

Early Warning System

ADB-48460-001

Promoting the Decisive Role of the Market in Resource Allocation

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Quick Facts

Countries	China
Financial Institutions	Asian Development Bank (ADB)
Status	Active
Bank Risk Rating	B
Voting Date	2015-05-11
Borrower	Government of People's Republic of China
Sectors	Finance, Technical Cooperation
Investment Type(s)	Grant
Investment Amount (USD)	$ 0.50 million
Project Cost (USD)	$ 0.50 million

Project Description

The Technical Assistance will provide an in-depth analysis of the reforms needed to underpin government's efforts to assign a decisive role to the market in resource allocation. The TA will identify priority reforms to define the role of the state in the economy and optimize the use of public resources in the PRC. This includes the adoption of a new approach to efficiently manage SOEs in accordance with government's long-term development targets. The analysis will focus on four main areas: (i) reform of SOEs; (ii) reform of natural and administrative industrial monopolies; (iii) reform of factor markets; and (iv) reform of competition policies to create a level playing field for the public and private sectors.

The international consultant and four national consultants have been engaged. An additional national expert will soon start initial work, and recruitment of two more national consultants underway. The inception workshop was completed in November 2015 and the Final Inception Report was delivered on 9 December 2015. Mid-term workshop completed on 26 July 2016. The consultants' team is regularly meeting with the IA for the next steps of the TA implementation. Activities for next step of implementation as follows:
Feb 2017 Domestic field study EA, IA, Team Leader & Experts
April 2017 International Study tour a EA, IA, Team Leader & Experts
June 2017 Final Review Workshop EA,IA, ADB, Team Experts
June-Aug 2017 Final Report Editing Team Leader IA, ADB
Sep-2017 Dissemination Report/Event EA, IA, Team Leader, ADB

The TA completed date was extended to 30 November 2017 to accommodate the change of implementation arrangement. The change was for three additional background reports, identified after the mid-term review, to be undertaken on the topics of land for commercial and industrial use, review of PPP experience in the PRC, and an empirical analysis of recent trends. Field study by the consultants and implementing agency was completed in February 2017.

The impact will be the greater role of the market in resource allocation. Allowing the market to play a decisive role in resource allocation, while redefining government functions toward a service-oriented approach, will underpin efforts to rebalance the sources of growth and make growth more inclusive. Greater reliance on private sector participation, a fundamental engine of long-term growth, will facilitate the country’s transition to higher income status. The outcome will be the increased competition between public and private enterprises. Actions to ensure a level playing field for private enterprises through fairer competition policies will result in greater private sector participation in the economy. This will lead to increased economic efficiency and higher productivity levels in the PRC’s economy, which are essential to sustain growth in the longer term.

Investment Description

- Asian Development Bank (ADB)

Contact Information

Development Research Center of the State Council
225 Chaoyangmen Nei Dajie
Beijing 100010
People's Republic of China

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Bank Documents

- Project Disclosure PDF
- Promoting the Decisive Role of the Market in Resource Allocation: Technical Assistance Report [Original Source]