



## Building a Modern Fiscal System Technical Assistance (P154694)

EAST ASIA AND PACIFIC | China | Macroeconomics, Trade and Investment Global Practice |  
IBRD/IDA | Investment Project Financing | FY 2016 | Seq No: 9 | ARCHIVED on 25-Jan-2021 | ISR44767 |

Implementing Agencies: People's Republic of China, Policy Research Office, Ministry of Finance, Ministry of Finance, International Economic and Financial Cooperation Department

### Key Dates

#### Key Project Dates

Bank Approval Date: 29-Apr-2016

Effectiveness Date: 25-Aug-2016

Planned Mid Term Review Date: 14-Oct-2019

Actual Mid-Term Review Date: 25-Oct-2019

Original Closing Date: 31-Jul-2021

Revised Closing Date: 31-Jul-2021

### Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The development objectives of the proposed project are to inform the design and implementation of the Central Government's fiscal reform program and to improve the Government's capacity in public financial management

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

### Components Table

Name

Key elements of China's public finance system:(Cost \$20.66 M)  
Fiscal Policy and Sustainable Development:(Cost \$7.49 M)

### Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Satisfactory
Overall Implementation Progress (IP)	<input type="checkbox"/> Moderately Unsatisfactory	<input type="checkbox"/> Moderately Satisfactory
Overall Risk Rating	<input type="checkbox"/> Moderate	<input type="checkbox"/> Moderate

### Implementation Status and Key Decisions

Drawing on global knowledge and international good practice, the project achieved some notable outcomes which contributed to policy making, design and implementation. The following highlights achieved outcomes.

#### Component A: Key Elements in China's Public Finance System

##### Building Tax Legislation

- Draft laws on excise tax and tariffs were prepared drawing on global knowledge and international best practices and formally submitted to the State Council in 2020.

##### Improving Fiscal Legislation



- MOF decree No. 102 “The administrative regulations on government procurement of public services” was promulgated in January 2020.
- Promulgation of new “accounting standards and guidance” to deepen accounting reform and strengthen government accounting standards system by 2020.
- Draft “Regulations on the Management of State-owned Financial Assets” open to public feedback on MOF’s website.
- Study on improving the fiscal compensation mechanism to ensure universal access of electricity and communications services. Study contributed to proposed amendments of the electricity law and telecommunications law.

**Budget management reforms**

- Roll out of accrual-based government comprehensive financial reporting at various levels of government.
- Improving specific accounting standards to support government financial reporting.
- High-level international workshop on performance-based budgeting was held with a summary report submitted to MOF leadership.

**Component B: Fiscal Policy and Sustainable Development**

- Study on procurement based on international good practices contributed to amendments of the “Government Procurement Law”.
- Study on accessing WTO Government Procurement Agreement was submitted to the Vice Minister.
- Established a comprehensive environmental tax policy information database and conducted firm survey on the implementation of the Environmental Protection Tax Law.
- New tariff policy was issued which increases the duty-free purchase quota in Hainan province to 100,000 yuan per person per annum.

**Risks**

**Systematic Operations Risk-rating Tool**

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	☐ Low	☐ Low	☐ Low
Macroeconomic	☐ Moderate	☐ Moderate	☐ Moderate
Sector Strategies and Policies	☐ Moderate	☐ Moderate	☐ Moderate
Technical Design of Project or Program	☐ Moderate	☐ Moderate	☐ Moderate
Institutional Capacity for Implementation and Sustainability	☐ Moderate	☐ Moderate	☐ Moderate
Fiduciary	☐ Low	☐ Moderate	☐ Moderate
Environment and Social	☐ Low	☐ Low	☐ Low
Stakeholders	☐ Moderate	☐ Moderate	☐ Moderate
Other	--	--	--
Overall	☐ Moderate	☐ Moderate	☐ Moderate

**Results**

**PDO Indicators by Objectives / Outcomes**

Inform the design and implementation of the central government's fiscal reform program



► Dissemination of fiscal policy reform proposals to decision makers (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	5.00	6.00	20.00
Date	06-Sep-2016	01-Jun-2020	09-Dec-2020	03-May-2021
Comments:	See annex 2 in the attached aide memoire on the project's results in details			

Improve the Government's capacity in public financial management				
► Enhanced capacity and skills in core budget management systems in MOF (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	75.00
Date	06-Sep-2016	01-Jun-2020	09-Dec-2020	03-May-2021
Comments:	As the first batch of the secondees was just completed not long ago, survey among activities participants is now underway, but yet to be completed by the PMO.			

### Overall Comments

The PDO indicator 2 has not yet been assessed, though intermediate outcomes on capacity building activities were reported. The PMO was advised to conduct a survey and interview among the beneficiaries who undertook both domestic and overseas trainings so that progress in achieving the expected result is measured and reported at the agreed intervals.

### Intermediate Results Indicators by Components

Fiscal Policy and Sustainable Development				
► Policy studies undertaken (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	3.00	5.00	14.00
Date	06-Sep-2016	01-Jun-2020	09-Dec-2020	03-May-2021
Comments:	- Customs law systems of major developed countries and developing countries; comparatives studies of key customs policies (subproject B04)			
► High level policy dialogue workshops (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	0.00	2.00	2.00	1.00
Date	06-Sep-2016	01-Jun-2020	09-Dec-2020	03-May-2021
Comments:	One workshop on "The development of China's economy in the context of high quality in the New Era" held in Beijing with participants from MOF, academia, think tanks, and the World Bank. One workshop on "Issues with new urbanization"			
<b>► Public outreach of policy study findings on fiscal policy (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1.00	2.00	7.00
Date	06-Sep-2016	01-Jun-2020	09-Dec-2020	03-May-2021
<b>► Capacity building: training (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	85.00	145.00	34.00
Date	06-Sep-2016	01-Jun-2020	09-Dec-2020	03-May-2021
Comments:	Number of central and local officials undertaking training in China and abroad (various subprojects).			
<b>► Collecting, recording and reporting inputs received from beneficiaries (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1.00	1.00	3.00
Date	06-Sep-2016	01-Jun-2020	09-Dec-2020	03-May-2021

<b>Key elements of China's public finance system</b>				
<b>► Policy studies undertaken (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	20.00	23.00	26.00
Date	06-Sep-2016	01-Jun-2020	09-Dec-2020	03-May-2021
Comments:				
<b>► High level policy dialogue workshops (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	0.00	3.00	4.00	3.00
Date	06-Sep-2016	01-Jun-2020	09-Dec-2020	03-May-2021
Comments:				
▶ Public outreach of policy study findings on fiscal policy (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	14.00	17.00	13.00
Date	06-Sep-2016	01-Jun-2020	09-Dec-2020	03-May-2021
▶ Capacity building: secondments (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	7.00	9.00	100.00
Date	06-Sep-2016	01-Jun-2020	09-Dec-2020	03-May-2021
Comments: One MOF secondee to WB Macro Modeling Team in Washington, DC. 6 secondees were placed in international finance institutions in September, 2019. 2 secondees were placed in international organizations in 2020, in Beijing				
▶ Capacity building: training (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1,105.00	1,205.00	66.00
Date	06-Sep-2016	01-Jun-2020	09-Dec-2020	03-May-2021
Comments: Number of central and local officials undertaking training in China and abroad (various subprojects).				
▶ Collecting, recording and reporting inputs received from beneficiaries (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1.00	3.00	7.00
Date	06-Sep-2016	01-Jun-2020	09-Dec-2020	03-May-2021
Comments: Draft Administrative Regulation on Government Procurement of Public Services was open to the public for comments in June 2018 (subproject A07).				

### Overall Comments

See annex 2 of the attached aide memoire on the project's results in details.



Performance-Based Conditions

Data on Financial Performance

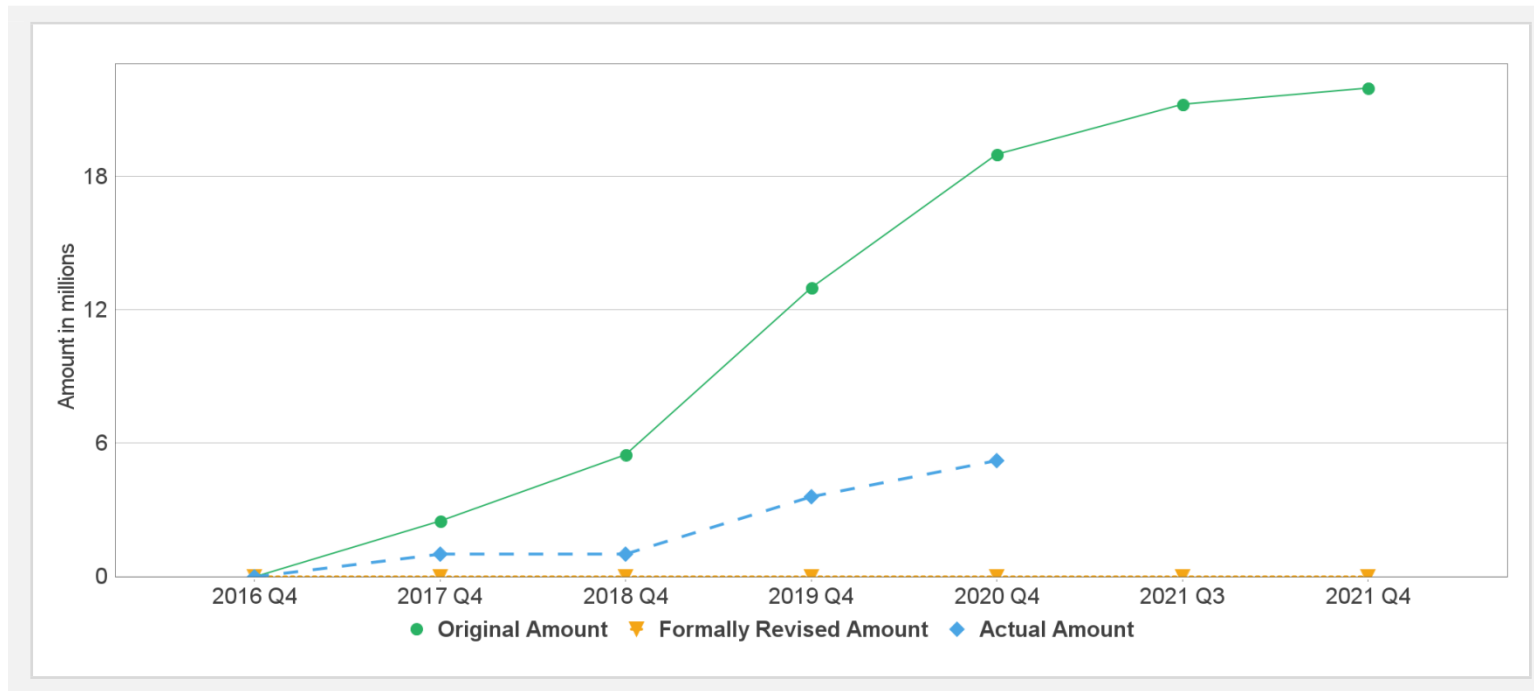
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P154694	IBRD-86160	Effective	USD	22.00	22.00	0.00	7.57	14.43	34%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P154694	IBRD-86160	Effective	29-Apr-2016	31-May-2016	25-Aug-2016	31-Jul-2021	31-Jul-2021

Cumulative Disbursements



PBC Disbursement

PBC ID	PBC Type	Description	Coc	PBC Amount	Achievement Status	Disbursed amount in Coc	Disbursement % for PBC
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### **Restructuring History**

There has been no restructuring to date.

### **Related Project(s)**

There are no related projects.

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