



Technical Assistance Report

Project Number: 49009-001
Capacity Development Technical Assistance (CDTA)
November 2015

People's Republic of China: Promoting Partnerships for South–South Cooperation II

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 15 September 2015)

Currency unit	–	yuan (CNY)
CNY1.00	=	\$0.1565
\$1.00	=	CNY6.3867

ABBREVIATIONS

ADB	–	Asian Development Bank
DMC	–	developing member country
KSP	–	Knowledge Sharing Platform
PPP	–	public–private partnership
PRC	–	People’s Republic of China
RKSI	–	Regional Knowledge Sharing Initiative
TA	–	technical assistance

NOTE

In this report, "\$" refers to US dollars.

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CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 49009-001	
Project Name	Promoting Partnerships for South–South Cooperation II	Department /Division	EARD/EAOD
Country	China, People's Republic of	Executing Agency	Ministry of Finance
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Public sector management	Economic affairs management		0.40
		Total	0.40
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG) Environmentally sustainable growth (ESG) Regional integration (RCI)	Pillar 1: Economic opportunities, including jobs, created and expanded Environmental policy and legislation Pillar 4: Other regional public goods	Climate Change impact on the Project	Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD) Knowledge solutions (KNS) Partnerships (PAR) Private sector development (PSD)	Public financial governance Knowledge sharing activities Implementation South-South partner Conducive policy and institutional environment	Some gender elements (SGE)	✓
5. Poverty Targeting		Location Impact	
Project directly targets poverty	No	Regional	High
6. TA Category:	B		
7. Safeguard Categorization	Not Applicable		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.40	
Capacity development technical assistance: Technical Assistance Special Fund		0.40	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		0.40	
9. Effective Development Cooperation			
Use of country procurement systems	No		
Use of country public financial management systems	No		

I. INTRODUCTION

1. During the August 2014 country programming mission, the Government of the People's Republic of China (PRC) requested the Asian Development Bank (ADB) to provide technical assistance (TA) to sustain promotion of partnerships for South–South cooperation.¹ The TA will enable continuation of South–South knowledge cooperation between the PRC and other developing member countries (DMCs).² The TA is included in the PRC's country operations business plan, 2015–2017 as firm TA for the 2015 pipeline.³ During the TA consultation meetings held with the government in April and September 2015, understanding was reached on the project's impact, outcome, outputs, implementation arrangements, cost and financing arrangements, and terms of reference. The design and monitoring framework is in Appendix 1.⁴

II. ISSUES

2. Since the reforms initiated in the 1980s, the PRC has experienced unprecedented economic growth. As a result, the PRC's gross domestic product grew from 3.4% of global gross domestic product in 2000 to 13.0% in 2014.⁵ It is the world's second-largest economy and importer. Rapid growth has been accompanied by a number of structural problems, including economic imbalances, rising inequality, resource constraints, and environmental degradation. The PRC's diverse and rich development experiences and lessons in promoting rapid economic growth and dealing with the development challenges are valuable for other developing countries. The PRC can also learn from the development lessons of other countries and build on their success. Increasing awareness of emerging development issues and challenges and sharing good practices among the PRC and other DMCs in the region is essential for regional cooperation and development.

3. Knowledge and innovation has been a core theme in ADB's country partnership strategy for the PRC since 2008.⁶ In the PRC country partnership strategy for 2011–2015, knowledge cooperation underpins the long-term PRC–ADB partnership. Knowledge solutions is one driver of change, with knowledge sharing to be more actively promoted in all priority sectors to promote best practices and scaling up of demonstration projects. The findings of the Independent Evaluation Department mission⁷ on country assistance program evaluation indicated that nearly all TA projects completed during 2006–2014 have been rated *successful* or *highly successful*. ADB has made significant policy contributions, provided a wide range of knowledge products and services, and played an important role in fostering regional cooperation among the PRC and neighboring countries. ADB has been supporting South–South knowledge sharing through (i) the Regional Knowledge Sharing Initiative (RKSI) to promote knowledge

¹ South–South cooperation is economic cooperation among developing countries aimed at closer policy coordination and collaboration in support of regional and global public goods, accelerating economic growth, and reducing economic disparities.

² ADB. 2011. *Technical Assistance for Promoting Partnerships for South–South Cooperation*. Manila (TA 7974). The TA supported the PRC–ADB knowledge-sharing platform activities which led to increased knowledge exchange among DMCs.

³ ADB. 2015. *Country Operations Business Plan: People's Republic of China, 2015–2017*. Manila.

⁴ The TA first appeared in the business opportunities section of ADB's website on 15 September 2015.

⁵ International Monetary Fund. 2015. *World Economic Outlook*. Washington, DC.

⁶ ADB. 2008. *Country Partnership Strategy: People's Republic of China, 2008–2010*. Manila; ADB. 2011. *Country Partnership Strategy: People's Republic of China, 2011–2015*. Manila.

⁷ The Independent Evaluation Department conducted a country assistance program evaluation mission to the PRC on 3–21 November 2014 for the country partnership strategy, 2011–2015 for the PRC.

exchange, dissemination, and coordination; (ii) the ADB–PRC Knowledge Sharing Platform (KSP) to share knowledge, facilitate dialogue, and strengthen partnerships and networks among the PRC and other DMCs; and (iii) working with sector-focused knowledge hubs to share knowledge in a particular sector.

4. The KSP was established by the PRC Ministry of Finance and ADB in 2009 to promote South–South cooperation as a vehicle to share solutions for key emerging development issues and challenges faced by developing countries in Asia and the Pacific; contribute to sound development management and policy making; and promote regionally inclusive development. ADB acts as a facilitator to promote evidence-based exchange and learning between the PRC and other DMCs and contributes to conceptualizing, designing, and financing KSP activities. As a result of its rich knowledge and experience generated in knowledge-based and innovation-driven investment projects and TA in the PRC, ADB plays the unique role of a knowledge broker relative to other existing players and knowledge tools available to the PRC. When combined with ADB’s strength in knowledge management, dissemination, and sharing, this makes it possible to effectively share the PRC’s wide and deep development experience with other DMCs. The KSP starts with identifying host country issues and matching relevant knowledge through joint ADB–PRC consultation, and culminates in South–South knowledge-sharing activities.

5. The RKSI serves as an overall framework for knowledge sharing involving the PRC and DMCs by synchronizing different resources under its framework of cooperation. The KSP is one platform under the RKSI, and it focuses on a priority development issue at its annual event to promote evidence-based learning between the PRC and other DMCs. Under the RKSI framework, successful cases and lessons are disseminated in cooperation with the knowledge management units of ADB, resident missions, and knowledge hubs. Knowledge hubs, in particular, are effective means of facilitating knowledge generation and sharing through their sector-focused networks of researchers and institutions. The KSP is an important link in South–South knowledge sharing. Since 2009, six KSP events have been organized:

- (i) The High-Level Regional Knowledge Sharing Workshop on Sustainable Urbanization was held in Shanghai on 2–6 November 2009. It was attended by 50 senior officials from 11 DMCs and discussions focused on sound urbanization strategies, good practices and common challenges in urban planning, urban renewal and expansion, and urban finance.
- (ii) The High-Level Regional Knowledge Sharing Workshop on Transport Infrastructure: An Instrument for Economic and Social Development was held in Beijing on 8–11 November 2010. It was attended by 70 officials from 15 DMCs and discussions focused on the role of transport infrastructure in promoting economic and social development, strategies for road network development and planning of road infrastructure, financing transport infrastructure, and institutional capacity building.
- (iii) The High-Level Regional Knowledge Sharing Workshop on Agriculture and Rural Development was held in Beijing on 7–10 November 2011. It was attended by 70 officials from 15 DMCs and discussions focused on best practices in farm productivity to boost farmers’ incomes, agriculture research, green rural infrastructure, and rural financial development.
- (iv) The High-Level Regional Knowledge Sharing Forum on South–South Knowledge Cooperation was held on 13 September 2012 in Manila, with about 80 participants from 15 DMCs. Former ADB President Kuroda cited the ADB–PRC jointly managed KSP, which enables sharing of solutions for key emerging development issues and challenges faced by the region's developing countries,

- contributes to sound development management and policy making, and promotes regionally inclusive development.
- (v) The High-Level Regional Knowledge Sharing Workshop on Sustainable Vocational Training Toward Industrial Upgrading and Economic Transformation was held in Beijing on 2–3 December 2013. More than 90 participants from 16 countries participated to discuss best practice and models for supporting sustainable vocational training; the role of government, the private sector, enterprises, and vocational training schools; and financing and the policy environment for vocational training. The participants also visited Guangdong province to learn about best practice in the PRC.
 - (vi) The High-Level Regional Knowledge Sharing Workshop Deepening Public–Private Partnerships (PPPs) was held in Beijing on 25–28 November 2014. More than 110 participants from 18 countries attended the workshop, which provided an opportunity to take stock of approaches to PPPs in Asia and the Pacific, and to set out new approaches that learn from the experience in the region and elsewhere. The workshop explored new developments in PPPs, ingredients for a successful enabling environment for PPPs, good institutional models for promoting and regulating the use of PPPs, and good practices for managing the fiscal risk of PPPs.

6. The KSP has proved to be an effective country-led platform for sharing experiences in addressing the region’s challenges in different sectors.⁸ The workshops succeeded in sharing best practices and emerging issues and challenges in urban development, transport, farm productivity, vocational training, and PPPs. Post-event evaluation indicated that the participants rated the workshops as successful overall and requested that more workshops be organized. In particular, participants said that they learned a lot from projects implemented in the PRC that could be replicated in their countries and they valued the workshop as an effective networking tool for policy makers to pave the way for future South–South cooperative initiatives. The knowledge-sharing workshop on urbanization led to collaboration between ADB and the College of Architecture and Urban Planning of Tongji University to establish the urban knowledge hub in March 2010, for sharing good practice approaches in urban planning. Subsequently, knowledge hubs covering the water sector and eco-compensation were established with Tsinghua University and the Chinese Agricultural University.

7. Based on the changing development cooperation landscape in the PRC and the successful PRC–ADB knowledge-sharing partnership, ADB and the PRC agreed to expand the scope of knowledge cooperation and set up the RKSI. On 27 July 2012, a framework agreement on the RKSI was signed by ADB and the PRC outlining the RKSI’s mandate, objectives, main functions, organization, and funding arrangements. The RKSI aims to synchronize different resources in the same framework of cooperation, thereby improving the effectiveness of knowledge sharing.

8. Under the broader RKSI framework, the KSP continues to serve as a platform to share knowledge developed within the PRC with other countries and support South–South cooperation so that this knowledge may translate to projects with meaningful impacts on people’s lives. As its facilitator, ADB is in the best position to evolve the KSP-led dialogue into increased awareness of best practices and lessons in addressing emerging development challenges among the PRC and DMCs in the region, i.e., climate change; fiscal management;

⁸ Assessment of previous KSP events was conducted in ADB. 2012. *Case Study on South–South Cooperation*. Manila.

PPP agreements; shift towards technical and vocational education; and strengthening high-impact policy recommendations such as in fiscal policy, PPPs, and transformation of colleges for employment. To ensure long-lasting impact, the best practices and knowledge solutions distilled at the KSPs will be captured in case studies and shared within the region through the ADB knowledge portal. In addition, through targeting DMC participants who are responsible for designing and implementing ADB-financed projects, the best practices and knowledge solutions disseminated through the KSPs will likely be incorporated in the design of ADB loan projects in DMCs and help improve the quality of future investment portfolio and project design.

III. THE CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE

A. Impact and Outcome

9. The impact of the proposed TA will be enhanced knowledge solutions in DMCs, enhanced knowledge partnerships in DMCs, and strengthened knowledge cooperation between the PRC and other DMCs. The outcome of the proposed TA will be improved effectiveness of knowledge sharing. Success in achieving the outcome will be measured by the increased participation of DMCs in knowledge sharing workshops with the PRC, and improved satisfaction of participants in knowledge sharing workshops.

B. Methodology and Key Activities

10. The main outputs of the TA are KSP workshops on key development themes organized, and high-impact policy recommendations strengthened. The outputs will be measured by (i) two KSP workshops completed by 2017, (ii) initiatives to replicate best practices in DMCs in the region increased by 2017 and interaction of practitioners in DMCs increased by 2017, and (iii) three publications on the results of the workshops completed and disseminated through the RKSII and k-Nexus⁹ by 2017. In preparation for the themed annual workshops, smaller-scale seminars may be organized involving PRC researchers, leaders, and staff experts to develop themes and to strengthen ADB's role as a professional partner and knowledge broker.

11. Using the KSP, knowledge sharing activities will be carried out under the TA covering key development constraints and challenges facing the PRC and other DMCs, including inclusive economic growth, ecological civilization, and regional cooperation. Successful experiences and lessons in the PRC will be disseminated to other DMCs and vice versa, including knowledge generated through both ADB and non-ADB projects. The TA will complement other existing knowledge sharing initiatives under ADB's overall knowledge management framework¹⁰ and the PRC's country knowledge plan,¹¹ which will widen and sustain the impact of the TA activities.

12. Knowledge work produced under the PRC country knowledge plan by sector divisions and the PRC Resident Mission provides good resources and a starting point for issues and theme identification in planning KSPs. The KSP will deepen existing knowledge through providing a platform for engaging and increasing interactions among policy makers, research institutions, and ADB and DMC sector experts. Follow-up dissemination of successful cases and lessons will be conducted through the RKSII and k-Nexus. Targeted activities to facilitate

⁹ k-Nexus is the first database in ADB to list completed and planned knowledge products (publications, multimedia, databases) and services (events, training, etc.) by all departments, units, sector groups, and thematic groups.

¹⁰ ADB. 2014. *Knowledge Management Framework*. Manila.

¹¹ The PRC country knowledge plan is being prepared. The latest draft was internally shared in mid-October 2015.

replication of the best practices in other DMCs will be conducted with support from the RKSI and resident missions. Major risks include (i) challenges in sustaining knowledge-sharing interactions among DMC partners after knowledge sharing events, (ii) internal government processes delay the identification of demand for knowledge-sharing activities, and (iii) inadequate resources of DMCs to participate in knowledge sharing events.

C. Cost and Financing

13. The TA is estimated to cost \$450,000, of which \$400,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The government will provide counterpart support in the form of counterpart staff, policy documents and guidelines, statistical data, information, office space, and other in-kind contributions. The cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

14. The Ministry of Finance, as the executing agency, will be responsible for supervising and monitoring TA activities. A steering committee, comprising representatives of departments of the Ministry of Finance and ADB, will be set up to oversee implementation and provide guidance and direction to the consultants. The steering committee will provide guidance on organizing programs, workshops, and seminars; selecting participants; identifying topics for workshops; and other TA activities. The composition of the steering committee will be finalized at TA inception.

15. The TA will be implemented from 1 December 2015 to 30 November 2017. It will require 6.5 person-months of international and national consulting services in total to carry out the terms of reference (Appendix 3). The international and national consultants will have expertise in training and capacity building, institutional development, economic policy making, social development, environmental management issues, and regional cooperation.

16. The consultants will be engaged by ADB in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time). The consultants will be recruited on an individual basis because varied expertise will be required for the short-term engagement, the main requirements of the assignments are for individual qualifications and experience, and the assignments are more on an individual basis. A firm could have difficulty providing multidisciplinary expertise over the 2-year implementation period as required by the TA. Resource persons as speakers at knowledge-sharing events will be subject to the limitations with regard to the recruitment and compensation of resource persons under ADB's Guidelines on the Use of Consultants. Proceeds of the TA will be disbursed in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

IV. THE PRESIDENT'S DECISION

17. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$400,000 on a grant basis to the Government of the People's Republic of China for Promoting Partnerships for South-South Cooperation II, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Impacts the Project is Aligned with			
Knowledge solutions enhanced ^a Knowledge partnerships in DMCs enhanced ^a Knowledge cooperation between the PRC and other DMCs strengthened ^b			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Effectiveness of knowledge sharing improved	By 2017 a. At least one initiative to replicate best practices in DMCs in the region by 2017 (Baseline 2015:0) b. Ensuing policy and institutional changes through follow-up surveys and network interactions	a–b. Client survey and feedback a–b. Back-to-office reports	Challenges in sustaining knowledge-sharing interactions among DMC partners after knowledge-sharing events
Outputs 1. KSP workshops on key development themes organized 2. High-impact policy recommendations strengthened and disseminated	1a. Participation of DMCs in knowledge-sharing workshops with the PRC increased by 20% (Baseline 2015: average number of participants 78 per event) 1b. Improved satisfaction of participants in knowledge-sharing workshops (Baseline 2015: 0) 1c. Two KSP workshops on key development themes completed by 2017 (Baseline 2014: 1) 2a. Three publications based on the papers prepared for the workshops and the results of the workshops completed by 2017 (Baseline 2015: 0) 2b. Publications disseminated through RKSI and k-Nexus	1a–2b. TA progress reports (annual) 1a. Press coverage and government news releases 1a–1b. Client survey and feedback 1b. Back-to-office reports 2a–2b. ADB annual reports on knowledge management; RKSI website, k-Nexus portal	Internal government processes delay the identification of demand for knowledge-sharing activities Inadequate resources of DMCs to participate in knowledge-sharing events
Activities with Milestones			
1. Organize KSP workshops on key development themes			

1.1 Organize and complete two knowledge-sharing workshops by June 2017

1.2 Complete client surveys on the workshops by June 2017

2. Prepare and disseminate high-impact policy recommendations

2.1 Prepare and complete publications on results of the knowledge-sharing workshops by November 2017

2.2. Complete client survey on the publications by November 2017

Inputs

ADB: \$400,000

Note: The government will provide counterpart support in the form of counterpart staff, policy documents and guidelines, statistical data, information, office space, and other in-kind contributions.

Assumptions for Partner Financing

Not applicable.

ADB = Asian Development Bank, DMC = developing member country, KSP = Knowledge Sharing Platform, PRC = People's Republic of China, RKSI = Regional Knowledge Sharing Initiative, TA = technical assistance.

^a ADB. 2014. *Midterm Review of Strategy 2020 Action Plan*. Manila.

^b ADB. 2013. *Knowledge Management Directions and Action Plan, 2013-2015*. Manila.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN

(\$'000)

Item	Amount
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem ^b	
i. International consultants	65.0
ii. National consultants	20.0
b. International and local travel	50.0
c. Reports and communications	40.0
2. Training, seminars, and conferences ^c	170.0
3. Miscellaneous administration and support costs ^d	25.0
4. Contingencies	30.0
Total	400.0

Note: The technical assistance (TA) is estimated to cost \$450,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of counterpart staff, policy documents and guidelines, statistical data, information, office space, and other in-kind contributions.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-other sources).

^b Includes costs for hiring resource persons.

^c Includes two large-scale international workshops and 1–2 smaller-scale seminars. The number of participants planned is 94 per workshop or 20 per seminar. ADB staff may act as resource persons in workshops and seminars, in which case their travel expenses will be covered under the TA.

^d Includes translation and interpretation costs.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The technical assistance (TA) will require a total of 6.5 person-months of international and national consulting services. The Asian Development Bank (ADB) will select and engage consultants on an individual basis in accordance with its Guidelines on the Use of Consultants (2013, as amended from time to time). Additional international and national resource persons and task-specific experts will be engaged to carry out well-defined tasks (e.g., preparing case study papers, creating workshop presentations, presenting papers in workshops, and reviewing draft reports).

A. Workshop Facilitators (2 international, 1.5 person-months total)

2. The experts will have at least a master of arts degree in a relevant social science, preferably in economics or management, and 5 years of work experience in project implementation and project coordination with donors and government agencies, including organizing and conducting conferences and workshops. The tasks include

- (i) coordinating, designing, planning, and conducting national, regional, and local workshops and meetings;
- (ii) examining the most appropriate methods of seeking feedback and consensus of participants;
- (iii) documenting inputs and providing participants and decision makers with feedback on workshop outcomes;
- (iv) preparing publications including event proceedings in appropriate languages;
- (v) conducting client surveys to evaluate the effectiveness of the workshops; and
- (vi) carrying out other tasks as identified by the TA project officer.

B. Sector and Thematic Experts and Resource Persons (international, 2 person-months total; national, 3 person-months total)

3. The experts will have at least a master's degree in economics or their field of specialization such as (i) training and capacity building, (ii) institutional development, (iii) economic policy making, (iv) social development, (v) environmental management, (vi) regional cooperation, and (vii) other areas identified as strategic thrusts.¹ The experts will have a minimum of 10 years of work experience on sector policy issues and overall development concerns. The experts will be hired on an as-needed basis for no more than 10 working days and will have the following tasks:

- (i) reviewing the constraints on and issues in the development of Asian economies and assessing sector constraints on and challenges to development;
- (ii) preparing presentations for international workshops;
- (iii) preparing draft reports on sector policy issues based on discussions during the international workshops;
- (iv) organizing peer reviews of papers as needed;
- (v) assisting in logistics work for knowledge-sharing events; and
- (vi) undertaking other tasks related to the knowledge-sharing platform design and implementation.

¹ Aligned with the strategy of ADB's country partnership strategy for the People's Republic of China (PRC) and Strategy 2020. ADB. 2015. Country Operations Business Plan: People's Republic of China, 2015-2017. Manila; ADB. 2008. Strategy 2010: The Long-Term Strategic Framework of the Asian Development Bank, 2008-2020. Manila.