration by the Ministry of Finance in the People's Republic of China.

The focus of the course will be to first, systematically explore the logic and applications of program and project evaluation, and second, to study the ways in which program evaluation can enhance the efficiency and effectiveness of the public sector. I would also be willing to work with the Ministry of Finance, if interested, in further discussion and analysis on how to locate the evaluation function within the public sector for maximum benefits and utility.

Again, I am pleased to share this proposal and look forward to further discussion on how we might make it a reality.

With kind regards,

A handwritten signature in black ink that reads "Ray C. Rist".

Ray C. Rist, Ph. D.
Director
Center for Policy Studies

PROPOSED FIVE DAY TRAINING COURSE ON PROGRAM/PROJECT EVALUATION

Dr. Ray C. Rist
Director
Center for Policy Studies
The George Washington University
Washington, D.C.

This proposed five day training course on program/project evaluation will focus on presenting a systematic overview of the key components of program evaluation, beginning with issues of design and conceptualization, moving through strategies of data collection and analysis, and ending with an examination of how to effectively use program and project evaluation to enhance public sector performance and effectiveness. While the stronger emphasis will be on retrospective design and applications (ex post evaluations), there will also be attention paid to "real time" or process evaluations as well as those that use a prospective approach.

Section 1: Program Evaluation: Origin and Logic (One-half day)

Here the emphasis would be on understanding how program evaluation has come into being, what is the logic of this particular form of research, what assumptions are behind the use of program evaluation, and how it is similar to/different from other forms of research. Different kinds of evaluation questions are asked at different phases of the program/project cycle. How evaluation can help answer those questions will be a focus of this section. Attention will also be paid to how to differentiate evaluation from budgeting and auditing, as well as how to apply evaluation to issues of public sector management and effectiveness.

Section 2: Designing Program Evaluations ✓ (One day)

There are a number of different types of designs that can be used in program evaluations. The type of design that is selected depends upon the kinds of questions to be asked and the kinds of information needed by those who are in a position to use the material. Emphasis will be placed upon the three key types of evaluation questions--descriptive, normative, and cause and effect. The appropriate designs to these questions will then be detailed. In addition, there will be attention paid to how to study the implementation of on-going programs and projects so as to assist those programs/projects to be both efficient and effective.

Section 3: Methods of Data Collection ✓
(one and one-half days)

In the performance of an evaluation, there are multiple choices to be made regarding the types of data collection strategies to be used. There are surveys, questionnaires, use of secondary data, interviews, historical materials, etc. that are all available to the program evaluator. When to use which--and how to do so correctly--are topics to be discussed in this section. This section will also introduce the discussion of how one collects data for qualitative purposes and how one does so for quantitative purposes. ✓

Section 4: Methods of Data Analysis
(One and one-half days)

The focus in this section will be on a thorough discussion of the appropriate methods of quantitative and qualitative analysis. The emphasis will be to select the correct means of analysis depending upon the nature of the data, the questions to be answered, and the needs of the end-user. Of additional interest in this section will be a focus on statistical sampling and how it is that the sample selection relates to the evaluation question being asked.

Section 5: ^{Project} Program Evaluation: Public Sector Applications
(One-half day)

In this final section, the discussion will focus on how to appropriately use evaluations within public sector organizations. Attention will be given to those evaluations that are internally generated and those that come from external sources. Here the focus will be on different strategies of utilization, attempting to differentiate between instrumental and strategic uses of evaluation information. Also there will be a focus on how to strategically place the evaluation function within the public sector to gain the maximum benefits and utility for public sector management and governance.

Mr. F. Guerrero

China

THE WORLD BANK
CHINA & MONGOLIA COUNTRY OPERATIONS DIVISION
DIRECT FAX TELEPHONE NO. (202) 477-8308

RECEIVED
94 FEB 15 PM 2:34
FACSIMILE

DATE: February 10, 1994 NO. OF PAGES: *4* MESSAGE NO.:
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TO: Mr. Hong Houqi
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Fax No: 861 8511062

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Best regards,



David Rix
China & Mongolia Country Operations Division
East Asia & Pacific Region

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Cleared with and cc:

JUL 21 2023

cc: Messrs. Ecevit (o/r), P. Guerrero; *Ms. J. Li*
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(One and one-half days)

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In this final section, the discussion will focus on how to appropriately use evaluations within public sector organizations. Attention will be given to those evaluations that are internally generated and those that come from external sources. Here the focus will be on different strategies of utilization, attempting to differentiate between instrumental and strategic uses of evaluation information. Also there will be a focus on how to strategically place the evaluation function within the public sector to gain the maximum benefits and utility for public sector management and governance.


F 13 035

OFFICE MEMORANDUM

→ China

DATE: January 31, 1994

TO: Mr. H. Eberhard Köpp, OEDDR

FROM: Graham Donaldson, Chief, OEDD1 

EXTENSION: 31730

SUBJECT: PEOPLE'S REPUBLIC OF CHINA - Review of Agricultural Operations
Initiating Memorandum

Attached for management review is the Initiating Memorandum for this study.

Attachment

cc: Mr. Picciotto (DGO)
Mr. Penalver-Quesada (OEDD2)
Mr. Albouy (OEDD3)
Mr. Guerrero (DGO)

Initiating Memorandum

CHINA: REVIEW OF AGRICULTURAL OPERATIONS

Background: Since 1982, 35 agricultural investment projects and one rural sector adjustment loan have been supported by the Bank in China, and 12 projects have been completed. In twelve years, the value of agricultural credits and loans has grown from zero to more than US\$4.5 billion, and the value of completed credits and loans approaches US\$1.0 billion. The diverse range of projects includes area development, irrigation and drainage, agricultural research and support, seeds, credit, marketing, forestry, tree crops, and freshwater fisheries.

Rationale: The performance of completed agriculture projects has been exceptional.^{1/} The overall assessment of all agriculture projects has been satisfactory or highly satisfactory - none is unsatisfactory - with most projects achieving or exceeding all SAR objectives. All projects have been completed on or close to schedule, and cancellations amount to less than 2% of approvals. Sustainability is considered to be likely for 11 of the 12 completed projects, and uncertain in only one. ERRs reestimated at completion exceed 21% (range 21% to 72%) in 11 of the 12 completed projects: the lowest reestimated ERR is 16%. OED has rated 3 projects as outstanding.

Objective: The objective of the study is to examine completed projects and more recent lending to determine if Bank-supported projects are more successful than non-Bank projects in China, to identify the factors contributing to such satisfactory performance, and to draw lessons for future lending to China and elsewhere.

Hypotheses:

- 1) Market and price reforms which predated Bank support, created an economic environment which enabled agricultural development projects to take off;
- 2) Borrower commitment at all levels to China's relationship with the Bank, and ownership of the projects themselves, underwrote the quality of project preparation and implementation;
- 3) Effective sector policy dialogue, clearly derived project objectives, and simple project design contributed to quality at entry;
- 4) Simple organizational arrangements, decentralized accountability for performance, reliable monitoring and evaluation, and excellent working relations with the Bank, contributed to effective management of implementation;
- 5) Decentralized incentive structures in China and high levels of institutional development within projects are contributing to project sustainability.

Costs and timing: Required staff and consultant time is estimated at 40 work weeks. The study is budgeted at US\$178,000. The study is to be completed by September 1995. Two additional audits in 1994 will contribute to the study.

^{1/} See attached summary.

China: Completed Agriculture Projects - Summary Characteristics

Project	Credit No./ Loan No.	Credit/Loan Amount \$m	Cancellation \$m	Overall Assessment	Sustainability	Appraisal ERR %	PCR/PAR ERR %	Notes
1. North China Plain Agriculture	1261	60.0	0	highly successful	likely	30.0	56.0	---
2. Heilongjiang Land Reclamation	1347/2261	80.3	10.0	successful	likely	23.0	22.0	---
3. Rubber Development	1417	100.0	0	highly satisfactory	likely	17.2	16.0	outstanding
4. Rural credit	1462	50.0	0	satisfactory	likely	27.0	20.0	---
5. Second Agricultural Research	1516	25.0	0	satisfactory	likely	n.a.	21.2	RERR "indicative"
6. Seeds	1577	40.0	0	highly satisfactory	uncertain	38.0	72.0	---
7. Forestry Development	1605	47.3	5.0	satisfactory	likely	56.0	38.0	outstanding
8. Pishihang Chaohu Area Development	1606/2579	92.7	0	satisfactory	likely	36.0	27.0	---
9. Second Rural Credit	1642	90.0	0	satisfactory	likely	34.0	20.0	outstanding
10. Freshwater Fisheries	1689	66.0	0	highly satisfactory	likely	21.0-50.0	23.0-37.0	---
11. Red Soils Area Development	1733	40.0	0	satisfactory	likely	29.0	21.0	---
12. Rural Sector Adjustment	1932/2967	300.0	0	satisfactory	likely	n.a.	n.a.	---

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

DATE: 25-Jan-1994 04:43pm

TO: CHMOF (CHMOF @A1@CHINA)

FROM: David Rix, EA2CO (DAVID RIX)

EXT.: 85517

SUBJECT: IDF Performance Evaluation - Seminar and Workshop
For Immediate Attention

For Mr. Hong Houqi, Project Officer, copied to Mr. Jin Liqun,
Acting Director, Mr. Li Yong, Deputy Director, and Mr. Zhu Xian,
Chief, Policy and Program Division, World Bank Department,
Ministry of Finance.

Dear Mr. Hong:

Thank you for your message of January 19 concerning the proposed seminar and workshop on the Performance Evaluation project. We have the following comments:

(1) We understand your desire to hold the proposed "high-level seminar" at a later date, in order to be able to provide senior-level government officials with a final version of the report, for their approval, before the seminar is held. We therefore agree to the postponement for the reasons you cited. The seminar is important in terms of providing a forum in which broad policy and organizational questions on performance evaluation can be considered and discussed by senior government officials, so it should not be delayed for too long. We suggest that it be rescheduled for some time in April, if that is acceptable to MOF.

(2) We agree with the suggestion of holding a "working-level workshop" in February to discuss the draft report with Mr. Khan and the expert group, and to consider the participants' comments and their incorporation into a final version of the report. Both Mr. Guerrero and I plan to attend. We also expect to share the comments from the Bank on the report at that time. With regard to timing, we would prefer the working level workshop to begin on Monday, February 21, if this is acceptable to MOF, in order to enable Mr. Guerrero to complete his planned Indonesia mission and onward travel to China. Concerning the duration of this workshop, we suggest that 2 days would be appropriate to fully consider the report's analysis and recommendations, and to provide guidance for the final draft.

(3) As you know, Mr. Robert Picciotto (Director-General, Operations Evaluation) was proposing to make a presentation at the high-level seminar. I should mention that Mr. Picciotto's

participation in a high-level seminar on performance evaluation such as this one is a commitment he had made during the 1992 Annual Bank-Fund Meetings in response to an invitation from Mr. Wang Bingqian, the former Minister of Finance, and of course he is keen to honor this commitment. While Mr. Picciotto would be willing to attend the proposed working-level workshop, if MOF considers that this would be beneficial, it is unlikely that he would be able to participate in both the working-level workshop and the later high-level seminar. We would appreciate your discussing these options within MOF and letting me know as soon as possible the government's preference concerning Mr. Picciotto's participation and the timing of his visit.

(4) Concerning the methodology workshop, we consider that the initial workshop should cover measures, methods and practices for performance evaluation applicable generally across all sectors. We do not feel that combining these with sector-specific methodologies is appropriate at this time, as sector-specific practices may differ among sectors, and will primarily be of interest only to personnel within a particular sector. Thus the initial methodology workshop should address general performance evaluation principles and practices. Such a workshop could follow the working-level discussion of Mr. Khan's draft report (necessitating a very prompt decision on the selection of the external consultant for the workshop), or either precede or follow the high-level seminar, whenever that is scheduled. Sector methodology workshops, which would utilize a case study approach, should be given separately at a later date, possibly in May or June. Preparation of relevant case studies for teaching purposes takes time, and would most likely require assistance from our EDI staff, or from an external consultant.

(5) With regard to the recruitment of a consultant for the initial methodology workshop, we have been in touch briefly with the two consultants we mentioned and will arrange for their cv's to be forwarded to you for consideration. The consultants are interested in the assignment and could possibly undertake it, if sufficient lead time is provided for the preparation of the training and for the overall scheduling of their other obligations. As you are aware, time is running short and prompt decisions are needed. To determine the consultants' availability, we will need to know as soon as possible the proposed date for the methodology workshop.

(6) Concerning the provision of the meeting hall, and the funding of the translations and working lunch, I should mention that under the terms of the IDF Grant Agreement, the government is committed to provide a portion of the funding (US \$80,000 equivalent) to finance local costs associated with the project. This funding is generally for these kinds of expenditures, particularly those related to seminars and training. While funding can be provided from the grant itself, and we would have no objection to this, we would appreciate your advising what items or activities are proposed to be funded from government

resources under the project. The same comments apply to the funding of the costs for accelerating the translation and the typing of the consultant's report.

(7) During our proposed visit around February 21st, we would like to take the opportunity to review and discuss with you the work program for the second year of the project, ie., the remainder of the project implementation period. As some delays have been incurred, we need jointly to review the schedule of activities and develop a realistic schedule for the year ahead. Please recall that no closing-date extensions are allowed under IDF-funded projects.

Just prior to sending this message, I had an opportunity to discuss the comments above with Ms. Zou Jiayi, who is here for negotiations, and was following up on your behalf. She favors having the working-level workshop by itself in February, and the high-level seminar and methodology workshop close together at a later date, to be determined. She also feels that it would be best for Mr. Picciotto to participate later in the high-level seminar, rather than in the working-level workshop. This approach would be fine with us.

We look forward to your response. Many thanks.

Regards,

David Rix,
China and Mongolia Country Operations.

CC: Pablo Guerrero	(PABLO GUERRERO)
CC: Zafer Ecevit	(ZAFER ECEVIT)
CC: PIETER BOTTELIER	(PIETER BOTTELIER @A1@CHINA)
CC: DAUD AHMAD	(DAUD AHMAD @A1@CHINA)
CC: KATHY OGAWA	(KATHY OGAWA @A1@CHINA)
CC: SHENGMAN ZHANG	(SHENGMAN ZHANG @A1@EDSEL)
CC: HONG ZHAO	(HONG ZHAO @A1@EDSEL)
CC: WU JINKANG	(WU JINKANG @A1@EDSEL)

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

DATE: 21-Jan-1994 03:52pm

TO: Robert Picciotto (ROBERT PICCIOTTO)

FROM: David Rix, EA2CO (DAVID RIX)

EXT.: 85517

SUBJECT: Postponement of High-Level Seminar on Performance Evaluation

Perhaps I should have provided more information in my earlier message about MOF's reasons for the postponement of the "high-level" seminar on performance evaluation in China. The reason given is that MOF wants to have all of the report-related processing completed and to have a final version of the report available before presenting its conclusions and recommendations to senior government officials in a high-level seminar.

The steps involved to get to that point include translation, typing and review of the draft report by the "expert group" (all of which will take one month), followed by a proposed "working-level workshop" with the consultant, the expert group, and possibly some others to discuss the draft report and to incorporate comments received into a final version of the report. MOF received the consultant's report on January 17th; thus the originally-proposed February 18th date for the high-level seminar would be too soon to accommodate all the activities above. However, MOF would like instead to hold the "working-level workshop" on that date, February 18th.

Concerning your interest in participating in the working-level workshop (Pablo mentioned this to me), I thought it best to handle this informally through the ED's office, particularly since you do not want your participation to be interpreted as requiring senior-level officials' participation as well. I spoke to Mr. Zhang in ED's office, who will be in touch with MOF today. He did not foresee a problem, and suggested that we assume that MOF would have no objections. If there are concerns on their part, I will probably hear by Monday, and will let you know immediately.

I hope this clarifies matters for you. Thanks.

CC: Pablo Guerrero (PABLO GUERRERO)
CC: Zafer Ecevit (ZAFER ECEVIT)
CC: PIETER BOTTELIER (PIETER BOTTELIER @A1@CHINA)
CC: DAUD AHMAD (DAUD AHMAD @A1@CHINA)
CC: KATHY OGAWA (KATHY OGAWA @A1@CHINA)
CC: Julia Li (JULIA LI)
CC: Joan Davis (JOAN DAVIS)

CC: Edna Monaghan

(EDNA MONAGHAN)

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, 1994 02:12pm

TO: Telex & Facsimile System (WDIAL@TELEX)

FROM: Edna Monaghan, EA2CO (EDNA MONAGHAN)

EXT.: 82348

SUBJECT: KHAN

OINFO

SUBJECT : KHAN

-DRAFTED BY: DRIX/EM

EXT: 82348

-AUTHORIZED BY: ZAFER ECEVIT, CHIEF, EA2CO

FAX

-FAX # 90116173651544

-URGENT

-MR. ADIL KHAN

-INTERNATIONAL LAND MANAGEMENT RESEARCH CENTRE

-UNIVERSITY OF QUEENSLAND

-BRISBANE, QUEENSLAND, AUSTRALIA

BT

WASHINGTON, D.C. 19-Jan-1994

URGENT. ADIL. (AAA) HAVE JUST HEARD FROM MOF THAT THEY WANT TO
POSTPONE THE "HIGH-LEVEL" SEMINAR TO A LATER UNSPECIFIED DATE.

INSTEAD, THEY WANT A WORKING-LEVEL WORKSHOP ON FEBRUARY 18, 1994 TO
DISCUSS WITH YOU AND EXPERT GROUP COMMENTS ON THE DRAFT REPORT, AND
1 INCORPORATE THESE INTO A FINAL VERSION OF THE REPORT.

(BBB) ALSO, WE SEE THAT YOU HAVE ALREADY PROVIDED A DRAFT COPY OF
THE REPORT TO MR. JIN LIQUN. WE HAD INTENDED THAT BANK'S COMMENTS BE
INCORPORATED BEFORE THE REPORT WAS RELEASED TO MOF.

(CCC) IN VIEW OF THESE TWO EVENTS, PABLO AND I BELIEVE THAT IT WILL
NOT BE WORTHWHILE FOR YOU TO COME TO WASHINGTON AT THIS TIME JUST TO
HEAR OUR COMMENTS. WE SUGGEST THAT THESE BE INTRODUCED ALONG WITH
THOSE OF THE EXPERT GROUP AS PART OF THE PROPOSED WORKING-LEVEL
WORKSHOP IN FEBRUARY.

(DDD) THEREFORE REQUEST THAT YOU POSTPONE WASHINGTON VISIT ON
JANUARY 22, AND PROCEED TO CHINA IN FEBRUARY TO PARTICIPATE IN THE
WORKING-LEVEL WORKSHOP. APOLOGIES FOR THIS LATE ADVICE AND
INCONVENIENCE BUT THE MOF RESCHEDULING HAS HAD MAJOR IMPACT ON PLANS.
MORE DETAILED FAX FOLLOWS. YOU CAN CALL ME ON 202-458-5517 BETWEEN
APPROXIMATELY 9 TO 5.30 OUR TIME, OR ON 703-506-4480 IN EVENINGS IF
YOU NEED TO GET IN TOUCH WITH ME. THANKS AND REGARDS, DAVID RIX

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

DATE: 19-Jan-1994 10:12am

TO: DAVID RIX

(DAVID RIX @A1@VAX12)

FROM: Ministry of Finance, AS3CH

(CHMOF AT A1 AT CHINA)

EXT.:

SUBJECT: IDF Performance Evaluation--Seminar and Workshop Arrangements

Dear Mr. Rix:

Thanks for your EM dated Jan. 13, 1994 on the captioned subject. Our responses are as follows:

AAA) Seminar on Findings and Recommendations of the Performance Evaluation Study. We appreciate your arranging such an important high-level seminar and attach great importance to it. From the perspective of accelerating implementation of this project, we wish it be held as scheduled. Before that, however, as referred to in the "Draft Implementation Plan" for the study, we should hold a workshop to discuss the draft report with the participation of our expert group and Mr. Khan, the external consultant, so that Mr. Khan can incorporate comments received into the final report.

It may be not very efficient to hold a high-level seminar before the final report is ready. Since we need one month to have the draft report translated, typed and reviewed by expert group which we received from Mr. Khan just 2 days ago, as we mentioned to you in my last EM, we propose that we hold this working-level workshop on Feb. 18, 1994 and postpone the high-level seminar to a later time to be determined later on. If this is acceptable to you, please let us know whether the visa request for Mr. Picciotto's trip to China in February is still effective.

BBB) Methodology Workshop. Per the "Draft Implementation Plan" para. 3 for this IDF project, we propose that the workshop be expanded to cover discussing the specific improvements required to the methodologies and standards of performance evaluation to be applied for the different sectors of economic activity, with the participation of our expert group, so that we can later on commission local or external expert(s) to prepare the methodological improvements. We hope you and Mr. Guerrero will attend the workshop and Bank's RMC will provide the meeting hall. Since the workshop is expected to last for 4 to 5 days, the MOF have difficulty in funding the fee for translation and working lunch, therefore, we hope it could be covered from the proceeds of this IDF study project. Regarding the two external experts you mentioned in your EM, we appreciate your recommendation and hope you could help brief them the requirements of this assignment and let them send their CVs and proposals to us if they are interested in, so that we can accelerate our evaluation for

the hiring of consultants for the workshop.

DDD) Lastly, because the delay of Mr. Khan's delivery of the draft report, we are required to accelerate its translation and typing, for which we have to pay extra money. We feel difficulty for that. Therefore, we request that the translation of the draft report be also funded by the the proceeds of this project.

Looking forward to your prompt responses and confirmation.

Thanks and best regards.

Hong Houqi
Project Officer
World Bank department
MOF, P.R.China

CC: ZAFER ECEVIT
CC: Pieter Bottelier
CC: Daud Ahmad
CC: WU JINKANG
CC: SHENGMAN ZHANG
CC: HONG ZHAO
CC: Kathy Ogawa
CC: Pablo Guerrero - China Visitor

(ZAFER ECEVIT @A1@VAX12)
(PIETER BOTTELIER AT A1 AT CHINA)
(DAUD AHMAD AT A1 AT CHINA)
(WU JINKANG @A1@EDSEL)
(SHENGMAN ZHANG @A1@EDSEL)
(HONG ZHAO @A1@EDSEL)
(KATHY OGAWA AT A1 AT CHINA)
(PABLO GUERRERO AT A1 AT CHINA)

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: January 13, 1994 10:27am

TO: See Distribution Below

FROM: Pablo Guerrero, DGO (PABLO GUERRERO)

EXT.: 31717

SUBJECT: ECDP Activity in February

I am planning to visit Sri-Lanka on Feb 10-11, Indonesia Feb 14-16, and China Feb 17-25. It would be very beneficial to get OED staff involved in the work, if staff travel plans coincide with the above schedule.

Could you tell whether there are, for the above countries and dates, OED missions planned and if so whom.

In Sri-Lanka, in response to a Government request, the mission will discuss ECDP needs and possible support.

In Indonesia, the mission will help launch the implementation of the ECDP program recently financed under an IDF grant.

In China, the mission will involve participation in a high level seminar to discuss the diagnostic study prepared under the first phase of the IDF grant implementation. This seminar will be followed by a one week workshop on evaluation methods, procedures and practices.

To repeat, if OED staff are planning to be in any of these countries it would be of great benefit to involve them in the dialogue. Please let me know.

DISTRIBUTION:

TO: Yves Albouy	(YVES ALBOUY)
TO: Manuel Penalver	(MANUEL PENALVER)
TO: Dennis Purcell	(DENNIS PURCELL)
TO: Graham Donaldson (o/r)	(GRAHAM DONALDSON)
CC: Robert Picciotto	(ROBERT PICCIOTTO)
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: January 12, 1994 12:54pm

TO: Robert Picciotto (ROBERT PICCIOTTO)

FROM: Pablo Guerrero, DGO (PABLO GUERRERO)

EXT.: 31717

SUBJECT: Re: ECDP Missions in February

Bob:

For your information and comment. The following is my plan for ECDP activities in February.

1. It has now been confirmed by Izzet Zincir that the Indonesian Government i.e. BAPPENAS, would like me to visit Jakarta the week of February 14. This visit has been requested by the Indonesia Country Department and BAPPENAS to help them get started with the ECDP program financed under the IDF grant. This visit also coincides with CIR mission and Zincir will be there during my stay.

2. Following my visit to Indonesia, on request from the China Department, I plan to attend the high level seminar on February 18 and part of the evaluation workshop planned for the following week. Regarding the workshop, I am meeting with both Ray Rist and Vittorio Massoni as potential consultants to conduct the workshop. Both are interested and available, and given that the workshop will be an overall introduction to evaluation methods, procedures and practices, both are qualified. The China Department, namely David Rix, will attend parts and he has requested that if at all possible I also participate to complement the chosen consultant (either Rist or Massoni) as needed. I would use this visit to help MOF firm up an action plan following the high level meeting, and also to help them set up the first three sectoral workshops, for which EDI will have the responsibility of helping prepare the case studies.

3. Finally, on the way to Indonesia, I would plan to stop for two days in Colombo. There is a request outstanding for Bank assistance from the Ministry of Policy Planning Implementation and the Ministry of Finance. The Bank's Res. Rep., Roberto Bentjerodt, as well as the country officer, Raouf Benbrahim, have been asking me to attend to this if possible. This trip to Jakarta will allow me to assess what might be done and to do it cost-effectively.

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

DATE: January 12, 1994 11:46pm

TO: Shahid Javed Burki (SHAHID JAVED BURKI)

FROM: Robert Picciotto, DGO (ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: Gas Project

I attach the full message. You will note that everything is under control. Sorry for the mistransmission.

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

DATE: January 10, 1994 10:29am EST

TO: Yves Albouy (YVES ALBOUY)
TO: Robert Picciotto (ROBERT PICCIOTTO)

FROM: Richard Berney, OEDD3 (RICHARD BERNEY)

EXT.: 36145

SUBJECT: China: Sechuan Gas Project - Environmental Concerns

I believe that Selina Shum (Task manager) and Hanachi Morsli (Petroleum Engineer) have been quite conscientious in their approach to the environmental issues in this project. They just forgot to explain what they had done to resolve the potential problems. The attached makes up for this oversight.

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

DATE: January 7, 1994 06:25pm EST

TO: See Distribution Below

FROM: Selina Shum, EC3IV (SELINA SHUM)

EXT.: 82452

SUBJECT: Latest version of Sichuan Gas

Please find attached the latest version of the draft memo .

Attached to this message is a TEXT document. It can be displayed or printed like any other ALL-IN-1 document. You may also transfer the attachment to your PC using the FAP option.

DISTRIBUTION:

TO: Yo Kimura	(YO KIMURA)
TO: Richard S. Newfarmer	(RICHARD S. NEWFARMER)
TO: Richard Berney	(RICHARD BERNEY)
TO: Jack Fritz	(JACK FRITZ)
CC: Hannachi Morsli	(HANNACHI MORSLI)

January 7, 1994

Mr. Gautam Kaji, Vice President (EAPVP)

Yo Kimura (EA2DR)

81108

CHINA: Sichuan Gas Development and Conservation Project

1. A meeting was held today Friday January 7, 1994 between the project team (Ms. S. Shum and Messrs. H.Morsli and Fritz) and OED's auditor (Mr. R. Berney) to discuss the environmental issues associated with Sichuan gas field produced formation waters raised in the January 3, 1994 OED's memo from Mr. Yves Albouy, Chief, OEDD3 to Mr. Richard Newfarmer, Chief, EA2IE. The meeting concluded that there is no problem with respect to the environmental aspects under subject project. However, it was agreed that the mission would articulate more clearly the fact that the project design has taken into account the above environmental concern and that adequate mitigation measures have been included in the project. A summary of the meeting's conclusion is highlighted

below:

Sichuan Gas Development and Conservation Project

2. A major lesson learned from the development experience of the Weiyuan Gas Field TA Project is that suboptimal production practices have resulted in extensive reservoir damage, including excessive production of formation water. In particular, the proposed project has been designed to support the adoption of sound reservoir management practices, which are cost-effective measures to prevent the problem of formation water on a sustainable basis. In particular, based on the results of a preinvestment study, the new gas fields selected to be developed under the proposed project are not expected to produce formation water until 10 to 12 years after they are put into production. Further, the formation water is expected to be produced in limited quantity. Finally, provision has also been made under the project to: (a) drill formation water disposal wells to handle any water influx that may occur earlier than anticipated; and (b) build water treatment facilities in field areas where re-injection in wells may not be possible.

Weiyuan Gas Field Technical Assistance Project

3. As noted above, excessive quantity of formation water had been produced in the Weiyuan gas field. The

recently completed Bank-financed diagnostic study concluded that the field has been completely flooded and would not be economically rehabilitated. Based on the recommendation of this study, most of the wells have been shut-in; only a few wells are producing gas intermittently at this juncture. As a result, the production of formation water has been reduced sharply and its environmental impact is thus minimal.

cc and cc: Messrs. Berney (OED) and Fritz (ASTEN)

cc: M/M Ecevit, Newfarmer, Shum, Morsli, Anderson, Asia
Information Center

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

DATE: 12-Jan-1994 11:03pm

TO: Robert Picciotto

(ROBERT PICCIOTTO)

FROM: Shahid Javed Burki, EA2DR

(SHAHID JAVED BURKI)

EXT.: 82332

SUBJECT: RE: Gas Project

Mr. Picciotto:

There must be something wrong, but I don't see any attachment.
Grateful if you could send the e-mail again.

Many thanks,

Emilia

International Land Management
Research Centre
University of Queensland
St. Lucia, Qld. 4072
Brisbane, Australia

China
P. Cuervo

Fax 71212
Telephone 61-7-365 2762
61-7-365 2871
Fax No. 61-7-365 1544

TO: Mr David Rix Snr Country Officer China and Mongolla Division World Bank	FAX NO. 1-202-477-6391
FROM: Adil Khan Director	Date 10.01.94 Page 1 of 1
SUBJECT: Post-Evaluation Visit and Seminar	

Dear David

Thank you very much for your fax of January 7 confirming my visit to Washington during January 23-25, 1994. I am pleased to learn that the Seminar is planned during 17-18 February, but I am a bit confused about the February 22 Workshop on Post Evaluation Methodology. Although I have no problem in participating in a Workshop such as this, I am certain that this is not something which is covered within my TOR. Appreciate you clarifying the situation. Also at this stage, I shall appreciate you thinking about the probable date for my post-Seminar visit to Washington. I would prefer it a week or so after the seminar. We can discuss this during my visit to Washington this time.

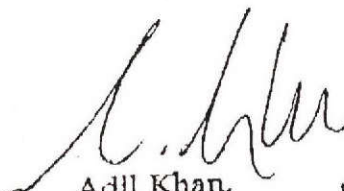
Finally, may I request you to kindly arrange hotel accommodation during January 22-25, either at the Lombardy Hotel or Anthony House. My Credit Card No. which you may require for booking hotel accommodation is Master Card No. 5353 1640 4804 2242, date of expiry 11/94. I arrive Washington on January 22 at 14.30 hrs by British Airways.

Appreciate you confirming the hotel arrangements soon. Two copies of the Draft Report have been couriered today (10/1/94).

See you during 23-25 January. Appreciate you also letting me know in whose office the meeting will be held - yours or Pablo's.

With warm regards

Yours sincerely


Adil Khan.

China

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: December 16, 1993 11:04am

TO: Robert Picciotto (ROBERT PICCIOTTO)

FROM: Pablo Guerrero, DGO (PABLO GUERRERO)

EXT.: 31717

SUBJECT: Re : China ECDP

Bob:

The Ministry of Finance is proposing that the high level seminar on evaluation in China be carried out in Mid-February.

This seminar would be a one day meeting to sensitize, seek consensus, and build commitment for evaluation by senior level officials (vice-minister level). It would include:

A.M.

1. Introduction by MOF on the findings and recommendations of the diagnostic study
2. Presentation by the Auditor General of China about his views of the diagnostic
3. Plenary Discussion

P.M.

1. Presentation by VP or CD for China (Kaji or Burki's replacement) on Bank evaluation experience in China - summary of findings and recommendations
2. Presentation by DGO on the current state and evolution of evaluation and salient developed and developing country experience in instituting the evaluation function
3. Plenary Discussion
4. Summing up Presentation by MOF and future directions.

This seminar would be followed by a one week workshop for evaluation task managers of the key agencies on: Evaluation Policy, Work Program development, Evaluation Processes, Methodologies, Reporting, and Follow up. The country department will seek EDI support in organizing this workshop (we will provide advice as needed). The seminar and the workshop will be funded by the IDF.

The Chinese are very conscious of rank. To get the top authorities to take this matter seriously it is considered essential that you and, hopefully, Kaji would participate. You would not be expected to participate in the workshop for task managers.

You could use this trip to do the things you had planned last year and had to postpone.

CC: Rosa Maria Wiemann

(ROSA MARIA WIEMANN)

ROUTING SLIP		Date	
		1/6/93	
NAME		ROOM NO.	
Pablo Guerrero		F13-035	
URGENT	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: IDF Perf. Eval. Project			
REMARKS			
<p>I may have already given you a copy.</p> <p>David</p> <p>—</p>			
From	Room No.	Ext.	
David Ruiz		85517	

China.

14/12 '93 15:42 61 7 365 1544
Research Centre

ANTH & SOC DEPT

001

University of Queensland
St. Lucia, Qld. 4072
Brisbane, Australia

Telephone 61-7-365 2762
61-7-365 2871
Fax No. 61-7-365 1544

TO: Mr. David Rix / Mongolia China	FAX NO. 1-202-4776391
FROM: Adil Khan	Date 15/12 Page / of 5

SUBJECT:

Copy for information and
action, if any.

Regards

Adil Khan

International Land Management
Research Centre

University of Queensland
St. Lucia, Qld. 4072
Brisbane, Australia

Telephone 61-7-365 2762
61-7-365 2871
Fax No. 61-7-365 1544

<p>TO: Ms Zou Jiayi Coordinator for the Project World Bank Department MOF/PR China</p>	<p>FAX NO. 861-851-6017</p>
<p>FROM: Adil Khan Director</p>	<p>Date 10.12.93 Page 1 of 4</p>

SUBJECT: Performance Evaluation, China

Dear Ms Zou Jiayi

The following constitutes my response to your fax of December 8, 1993.

1. Questionnaire

I fully agree that the questionnaires are to be used as supplementary inputs and I equally recall your apprehension in obtaining these. In my December 7 fax, I simply wanted to confirm whether seven are the only ones I could procure and that I could expect. More questionnaires would have helped but if we cannot get them, then that is fine.

2. Submission of the Report by December 10, 1993

In my meeting with Mr Jin Liqun and Dr Hong Houqi on October 26, 1993, I very clearly indicated that as I physically got very exhausted after a gruelling three week mission in China, I would require a vacation and therefore, I would find it difficult to complete the report by December 10. Moreover, I also indicated to them that due to the enormity of the information I gathered and also due to the inadequacy of the report prepared by the local consultant, I would require more time for research and analysis (I indicated the exact number of days to be 10 extra person/days of consultancy time). On both issues, Mr Jin Liqun agreed to give his sympathetic consideration. Therefore, as you would notice, the increase in consultancy time has nothing to do with the questionnaires. Work can be carried out with or without the questionnaires. No doubt more questionnaires would have strengthened the quality of the report, but as this is not possible, we need not worry about them.

Page 2 of 4

Coming to the issue of submission of the report by December 10 - as you would see on the basis of verbal assurances and, later, on the basis of tentative agreement by the World Bank to shifting the seminar date to mid to late February, 1994, I have prepared myself to submit the report during the first week of January, 1994. I would, therefore, appreciate your taking cognisance of these emergent facts and amend the date of submission of the report to January 10, 1994, instead of December 10, 1993.

3. Payment

Regarding payment, I did not quite insist on paying by cheque. Instead, I raised the payment issue with Dr Hong while in China and enquired about two possibilities: firstly, whether or not it would be possible to make the payment in favour of the International Land Management Research Centre, my employer, instead of myself (mainly because of the fact that all my consultancy income goes to my Centre and not to me and, therefore, if I receive payment in my name it appears as my personal income against my name and the Tax Department then gets to me); and secondly, whether the payment could be made by cheque. On both these queries, Dr Hong said yes. It is on the basis of his assurance that I prepared the invoice while I was still in Beijing and gave it to Dr Hong. If he thought it would cause some problem, he should have told me then. Moreover, when he faxed the form to me in the hotel asking for the details of my personal accounts, I really could not understand why and when I tried to call him back immediately and explain to him that it would not be suitable for me to accept the payment through my personal account, he was not available and I left the next day.

However, to cut a long story short - as you state now that you have difficulties in making payment by cheque (this should have been explained to me earlier to save ourselves all this fuss), I shall furnish the Bank Account number. However, in this regard, I wish to clarify whether you would still be able to pay through the account of the Centre. If so, then I shall supply you with the bank account details of our Centre. If not, I shall have to give you my personal account details. Please let me know which of the two options is acceptable to you.

4. Increase in Consultancy Fees

As you will notice from the foregoing explanations under item 2, the request for an increase in consultancy time has nothing to do with the questionnaire. The need for such an increase has been occasioned by the enormity of the task involved (which was not possible to conceive prior to undertaking the assignment) and also due to the inadequacy of the report produced by the local consultant, with the result that I shall need to spend more time on research, analysis and report writing. As mentioned earlier, these points were duly raised with Mr Jin Liquin in our wrap-up meeting on 26 October, 1993. At the same meeting it was also suggested by me that while we increase the consultancy input by Page

3 of 4

10 person/days we might consider reducing my work days for my next visit to Beijing from 10 to 5 and use the saving of 5 work days back in Australia to update the report after the Seminar. Indicating his willingness to consider this suggestion, Mr Jin Liqun even indicated that in fact the savings that could be made out of 5 fewer days of DSA in Beijing might partially cover the cost of the proposed increase in the cost involving 10 extra person/days of consultancy for report writing.

In your December 8, 1993 fax you indicated that as the agreement is a lump sum one, no additional fees can be paid. In this regard, you may wish to consult Mr Jin Liqun's letter to me of August 3, 1993 in which he clearly indicated that the lump sum agreement includes, among other things, the fee base (forwarded to him via my letter/fax of August 3, 1993), and that the lump sum agreement is for ease of administration, and not necessarily to make it inflexible. In these circumstances, MOF needs to review my proposed changes and, once these changes become acceptable, it then would need to present me with a supplementary agreement incorporating these changes.

Finally, I wish to state very clearly that I value this assignment a great deal and I would like to give my very best to the project. If I had asked for additional consultancy inputs and shifting of the seminar date by a month or so - I did so mainly because I genuinely feel that that is what is required to do a good job and this is precisely why I raised these issues while I was still in Beijing and did not invent them after my return. My meeting with Mr Jin Liqun on October 26 and the MOF had in fact given me the impression that I had already received the Ministry's tentative agreement to these proposals and thus prepared myself accordingly. However, it seems that very little has happened since I left Beijing on October 28, 1993.

Under these circumstances, I shall appreciate your reviewing the whole situation again and informing me at your convenience, of your responses to the following:

- Whether you would be able to make payment of the first instalment through the account of ILMRC or whether you still prefer my own personal account number.
- Whether shifting the date of the submission of the draft report to January 10, 1994 is acceptable to you. If not, since December 10 has already passed and the report is still only halfway through, we need to decide on a new date, preferably January 10, 1994 since this would be the most suitable date for me.
- Increasing consultancy inputs to another 10 person/days, involving extension of report writing from 18 to 28 work days.

Page 4 of 4

- Reduce second phase of work days in China from 10 to 5 and allocate the saving of 5 work days for updating of the report in Australia after the seminar in Beijing.

Anxiously awaiting your reply and meanwhile, thanking you for your cooperation.

Yours sincerely



Adil Khan.

Copy to:

Mr David Rix
China and Mongolia Department
World Bank
Fax: 1-202-477-6391.

China

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

DATE: 07-Jan-1994 01:11pm

TO: Shahid Javed Burki (SHAHID JAVED BURKI)

FROM: David Rix, EA2CO (DAVID RIX)

EXT.: 85517

SUBJECT: Proposed Seminar on Project Performance Evaluation in China

Javed -

As you know, an IDF-funded project for the development of a project performance evaluation capability in China is currently under implementation. A major element of the project is a study of current project performance evaluation organization and practices in China, and proposals for a centralized performance evaluation system. As a follow-up to this study, a one-day (tentatively) seminar has been proposed at which the consultant will present his report and recommendations to an audience of senior representatives from various participating or interested agencies. The GOC has requested that the seminar be held on February 17, 1994, following the Spring Festival.

We (Pablo Guerrero (OED) and I) had considered that participation in the seminar by Mr. Picciotto and you (or Mr. Kaji), as senior representatives of the Bank, would be highly desirable, and would indicate to the Chinese the importance attached to the performance evaluation function, and to this IDF initiative.

This is to ask if your (rapidly winding down) schedule will enable you to attend the seminar on February 17 or so. Robert Picciotto has confirmed that he can participate on February 17 or 18. He will make a short presentation on project performance evaluation (content to be determined). It would be valuable if you could also make a short presentation along similar lines, with particular reference to your China experience.

Could you please let me know if you can participate, and confirm the date?

Many thanks.

D.

CC: Zafer Ecevit (ZAFER ECEVIT)
CC: Pablo Guerrero (PABLO GUERRERO)
CC: Robert Picciotto (ROBERT PICCIOTTO)

China.

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: January 7, 1994 04:45pm

TO: Telex & Facsimile System (WDIAL@TELEX)

FROM: Edna Monaghan, EA2CO (EDNA MONAGHAN)

EXT.: 82348

SUBJECT: POST EVALUATION VISIT AND SEMINAR

OINFO

-SUBJECT : KHAN
-DRAFTED BY: EM EXT: 82348
-AUTHORIZED BY: zafer ecevit, CHIEF, EA2CO

FAX

-FAX # 90116173651544
-MR. ADIL KHAN
-INTERNATIONAL LAND MANAGEMENT RESEARCH CENTRE
-UNIVERSITY OF QUEENSLAND
-BRISBANE, QUEENSLAND, AUSTRALIA

BT

WASHINGTON, D.C. 07-Jan-1994

DEAR ADIL, RE POST EVALUATION VISIT AND SEMINAR. THANKS FOR YOUR FAX OF JANUARY 5. AS JANUARY 22/23 ARE SATURDAY/SUNDAY, WE WOULD PREFER JANUARY 24/25 FOR YOUR VISIT, IF THAT IS OKAY WITH YOU. WE LOOK FORWARD TO RECEIVING THE REPORT AROUND JANUARY 10.

ARE ALSO COORDINATING THE DATE FOR THE "HIGH-LEVEL" SEMINAR. GOVERNMENT HAS REQUESTED THAT IT BE HELD ON FEBRUARY 17, AFTER THE SPRING FESTIVAL. IT WOULD BE FOLLOWED IMMEDIATELY AFTER, SAY AROUND, FEBRUARY 22, BY THE WORKSHOP ON POST-EVALUATION METHODOLOGY. GOVERNMENT SUGGESTS DURATION OF THIS WORKSHOP BE TWO DAYS. REGARDS. DAVID RIX, COUNTRY OPERATIONS DIVISION, CHINA AND MONGOLIA DEPARTMENT, WORLD BANK

}.

CC: Pablo Guerrero (PABLO GUERRERO)
CC: Anne Muhtasib (ANNE MUHTASIB)
CC: David Rix (DAVID RIX)

China

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

DATE: 30-Dec-1993 08:39am

TO: Pablo Guerrero (PABLO GUERRERO)

FROM: David Rix, EA2CO (DAVID RIX)

EXT.: 85517

SUBJECT: Project Performance Evaluation Seminar

Pablo -

FYI on your return from leave.

D.

CC: Zafer Ecevit (ZAFER ECEVIT)

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

DATE: 30-Dec-1993 02:50am EST

TO: ROBERT PICCIOTTO

(ROBERT PICCIOTTO @A1@VAX12)

FROM: Pieter Bottelier, EA2CH

(PIETER BOTTELIER AT A1 AT CHINA)

EXT.: 3000

SUBJECT: Evaluation Seminar in China

Bob,

The MOF World Bank Department has proposed to David Rix (EA2CO) copied to OED, to hold the seminar mid-February, shortly after the Chinese Spring Festival. They are waiting for a response from Washington. The ball therefore seems to be in your court. Perhaps your people could coordinate with EA2 to choose a timing convenient for you and firm up arrangements directly with MOF cc to us. I am sorry that I will not be in Beijing mid-February to receive you. I promised my wife a short vacation at that time to escape from the harsh Beijing winter and the air pollution. Hope this helps. Wish you all the best for 1994.

Pieter

CC: Kathy Ogawa(o/r)

(KATHY OGAWA AT A1 AT CHINA)

CC: Daud Ahmad

(DAUD AHMAD AT A1 AT CHINA)

CC: DAVID RIX

(DAVID RIX @A1@VAX12)

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

DATE: 28-Dec-1993 12:42pm

TO: PIETER BOTTELIER (PIETER BOTTELIER @A1@CHINA)

FROM: Robert Picciotto, DGO (ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: Seminar

Pieter:

I understand from Pablo Guerrero that the long awaited seminar on evaluation may take place in the middle of February.

I had undertaken to come to China on this occasion and would like to comply with this undertaking if this is still desired by the authorities. Of course, this requires that I make arrangements to this end and I would therefore like to know the exact dates for which the event is planned.

Please let me know this at your earliest convenience. In the meantime, I wish to extend to you and your colleagues warm holiday greetings from snowy Washington.

Best,

Bob

CC: Pablo Guerrero (PABLO GUERRERO)
CC: Shahid Javed Burki (SHAHID JAVED BURKI)

ALL - I N - 1 N O T E

DATE:

TO: CHMOF (CHMOF @A1@CHINA)

FROM: David Rix, EA2CO (DAVID RIX)

EXT.: 85517

SUBJECT: IDF Project Performance Evaluation Project - Seminar and Workshop

For Mr. Hong Houqi, Project Officer, copied to Mr. Li Yong, Deputy Director, and Mr. Zhu Xian, Chief, Policy and Program Division, World Bank Department, Ministry of Finance.

Mr. Hong:

Thank you for your message of January 6 concerning the proposed high-level seminar on the conclusions of the performance evaluation study, and the workshop on post-evaluation methodology, referred to in the Draft Implementation Plan paras. 1(c) and 3(a) respectively. As there are a number of matters that need to be addressed in connection with these activities, I have set out below a number of suggestions and proposals for consideration by the Ministry of Finance and our Resident Mission.

methods, and procedures, and practices

A. High-Level Seminar on Results of the Evaluation Study

Date and Duration: February 18th, for one day.

and reviewing

Location: Beijing (to facilitate travel arrangements and ensure maximum participation from central agencies).

Purpose: The seminar is intended primarily to: (a) apprise senior-level government officials of general concepts and trends in post-evaluation, relating these to past Bank experience in China; (b) discuss the conclusions of the performance post-evaluation study report; and (c) obtain guidance from senior government officials on the preparation of an action plan to implement the report's recommendations.

evaluation

Responsibility: MOF would have responsibility for organizing the seminar and handling the logistics.

and introducing the report findings and recommendations

Participation: Heads of Agencies or their Deputies, or equivalent level officials (as per Draft Implementation Plan); Mr. Adil Khan, consultant; possibly also the consultant selected to deliver the follow-up workshop on post-evaluation methodology (see below).

see procedures.

Bank Participation: Mr. Robert Picciotto, Director-General, Operations Evaluation, has confirmed his availability to

Because of its further inputs as the SAA will also be asked to make a presentation.

Office of the Director-General,

participate. We are still trying to confirm Mr. Shahid Javed Burki's availability; he took up his new post as Vice-President, Latin America and Caribbean Region on January 10th, and is presently travelling. Messrs. Pablo Guerrero (Operations Evaluation), David Rix (China and Mongolia Country Operations), and possibly a representative from the Resident Mission, could also attend.

Seminar Agenda: A suggested agenda outline is attached.

B. Workshop on Post-Evaluation Methodology

Date and Duration: February 21st - 24th/25th, four or five days.

A shorter time, such as the two days proposed, would be inadequate to cover the topics required in a workshop of this kind.

Location: Beijing, preferably.

Purpose: The workshop is intended to provide participants with an introduction to the post-evaluation function, methodologies and choices, evaluation work programs, and evaluation standards.

Responsibility: MOF would have responsibility for organizing the workshop and handling the logistics.

Participation: Managers of the performance post-evaluation function, and task managers who presently carry out performance post-evaluation activities, or staff who will be subsequently assigned this responsibility.

Bank Participation: Mr. David Rix, and possibly Mr. Pablo Guerrero, could attend the workshop if required.

Workshop Agenda: A suggested outline agenda for the workshop, based on a duration of 4-5 days, is attached.

Trainer: Two consultants, both known to the Bank, have been identified as potential candidates who would be able to carry out the workshop training. One in particular, Mr. Ray C. Rust, is an excellent candidate and has had extensive experience in performance post-evaluation. He was Director of Training in the U.S. Government's General Accounting Office, has written quite extensively on the subject, and has developed ~~two~~ training programs for ~~training~~ of the Bank's own Operations Evaluation staff. The other, Mr. Vittorio Masoni, is a former Bank staff member who has worked for the Italian Government, and worked in Operations Evaluation Department at one stage of his career in the Bank; he is very familiar with the Bank's performance evaluation methodology.

*is a Professor
at GWU and
of Studies and*

CC: Pablo Guerrero
CC: Zafer Ecevit
CC: Julia Li
CC: Edna Monaghan
CC: PIETER BOTTELIER
CC: KATHY OGAWA
CC: DAUD AHMAD

(PABLO GUERRERO)
(ZAFER ECEVIT)
(JULIA LI)
(EDNA MONAGHAN)
(PIETER BOTTELIER @A1@CHINA)
(KATHY OGAWA @A1@CHINA)
(DAUD AHMAD @A1@CHINA)

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

DATE: January 10, 1994 10:29am

TO: Yves Albouy (YVES ALBOUY)
TO: Robert Picciotto (ROBERT PICCIOTTO)

FROM: Richard Berney, OEDD3 (RICHARD BERNEY)

EXT.: 36145

SUBJECT: China: Sechuan Gas Project - Environmental Concerns

I believe that Selina Shum (Task manager) and Hanachi Morsli (Petroleum Engineer) have been quite conscientious in their approach to the environmental issues in this project. They just forgot to explain what they had done to resolve the potential problems. The attached makes up for this oversight.

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: January 7, 1994 06:25pm EST

TO: See Distribution Below

FROM: Selina Shum, EC3IV (SELINA SHUM)

EXT.: 82452

SUBJECT: Latest version of Sichuan Gas

Please find attached the latest version of the draft memo .

Attached to this message is a TEXT document. It can be displayed or printed like any other ALL-IN-1 document. You may also transfer the attachment to your PC using the FAP option.

DISTRIBUTION:

TO: Yo Kimura	(YO KIMURA)
TO: Richard S. Newfarmer	(RICHARD S. NEWFARMER)
TO: Richard Berney	(RICHARD BERNEY)
TO: Jack Fritz	(JACK FRITZ)
CC: Hannachi Morsli	(HANNACHI MORSLI)

January 7, 1994

Mr. Gautam Kaji, Vice President (EAPVP)

Y- Kimura (EA2DR)

81108

CHINA: Sichuan Gas Development and Conservation Project

1. A meeting was held today Friday January 7, 1994 between the project team (Ms. S. Shum and Messrs. H.Morsli and J. Fritz) and OED's auditor (Mr. R. Berney) to discuss the environmental issues associated with Sichuan gas field produced formation waters raised in the January 3, 1994 OED's memo from Mr. Yves Albouy, Chief, OEDD3 to Mr. Richard Newfarmer, Chief, EA2IE. The meeting concluded that there is no problem with respect to the environmental aspects under subject project. However, it was agreed that the mission would articulate more clearly the fact that the project design has taken into account the above environmental concern and that adequate mitigation measures have been included in the project. A summary of the meeting's conclusion is highlighted

below:

Sichuan Gas Development and Conservation Project

2. A major lesson learned from the development experience of the Weiyuan Gas Field TA Project is that suboptimal production practices have resulted in extensive reservoir damage, including excessive production of formation water. In particular, the proposed project has been designed to support the adoption of sound reservoir management practices, which are cost-effective measures to prevent the problem of formation water on a sustainable basis. In particular, based on the results of a preinvestment study, the new gas fields selected to be developed under the proposed project are not expected to produce formation water until 10 to 12 years after they are put into production. Further, the formation water is expected to be produced in limited quantity. Finally, provision has also been made under the project to: (a) drill formation water disposal wells to handle any water influx that may occur earlier than anticipated; and (b) build water treatment facilities in field areas where re-injection in wells may not be possible.

Weiyuan Gas Field Technical Assistance Project

3. As noted above, excessive quantity of formation water had been produced in the Weiyuan gas field. The

recently completed Bank-financed diagnostic study concluded that the field has been completely flooded and would not be economically rehabilitated. Based on the recommendation of this study, most of the wells have been shut-in; only a few wells are producing gas intermittently at this juncture. As a result, the production of formation water has been reduced sharply and its environmental impact is thus minimal.

cw and cc: Messrs. Berney (OED) and Fritz (ASTEN)

cc: M/M Ecevit, Newfarmer, Shum, Morsli, Anderson, Asia

Information Center

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

DATE: 10-Jan-1994 10:33am

TO: Gautam S. Kaji

(GAUTAM KAJI)

TO: Shahid Javed Burki

(SHAHID JAVED BURKI)

FROM: Robert Picciotto, DGO

(ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: Gas Project

The attached is self explanatory.

I believe that Selina Shum (Task manager) and Hanachi Morsli (Petroleum Engineer) have been quite conscientious in their approach to the environmental issues in this project. They just forgot to explain what they had done to resolve the potential problems. The attached makes up for this oversight.

China

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

DATE: January 7, 1994 04:45pm

TO: Telex & Facsimile System (WDIAL@TELEX)

FROM: Edna Monaghan, EA2CO (EDNA MONAGHAN)

EXT.: 82348

SUBJECT: POST EVALUATION VISIT AND SEMINAR

OINFO

SUBJECT : KHAN
-DRAFTED BY: EM EXT: 82348
-AUTHORIZED BY: zafer ecevit, CHIEF, EA2CO

FAX

-FAX # 90116173651544
-MR. ADIL KHAN
-INTERNATIONAL LAND MANAGEMENT RESEARCH CENTRE
-UNIVERSITY OF QUEENSLAND
-BRISBANE, QUEENSLAND, AUSTRALIA

BT

WASHINGTON, D.C. 07-Jan-1994

DEAR ADIL, RE POST EVALUATION VISIT AND SEMINAR. THANKS FOR YOUR FAX OF JANUARY 5. AS JANUARY 22/23 ARE SATURDAY/SUNDAY, WE WOULD PREFER JANUARY 24/25 FOR YOUR VISIT, IF THAT IS OKAY WITH YOU. WE LOOK FORWARD TO RECEIVING THE REPORT AROUND JANUARY 10.

WE ARE ALSO COORDINATING THE DATE FOR THE "HIGH-LEVEL" SEMINAR. GOVERNMENT HAS REQUESTED THAT IT BE HELD ON FEBRUARY 17, AFTER THE SPRING FESTIVAL. IT WOULD BE FOLLOWED IMMEDIATELY AFTER, SAY AROUND, FEBRUARY 22, BY THE WORKSHOP ON POST-EVALUATION METHODOLOGY. GOVERNMENT SUGGESTS DURATION OF THIS WORKSHOP BE TWO DAYS. REGARDS. DAVID RIX, COUNTRY OPERATIONS DIVISION, CHINA AND MONGOLIA DEPARTMENT, WORLD BANK

CC: Pablo Guerrero (PABLO GUERRERO)
CC: Anne Muhtasib (ANNE MUHTASIB)
CC: David Rix (DAVID RIX)

OFFICE MEMORANDUM

Date: January 3, 1994

To: Mr. Richard Newfarmer, Chief, EA2IE

From: Yves Albouy, Chief, OEDD3 *JA*

Tel: 31690

Subject: Environmental Issues in Audit of Weiyuan (Secuan) Gas TA Project

Mr. Kaji / Mr. B. / Mr. Ki
~~XXXXXXXXXXXX~~
~~XXXXXXXXXXXX~~
 ✓ 1/5/94
done
 1/6

—
 Please note ...
 9

* We would like to alert you to the possibility of some inconsistencies in the way that environmental issues are handled in two documents that are likely to come to the Board this fiscal year, the Audit Report for the Weiyuan [Sichuan] Gas Field TA project (Ln 2580-CHA) and the SAR of the Sichuan Gas Development Project. The draft of section of the Audit Report dealing with the environment is as follows:

The original appraisal avoided the issue of environmental consequences of gas production from this field by stating that "the proposed project has no adverse effect on the environment, as it entails mainly collection and collation of data." However, as project implementation proceeded, and a substantial portion of the loan was shifted to supporting the maintenance of gas production, the project became directly involved in the production of substantial volumes of formation water (water from the gas bearing reservoir) in conjunction with the production of natural gas. As the ecological equation shifted, this issue became serious enough to be brought to management's attention in a Back-To-Office Report of the November, 1991, of the T.A. Loan Supervision and Sechuan Gas Loan Preparation Mission, where it was stated that the disposal of formation water was becoming a serious ecological problem that needed to be addressed by the local authorities.

Water production had been a problem in the Weiyuan field for many years, as it is in many of the gas fields in Sechuan. In Weiyuan, 30-40 million tons of reservoir water per year have been produced along with the natural gas since 1978. While gas production has declined, the water saturation has increased, so that volume of water has remained relatively stable in this range throughout the project implementation period. Most of this water has been pumped in a shallow aquifer (only 100 meters deep) and the aquifer is, apparently, reaching its absorption capacity limits. In addition, significant quantities (possibly up to 20%) are beginning to be spilled directly into the ground water system.

While there may have been some rationale for overlooking environmental problems in a T.A. project, there is no such justification for it in a project that directly involves gas production. Unfortunately, there is no evidence to date that local authorities or the Bank are making an issue of the problem. In particular, the Environmental Assessment Summary (EAS) for the Sechuan Gas Development Project appears to have completely overlook the problem of disposal of large quantities of hazardous formation water which will be produced in conjunction with the production of natural gas. It concentrates its attention exclusively on the wastewater produced during the investment phase (i.e. during the initial well drilling phase of the project), and states that the main pollution source of wastewater is from the drilling sites, with discharges of about 130,000 tons per year, while formation water (from the gas reservoir) accounts for only 5,000 tons per year. The Environmental Assessment appears,

therefore, to completely neglect the potential negative environmental impact of water that will be produced and disposed of during the latter part of the productive phase of the project (i.e. when gas production is established and the water cut begins to rise as it inevitably must).

The Audit considers this failure to take into account the likely and highly probable environmental impact of the productive phase of the project as a serious oversight, and recommends that environmental impact statements should, in the future, cover the likely impact of the technology used in the productive phase of oil and gas projects, along with the impact during the investment phase. It also recommends that T.A. projects should include an environmental impact component related to the underlying productive activity.

It is not clear the extent to which these problems are being addressed in the forthcoming Sechuan Gas Development Project. We note that the initial draft of the green cover report mentions the formation water problem in passing, without suggesting how it is likely to be handled. We bring this issue to your attention because we believe that some members of the Board, after reading the Weiyuan TA Audit Report, may raise some questions. You may wish to discuss this issue further with Richard Berney, who is responsible for the Audit.

cc: Messrs.: H. Morsli, Y. Kimura, J. Fritz, (EA2), R. Batstone (EC3), R. Picciotto,
E. Kopp, R. Berney (OED)

RBerney

Feb. 1994

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

DATE: December 16, 1993 12:53pm

TO: Pablo Guerrero

(PABLO GUERRERO)

FROM: Robert Picciotto, DGO

(ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: RE: Re : China ECDP

I am willing to attend the seminar.

CC: Rosa Maria Wiemann

(ROSA MARIA WIEMANN)

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

DATE: December 16, 1993 12:53pm

TO: Pablo Guerrero

(PABLO GUERRERO)

FROM: Robert Picciotto, DGO

(ROBERT PICCIOTTO)

EXT.: 84569

SUBJECT: RE: Re : China ECDP

I am willing to attend the seminar.

CC: Rosa Maria Wiemann

(ROSA MARIA WIEMANN)

The World Bank/IFC/MIGA
OFFICE MEMORANDUM

DATE: December 16, 1993 11:04am

TO: Robert Picciotto (ROBERT PICCIOTTO)

FROM: Pablo Guerrero, DGO (PABLO GUERRERO)

EXT.: 31717

SUBJECT: Re : China ECDP

Bob:

The Ministry of Finance is proposing that the high level seminar on evaluation in China be carried out in Mid-February.

This seminar would be a one day meeting to sensitize, seek consensus, and build commitment for evaluation by senior level officials (vice-minister level). It would include:

A.M.

1. Introduction by MOF on the findings and recommendations of the diagnostic study
2. Presentation by the Auditor General of China about his views of the diagnostic
3. Plenary Discussion

P.M.

1. Presentation by VP or CD for China (Kaji or Burki's replacement) on Bank evaluation experience in China - summary of findings and recommendations
2. Presentation by DGO on the current state and evolution of evaluation and salient developed and developing country experience in instituting the evaluation function
3. Plenary Discussion
4. Summing up Presentation by MOF and future directions.

This seminar would be followed by a one week workshop for evaluation task managers of the key agencies on: Evaluation Policy, Work Program development, Evaluation Processes, Methodologies, Reporting, and Follow up. The country department will seek EDI support in organizing this workshop (we will provide advice as needed). The seminar and the workshop will be funded by the IDF.

The Chinese are very conscious of rank. To get the top authorities to take this matter seriously it is considered essential that you and, hopefully, Kaji would participate. You would not be expected to participate in the workshop for task managers.

You could use this trip to do the things you had planned last year and had to postpone.

CC: Rosa Maria Wiemann

(ROSA MARIA WIEMANN)

14/12 '93 15:42

61 7 365 1544

ANTH & SOC DEPT

Research Centre

→ China
ECOP

001

University of Queensland
St. Lucia, Qld. 4072
Brisbane, Australia

Telephone 61-7-365 2762

61-7-365 2871

Fax No. 61-7-365 1544

TO: Mr. David Rix / Mongolia & China	FAX NO. 1-202-4776391
FROM: Adil Khan	Date 15/12 Page / of 5

SUBJECT:

Copy for information and
action, if any.

Regards

Adil Khan

International Land Management
Research Centre

University of Queensland
St. Lucia, Qld. 4072
Brisbane, Australia

Telephone 61-7-365 2762
61-7-365 2871
Fax No. 61-7-365 1544

TO: Ms Zou Jiayi Coordinator for the Project World Bank Department MOF/PR China	FAX NO. 861-851-6017
FROM: Adil Khan Director	Date 10.12.93 Page 1 of 4

SUBJECT: Performance Evaluation, China

Dear Ms Zou Jiayi

The following constitutes my response to your fax of December 8, 1993.

1. Questionnaire

I fully agree that the questionnaires are to be used as supplementary inputs and I equally recall your apprehension in obtaining these. In my December 7 fax, I simply wanted to confirm whether seven are the only ones I could procure and that I could expect. More questionnaires would have helped but if we cannot get them, then that is fine.

2. Submission of the Report by December 10, 1993

In my meeting with Mr Jin Liqun and Dr Hong Houqi on October 26, 1993, I very clearly indicated that as I physically got very exhausted after a gruelling three week mission in China, I would require a vacation and therefore, I would find it difficult to complete the report by December 10. Moreover, I also indicated to them that due to the enormity of the information I gathered and also due to the inadequacy of the report prepared by the local consultant, I would require more time for research and analysis (I indicated the exact number of days to be 10 extra person/days of consultancy time). On both issues, Mr Jin Liqun agreed to give his sympathetic consideration. Therefore, as you would notice, the increase in consultancy time has nothing to do with the questionnaires. Work can be carried out with or without the questionnaires. No doubt more questionnaires would have strengthened the quality of the report, but as this is not possible, we need not worry about them.

Page 2 of 4

Coming to the issue of submission of the report by December 10 - as you would see on the basis of verbal assurances and, later, on the basis of tentative agreement by the World Bank to shifting the seminar date to mid to late February, 1994, I have prepared myself to submit the report during the first week of January, 1994. I would, therefore, appreciate your taking cognisance of these emergent facts and amend the date of submission of the report to January 10, 1994, instead of December 10, 1993.

3. Payment

Regarding payment, I did not quite insist on paying by cheque. Instead, I raised the payment issue with Dr Hong while in China and enquired about two possibilities: firstly, whether or not it would be possible to make the payment in favour of the International Land Management Research Centre, my employer, instead of myself (mainly because of the fact that all my consultancy income goes to my Centre and not to me and, therefore, if I receive payment in my name it appears as my personal income against my name and the Tax Department then gets to me); and secondly, whether the payment could be made by cheque. On both these queries, Dr Hong said yes. It is on the basis of his assurance that I prepared the invoice while I was still in Beijing and gave it to Dr Hong. If he thought it would cause some problem, he should have told me then. Moreover, when he faxed the form to me in the hotel asking for the details of my personal accounts, I really could not understand why and when I tried to call him back immediately and explain to him that it would not be suitable for me to accept the payment through my personal account, he was not available and I left the next day.

However, to cut a long story short - as you state now that you have difficulties in making payment by cheque (this should have been explained to me earlier to save ourselves all this fuss), I shall furnish the Bank Account number. However, in this regard, I wish to clarify whether you would still be able to pay through the account of the Centre. If so, then I shall supply you with the bank account details of our Centre. If not, I shall have to give you my personal account details. Please let me know which of the two options is acceptable to you.

4. Increase in Consultancy Fees

As you will notice from the foregoing explanations under item 2, the request for an increase in consultancy time has nothing to do with the questionnaire. The need for such an increase has been occasioned by the enormity of the task involved (which was not possible to conceive prior to undertaking the assignment) and also due to the inadequacy of the report produced by the local consultant, with the result that I shall need to spend more time on research, analysis and report writing. As mentioned earlier, these points were duly raised with Mr Jin Liquin in our wrap-up meeting on 26 October, 1993. At the same meeting it was also suggested by me that while we increase the consultancy input by Page

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10 person/days we might consider reducing my work days for my next visit to Beijing from 10 to 5 and use the saving of 5 work days back in Australia to update the report after the Seminar. Indicating his willingness to consider this suggestion, Mr Jin Liqun even indicated that in fact the savings that could be made out of 5 fewer days of DSA in Beijing might partially cover the cost of the proposed increase in the cost involving 10 extra person/days of consultancy for report writing.

In your December 8, 1993 fax you indicated that as the agreement is a lump sum one, no additional fees can be paid. In this regard, you may wish to consult Mr Jin Liqun's letter to me of August 3, 1993 in which he clearly indicated that the lump sum agreement includes, among other things, the fee base (forwarded to him via my letter/fax of August 3, 1993), and that the lump sum agreement is for ease of administration, and not necessarily to make it inflexible. In these circumstances, MOF needs to review my proposed changes and, once these changes become acceptable, it then would need to present me with a supplementary agreement incorporating these changes.

Finally, I wish to state very clearly that I value this assignment a great deal and I would like to give my very best to the project. If I had asked for additional consultancy inputs and shifting of the seminar date by a month or so - I did so mainly because I genuinely feel that that is what is required to do a good job and this is precisely why I raised these issues while I was still in Beijing and did not invent them after my return. My meeting with Mr Jin Liqun on October 26 and the MOF had in fact given me the impression that I had already received the Ministry's tentative agreement to these proposals and thus prepared myself accordingly. However, it seems that very little has happened since I left Beijing on October 28, 1993.

Under these circumstances, I shall appreciate your reviewing the whole situation again and informing me at your convenience, of your responses to the following:

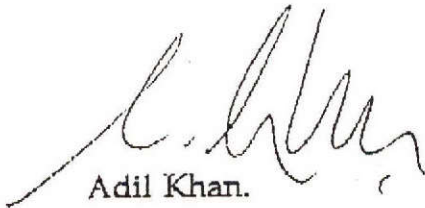
- Whether you would be able to make payment of the first instalment through the account of ILMRC or whether you still prefer my own personal account number.
- Whether shifting the date of the submission of the draft report to January 10, 1994 is acceptable to you. If not, since December 10 has already passed and the report is still only halfway through, we need to decide on a new date, preferably January 10, 1994 since this would be the most suitable date for me.
- Increasing consultancy inputs to another 10 person/days, involving extension of report writing from 18 to 28 work days.

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- Reduce second phase of work days in China from 10 to 5 and allocate the saving of 5 work days for updating of the report in Australia after the seminar in Beijing.

Anxiously awaiting your reply and meanwhile, thanking you for your cooperation.

Yours sincerely



Adil Khan.

Copy to:

Mr David Rix
China and Mongolia Department
World Bank
Fax: 1-202-477-6391.

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

DATE: 10-Dec-1993 05:23pm

TO: CHMOF (CHMOF @A1@CHINA)

FROM: David Rix, EA2CO (DAVID RIX)

EXT.: 85517

SUBJECT: Re: Change of Date for Post Evaluation Seminar

For Mr. Hong Houqi, World Bank Department, Ministry of Finance.

Thank you for your message concerning the date of the Post Evaluation Seminar early next year. I apologize for the delayed response, but I was ill for a few days before the Thanksgiving Holiday and only returned to the office this week.

In principle we would be able to schedule the seminar to mid-February or slightly later, instead of the original timing of January. I had originally intended to travel to China in January, but can defer the trip to a later time to coincide with the seminar. However, at this stage we cannot firm up the exact date for the seminar, as we need to confirm the availability of senior Bank managers and staff who are likely to participate. As soon as we can identify these participants and confirm the scheduling options, I will contact you again.

Regards,

David Rix,
China and Mongolia Country Operations.

CC: Pablo Guerrero
CC: Zafer Ecevit
CC: HONG ZHAO

(PABLO GUERRERO)
(ZAFER ECEVIT)
(HONG ZHAO @A1@EDSEL)