



Technical Assistance Report

Project Number: 52024-001
Knowledge and Support Technical Assistance (KSTA)
May 2018

People's Republic of China: The Midterm Review of the 13th Five-Year Plan and the Initial Research Towards the 14th Five-Year Plan

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 5 April 2018)

Currency unit	–	yuan (CNY)
CNY1.00	=	\$0.1593
\$1.00	=	CNY6.2765

ABBREVIATIONS

ADB	–	Asian Development Bank
NDRC	–	National Development and Reform Commission
PRC	–	People's Republic of China
TA	–	technical assistance

NOTE

In this report, "\$" refers to United States dollars.

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CONTENTS

	Page
KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE	
I. INTRODUCTION	1
II. ISSUES	1
III. THE TECHNICAL ASSISTANCE	3
A. Impact and Outcome	3
B. Outputs, Methods, and Activities	3
C. Cost and Financing	3
D. Implementation Arrangements	4
IV. THE PRESIDENT'S DECISION	5
APPENDIXES	
1. Design and Monitoring Framework	6
2. Cost Estimates and Financing Plan	8
3. List of Linked Documents	9

KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 52024-001	
Project Name	The Midterm Review of the 13th Five-Year Plan and the Initial Research Towards the 14th Five-Year Plan	Department/Division	EARD/PRCM
Nature of Activity	Policy Advice	Executing Agency	Department of Development Planning, National Development and Reform Commission
Modality	Regular		
Country	PRC		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Public sector management	Economic affairs management		0.30
	Public administration		0.30
		Total	0.60
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project	Low
Environmentally sustainable growth (ESG)	Eco-efficiency		
	Natural resources conservation		
	Urban environmental improvement		
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Client relations, network, and partnership development to partnership driver of change	Some gender elements (SGE)	✓
Knowledge solutions (KNS)	Knowledge sharing activities		
Private sector development (PSD)	Promotion of private sector investment		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Nation-wide	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG3, SDG4, SDG6, SDG8, SDG15		
6. Risk Categorization	Low		
7. Safeguard Categorization	Safeguard Policy Statement does not apply		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.60	
Knowledge and Support technical assistance: Technical Assistance Special Fund		0.60	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		0.60	

I. INTRODUCTION

1. The knowledge and support technical assistance (TA) will support the National Development and Reform Commission (NDRC) of the People's Republic of China (PRC) in conducting the midterm review of the 13th Five-Year Plan (13th plan) and the preparation of the 14th Five-Year Plan (14th plan).¹ This is a continuation of the support that the Asian Development Bank (ADB) provided to the 12th and 13th plans. The TA is included in the country operations business plan, 2018–2020 for the PRC.²

2. The Asian Development Bank (ADB) and the NDRC agreed on (i) the objective of the study, which is to help the PRC achieve higher quality growth to address the people's ever-growing needs for a better life; (ii) the key areas to be covered—people-centered urbanization, demographic transition, and ecological civilization; and (iii) the major milestones—submission of the draft midterm review in June 2018 and provision of strategic recommendations for the 14th plan in June 2019.

II. ISSUES

3. The economic performance of the PRC since 1978 has been impressive. Gross domestic product growth has averaged about 9.6% per year and per capita income has increased by a factor of 8.5. Rapid economic growth has led to significant improvements in human well-being and quality of life. During 1978–2016, the PRC's rural poverty headcount ratio declined from 97.5% to 4.5%,³ life expectancy at birth increased from 67 to 73 years, and child mortality declined from 65 deaths per 1,000 live births to 18 per 1,000.

4. Historically, the PRC has been very successful in achieving its income-based policy targets. However, robust economic growth has come at a cost, notably environmental degradation and pollution, uneven distribution of development benefits leading to inequality, and a variety of social challenges associated with regional and rural–urban disparities and an aging population. Accordingly, since 2002, the PRC has been progressively shifting from a singular focus on economic growth to a broader concept of quality development, encompassing social inclusiveness (“harmonious society”) and environmental sustainability (“ecological civilization”). The government reinforced this trend in the policies of the 13th plan and more recently in the report of the 19th National Congress of the Communist Party of the People's Republic of China, which emphasized a new strategic goal to foster the “well-being” (*mei hao sheng huo*) of the people. This will be a top priority for the government in the coming years.

5. The PRC has a long tradition of formulating five-year plans to address the country's development challenges and promote social and economic development. The plans lay out the strategic objectives of the country, establish the government's work priorities, and provide guidance for market activities. Since the founding of the PRC, the government has formulated 13 five-year plans, each of which has had a significant impact on the country's development. ADB provided strategic advice through TA projects for both the 12th and 13th plans. The implementation of the 13th plan is ongoing and close to midterm. The government plans to start the midterm review of the 13th plan in June 2018. Then, drawing on the review's findings and conclusions, it intends to start preparing the 14th plan, which will cover 2021–2025. This will be a critical period for the PRC as it aims to move beyond the current goal of a “moderately prosperous”

¹ The TA first appeared in the business opportunities section of ADB's website on 27 April 2018.

² ADB. 2018. *Country Operations Business Plan: People's Republic of China, 2018–2020*. Manila.

³ The current rural poverty standard is CNY2,300 (in 2010 constant prices) per person per year. China Statistics Press. 2017. *China Statistical Yearbook 2017*. Beijing. ADB recognizes this member as the People's Republic of China.

society and transition toward a high-income economy and a modern society focused on developing the broader well-being of the population.

6. The NDRC and ADB jointly identified and selected three substudies for the TA that are highly relevant to the broader well-being of the population.

- (i) **People-centered and environmentally sustainable urbanization.** The substudy will focus on issues in these areas: (a) low-carbon and climate-resilient urban development; (b) city-cluster and urban–rural development cooperation and partnerships; and (c) social inclusion, covering issues of the social protection design and accessibility to social protection benefits and basic public services, making cities healthier, and the migrant-related aspects of these challenges.
- (ii) **Demographic transition.** The substudy will cover the following issues: (a) trends and characteristics of demographic transition; (b) family planning policies and services, including the two-child policy, reproductive health for mothers, and others that respond to the needs of families following the policies; (c) health and education services for infants and young children; (d) and other salient demographic issues including the skewed birth ratio, regional and urban–rural distributions of population, and migration.
- (iii) **Ecological civilization.** The substudy will build on past and ongoing ADB work, and international best practices to recommend necessary policy reforms for environmental protection (air, water, and soil pollution control), ecosystem and natural resources management, and environmental regulation and administration.

7. Each of the substudies will consider three dimensions of the policy challenge in their respective areas—governance and institutional reforms, financial mechanisms and resources, and economic instruments and incentives.

8. The TA will be implemented in two phases. During the first phase, the project team will conduct a midterm review of the 13th plan in several key areas. Through this review, the team will assess progress against the objectives of the 13th plan on the effectiveness of the policy changes and the institutional and/or legal reforms implemented, and the remaining challenges to achieving the 13th plan's goals, including those posed by domestic and global socioeconomic trends.

9. The second phase of the TA will build on the findings and conclusions of the midterm review and carry out research in the three selected areas to provide inputs for the preparation of the 14th plan. The project team will draw on international experience in formulating its analysis and recommendations. The proposed reforms will be sequenced and linked to a central theme of transitioning to higher quality development in the pursuit of national well-being. To this end, as part of the second phase, the team will develop an overarching central theme for the study that will be discussed and agreed upon once the government's priorities for the 14th plan are more firmly established. The project team will prepare an overview report that will summarize the findings, conclusions, and policy recommendations under the overarching central theme.

10. To facilitate the transition from the midterm review of the 13th plan to the initial research for the 14th plan, and to better define the overarching central theme for the study, the government and ADB agree to convene a high-level academic conference in the second half of 2018. The conference will involve senior PRC government officials, eminent international experts, and celebrated national specialists. These participants will (i) comment on the midterm review of the 13th Plan, (ii) discuss the latest thinking on new models of progress and how the PRC may apply these to its long term-strategy, and (iii) some of the international and national experts will be

commissioned to write a series of papers for the conference that could provide the intellectual underpinnings for the study for the 14th plan.⁴ The conference would aim to draw experts from the PRC, ADB, Canada, France, Germany, Japan, the Republic of Korea, the United Kingdom, the United States, and others.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

11. The TA is aligned with the following impact: progress towards well-being (*mei hao sheng huo*) goal improved.⁵ The TA will contribute to the following outcome: policy and regulatory environment to support balanced and sustainable development improved.⁶

B. Outputs, Methods, and Activities

12. **Output 1: One main report and three subreports for each phase prepared.** The TA project team will provide two sets of reports. The first set will be the 13th plan midterm review report on the three selected areas. ADB will submit the draft midterm review report to the NDRC in June 2018 and its final version in September 2018. The second set of reports will consist of a comprehensive overview report and three subreports with policy recommendations for the 14th plan on the selected areas. ADB will submit the draft report to the NDRC in June 2019 and the final report in October 2019. The second phase of the TA will seek to build on the outcome of the review workshops of the first phase and the high-level conference to prepare the final study containing the recommendations for the 14th plan. This is likely to require further research and engagement with domestic academic institutions.

13. **Output 2: Awareness of balanced and sustainable development among stakeholders enhanced.** The TA will start with a series of workshops that will provide inputs into two products: (i) an interim set of reports that will provide inputs into the midterm review of the 13th plan (June 2018); and (ii) a high-level academic conference on the central theme of the PRC's transition to a focus on well-being and higher quality of development (August 2018). At least 150 participants (of which at least 30% are women) will attend the above-mentioned workshops and conference with increased understanding on balanced and sustainable development including gender equality. The final versions of the two sets of reports will be printed for distribution in the conferences and dissemination activities.

C. Cost and Financing

14. The TA is estimated to cost \$700,000 of which \$600,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The key expenditure items are listed in Appendix 2.

15. The government will provide counterpart support in the form of counterpart staff, office accommodation, secretarial assistance, and other in-kind contributions. The value of government contribution is estimated to account for 14% of the total TA cost.

⁴ This model was used in the 2010 Cairncross Foundation study "Medium and Long-Term Development and Transformation of the Chinese Economy" headed by Edwin Lim and Michael Spence.

⁵ Communist Party of the People's Republic of China. 2017. *The Report of the 19th National Congress of the Communist Party of the People's Republic of China*. Beijing.

⁶ The design and monitoring framework is in Appendix 1.

D. Implementation Arrangements

16. ADB will administer the TA. ADB will select, supervise, and evaluate consultants, and work closely with the consultants to produce the envisioned outputs. ADB will use the One-ADB approach to support this process through a flagship study using ADB-wide expertise and resources. ADB will set up a steering committee led by the director general of the East Asia Department, comprising members from the East Asia Department, the Economic Research and Regional Cooperation Department, and the Sustainable Development and Climate Change Department. The steering committee will guide the consultants and review the reports at various maturity stages. The Department of Development Planning, NDRC will be the executing and implementing agency. The Department of Development Planning, NDRC will be responsible for (i) coordinating with relevant government agencies for guidance on the studies, (ii) carrying out day-to-day TA activities such as providing the TA project team with updated policies and overseeing the team's research work, (iii) supporting the TA project team to hold TA review workshops and organize a conference for output dissemination and knowledge sharing, and (iv) reviewing and commenting on the draft reports prepared by the ADB TA project team at various stages.

17. The implementation arrangements are summarized in the table.

Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	May 2018–March 2020		
Executing agency	Department of Development Planning, National Development and Reform Commission		
Implementing agency	Department of Development Planning, National Development and Reform Commission		
ADB project team	Managed by the People's Republic of China Resident Mission through a One-ADB approach, in close cooperation with EARD sector divisions, ERCD, and SDCC		
Consultants ^a	Package title	Selection method	Engaged by
	Consultants	ICS	ADB
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		

ADB = Asian Development Bank, EARD = East Asia Department, ERCD = Economic Research and Regional Cooperation Department, ICS = individual consultant selection, SDCC = Sustainable Development and Climate Change Department, TA = technical assistance.

^a Lump-sum payments and/or output-based contracts will be considered for consulting services under the TA in line with items 2.9.2 and 2.10.2 of ADB. 2014. *Midterm Review of Strategy 2020: Action Plan*. Manila.

Source: ADB.

18. **Consulting services.** The TA will finance a total of 45 person-months of consulting services (11 international consultants for a total of 22 person-months and 8 national consultants for a total of 23 person-months).⁷ ADB will engage the consultants following with the ADB Procurement Policy (2017, as amended from time to time) and its associated project

⁷ The TA will be complemented by resources provided under other TA projects including: ADB. 2016. *Technical Assistance for Scaling Up Private Sector Participation and Use of Market-Based Approaches for Environmental Management*. Manila; ADB. 2017. *Technical Assistance for Promoting Low-Carbon Development in Central Asia Regional Economic Cooperation Program Cities*. Manila; ADB. 2018. *Technical Assistance for Country Diagnostic Studies in Selected Developing Member Countries (Subproject 4)*. Manila; and ADB staff supported by staff consultants. In total, an additional 39.5 person-months of consulting services financed from these sources are expected to contribute to the Midterm Review of the 13th plan and the Initial Research Towards the 14th plan.

administration instructions and/or staff instructions. All consultants will be engaged using the individual consultant selection method.⁸ In line with the action plan for the Midterm Review of Strategy 2020,⁹ lump-sum payments and/or output-based contracts may be offered. The consultants will submit progress reports, which will be reviewed by ADB and the Department of Development Planning, NDRC. The government and ADB may invite resource persons to review the consultants' outputs and share knowledge during workshops and conferences.

19. The proceeds of the TA will be disbursed following ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

20. The government and ADB will disseminate the TA results through project reports, workshops, and media releases. The TA project team will develop a knowledge product, and ADB and the NDRC will distribute electronic copies. The government and ADB will organize a conference to disseminate the TA outputs and will serve as a knowledge-sharing event. The target participants will include government officials and national and international experts. Evaluation of the TA outcome will follow ADB guidelines and will be provided to the Department of Development Planning, NDRC.

IV. THE PRESIDENT'S DECISION

21. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$600,000 on a grant basis to the Government of the People's Republic of China for The Midterm Review of the 13th Five-Year Plan and the Initial Research Towards the 14th Five-Year Plan, and hereby reports this action to the Board.

⁸ Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 3).

⁹ ADB. 2014. *Midterm Review of Strategy 2020: Action Plan*. Manila.

DESIGN AND MONITORING FRAMEWORK

Impact the TA is Aligned with Progress towards well-being (<i>mei hao sheng huo</i>) goal improved (The Report of the 19th National Congress of the Communist Party of the People's Republic of China) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Policy and regulatory environment to support balanced and sustainable development improved	By 2020 Incorporation of policy recommendations proposed by this TA into the 14th Five-Year Plan (2017 Baseline: NA)	a. Government announcement and publications b. 14th Five-Year Plan	The TA recommendations become less relevant due to faster-than-planned reforms. Differences of institutional opinion about reform make it hard to achieve consensus. Unexpected shocks to the PRC economy affect the timing or relevance of the policy recommendations.
Outputs 1. One main report and three subreports for each phase prepared	By 2019 1a. Two main reports and six subreports on sustainable urbanization, demographic transition, and ecological civilization submitted to the NDRC (2017 baseline: NA)	1a. Progress reports of the TA and the consultants' report 1b. Consultations with the executing agency and the consultant team	Support from relevant stakeholders is inadequate. Highly qualified consultants are unavailable. Relevant data and information is unavailable, or its provision is delayed.
2. Awareness of balanced and sustainable development among stakeholders enhanced	2a. At least 150 participants (of which at least 30% are women) in four workshops with increased understanding on balanced and sustainable including gender equality (2017 baseline: NA)	2a. Workshop evaluation forms; consultations with the executing agency and the consultant team	
	2b. At least 30 institutions have enhanced awareness on balanced and sustainable development (2017 baseline: NA)	2b. Progress reports of the TA and the consultants' report	

Key Activities with Milestones

1. One main report and three subreports for each phase prepared

- 1.1 Prepare draft midterm review reports of the 13th Five-Year Plan by June 2018.
- 1.2 Prepare final midterm review reports of the 13th Five-Year Plan by September 2018.
- 1.3 Finish draft reports supporting the preparation of the 14th Five-Year Plan by June 2019.
- 1.4 Finish final reports supporting the preparation of the 14th Five-Year Plan by October 2019.

2. Awareness of balanced and sustainable development among stakeholders enhanced

- 2.1 Conduct three technical workshops on the 13th Five-Year Plan by May 2018.
- 2.2 Conduct high-level conference on well-being by August 2018.
- 2.3 Conduct final review workshop for the midterm review report of the 13th Five-Year Plan by December 2018.
- 2.4 Conduct three technical workshops on preparing the 14th Five-Year Plan by June 2019.
- 2.5 Conduct final review workshop on preparing the 14th Five-Year Plan by November 2019.
- 2.6 Organize dissemination events after submission of the final midterm review report of the 13th Five-Year Plan by December 2018.
- 2.7 Organize dissemination events after submission of the final report supporting the preparation of the 14th Five-Year Plan by December 2019.
- 2.8 Distribute TA findings and policy recommendations by December 2019.

Inputs

ADB: \$600,000

Note: The government will provide counterpart support in the form of counterpart staff, office accommodation, secretarial assistance, and other in-kind contributions.

Assumptions for Partner Financing

Not Applicable

NA = not applicable, TA = technical assistance.

^a Communist Party of the People's Republic of China. 2017. *The Report of the 19th National Congress of the Communist Party of the People's Republic of China*. Beijing.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
(i) International consultants	300
(ii) National consultants	30
(iii) Resource persons	
b. International and local travel ^b	50
c. Reports, translation, and communications ^c	30
2. Workshops and conferences ^d	100
3. Miscellaneous administration and support costs ^e	30
4. Contingencies	60
Total	600

Note: The technical assistance (TA) is estimated to cost \$700,000, 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, office accommodation, secretarial assistance, and other in-kind contributions. The value of the government's in-kind contribution is estimated to account for 14% of the total TA cost.

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

^b Includes travel of international and national consultants.

^c Includes all translation activities including necessary policy documents for desk review; technical reports for the main TA report, conference report, and executive summary of the TA findings and policy notes; and interpretation at workshops and conferences.

^d Provision for at least four workshops.

^e Includes report editing, translation, printing, and dissemination.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=52024-001-TARreport>

1. Terms of Reference for Consultants