



## 1. Project Data

<b>Project ID</b> P117596	<b>Project Name</b> REG:CN-Social Security+Migrant Training		
<b>Country</b> China	<b>Practice Area(Lead)</b> Social Protection & Jobs		
<b>L/C/TF Number(s)</b> IBRD-82680	<b>Closing Date (Original)</b> 31-Dec-2018	<b>Total Project Cost (USD)</b> 78,537,710.95	
<b>Bank Approval Date</b> 20-Jun-2013	<b>Closing Date (Actual)</b> 31-Oct-2020		
	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>	
Original Commitment	80,000,000.00	0.00	
Revised Commitment	78,537,710.95	0.00	
Actual	78,537,710.95	0.00	
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## 2. Project Objectives and Components

### a. Objectives

The objectives of the project were to enhance portability of social security data and beneficiary entitlements, and to strengthen the skills base and employment prospects of rural hukou workers in Guangdong (Loan Agreement, July 22, 2013, p. 5). The statements of objectives in the Project Appraisal Document (PAD) and ICR were identical.



Explanatory Notes:

- **Hukou:** The hukou system relates to China's residential registration (ICR, p. 6). A person's hukou is attached to a geographic location and defined as agricultural (rural) or non-agricultural (urban). Residence permits were linked to the place of birth rather than actual residence. As migration to urban areas became prevalent in recent decades, migrant workers suffered from rigidities in accessing the full range of public services enjoyed by local residents.
- **Guangdong** is the largest province in China in terms of population (about 105 million people at appraisal), and has 21 prefectures. Its industrialized and export-oriented economy accounts for the largest gross domestic product among all provinces.

A level-1 restructuring on July 6, 2017 revised one of the objectives to include both rural and urban workers. The PDO revision was driven by sensible government reforms of the hukou system and changes in provincial training policies that provided wider eligibility for training. The revised statement was formulated as follows: "to enhance portability of social security data and beneficiary entitlements, and to strengthen the skills base and employment prospects of urban and rural workers in Guangdong." The restructuring included both upward and downward revisions in associated outcome targets and in intermediate results targets.

**b. Were the project objectives/key associated outcome targets revised during implementation?**

Yes

**Did the Board approve the revised objectives/key associated outcome targets?**

Yes

**Date of Board Approval**

06-Jul-2017

**c. Will a split evaluation be undertaken?**

Yes

**d. Components**

**I. Social Security Management Information System (Appraisal US\$76.3 million; Actual US\$72.6 million).**

1. Designing and developing the provincial management information system (MIS) for social insurance and employment services programs, including:

(a) development of data standards to facilitate inter-operability among the components of the new system and across the prefectures;



(b) design and integration of the MIS, including design of the enterprise and system architecture, support platform, and data exchange scheme; and

(c) acquisition and development of software for the provincial entitlements clearinghouse to enable data exchange across programs and prefectures.

2. Building the provincial MIS delivery platform:

(a) acquisition of hardware for the new system, including servers, computers, scanners, storage and network equipment, and leasing of networks; and

(b) acquisition and/or development of selected software for the new system, including data analysis tools.

3. Capacity strengthening for MIS modernization and project management:

(a) provision of technical assistance and training, including study tours, to enhance management capacity and innovation; and

(b) monitoring of project results, including carrying out of an impact evaluation.

**II. Rural Worker Training (Appraisal US\$73.4 million; Actual US\$61.4 million).**

1. Strengthening school-industry linkages and strengthening the capacity of project schools to institutionalize linkages with industry through:

(a) carrying out of surveys to identify employer demand for skills;

(b) formulation of guidelines for school-industry partnerships; and

(c) development and/or revision, and dissemination, of skills standards and curricula, and training programs.

2. Strengthening instructional and institutional management capacity, including the capacity of project school management, administrators, and instructors through:

(a) carrying out of training needs analyses and provision of training, including facilitation of study tours; and

(b) evaluating training results to inform further development of training programs.



3. Developing modular, competency-based training programs:

- (a) development by project schools of modular and competency-based training models and teaching materials in selected programs;
- (b) establishment of a database of training programs for rural workers, including teaching and learning materials and employer information; and
- (c) monitoring and evaluation of training programs, including development of evaluation standards.

4. Upgrading of facilities, equipment, and school information services:

- (a) development of school information systems, including acquisition of computer hardware and software;
- (b) construction and/or rehabilitation of school buildings and facilities; and
- (c) acquisition of training equipment and supplies, including books, computers and peripherals, learning materials, and software.

5. Improving project monitoring, evaluation, and project management:

- (a) strengthening the capacity of project schools to monitor and evaluate their training programs through establishment of monitoring and evaluation teams, and conducting evaluations and tracer studies;
- (b) strengthening the capacity of the project implementing entity to manage the project through provision of technical assistance and training; and
- (c) carrying out of policy studies to guide the design and implementation of skills enhancement programs for rural workers.

**e. Comments on Project Cost, Financing, Borrower Contribution, and Dates**

**Costs, financing, and Borrower contribution.** At appraisal, the total project cost was estimated at \$149.7 million, consisting of US\$80 million as a specific investment IBRD loan, and counterpart funding estimated at US\$69.7 million. The total actual cost aggregated at US\$134 million, consisting of actual IBRD financing of US\$78.5 million and actual counterpart financing of US\$55.5 million. Disbursement of the loan proceeds reached 98.1%.

**Dates.** Appraisal was finalized on May 21, 2013. A five-year implementation period was planned (PAD, p. 12). The project was approved on June 20, 2013 and became effective on September 12, 2013. A Mid-Term Review was carried out on March 28, 2016. A level-1 restructuring on July 6, 2017 revised one of the project development objectives to include urban workers, modified associated outcome targets and the



results framework, and revised institutional arrangements. A level-2 restructuring on November 9, 2018 extended the closing date by 22 months, and modified the results framework and implementation schedule. The project closed on October 31, 2020, about two years beyond the original closing date of December 31, 2018.

### 3. Relevance of Objectives

#### Rationale

Project objectives were responsive to labor market needs in Guangdong. Specifically, the skills of rural workers were misaligned with the changing needs of Guangdong for more skill-intensive and value-added activities, and there were disincentives for geographic and occupational mobility due to difficulties in the portability of social security entitlements. These issues largely affected mobile workers who were mostly migrant workers from rural areas (PAD, p. 5).

At entry, the objectives were relevant to China's 12th Five-Year Plan (FYP) 2011-2015 and to the Country Partnership Strategy FY2013 - FY2016. Both shared a common goal to promote social equity and labor mobility through integration of social security systems and skills development of migrant workers. The 2017 project restructuring, triggered by the reform of hukou, further enhanced the PDO relevance by promoting equity of opportunity for inclusive development.

At project closing, the development objectives remained fully relevant to China's pursuit of high-quality growth highlighted by the 14th FYP 2021-2025 and to the Bank Country Partnership Framework (CPF) for the People's Republic of China for the period FY2020–2025. The ICR clarified that China prioritizes employment-first policy and social security system strengthening as part of social sector interventions to pursue high-quality growth in the 14th FYP. Concrete measures have been designed to promote the quality and new forms of employment through demand-driven training programs, better public employment services, and extension of social security coverage. These priorities are reflected in CPF Engagement Area 3 (Sharing the Benefits of Growth), under Objective 3.1 (Increasing Access to Quality Health and Aged Care Services) and Objective 3.2 (Strengthening the Quality of Early Learning and Skills Development Programs). The CPF notes that the Bank will continue to support institutional strengthening of social protection programs, building on the Bank's long-term engagement on pension and social protection reform. It also notes that the Bank has several ongoing operations that support reforms and investments to improve the quality and relevance of Technical and Vocational Education and Training (TVET) that provide support to workforce development and competencies needed for more complex local industries.

#### Rating

High

### 4. Achievement of Objectives (Efficacy)



## **OBJECTIVE 1**

### **Objective**

Enhance portability of social security data and beneficiary entitlements in Guangdong.

### **Rationale**

#### **Theory of change**

The theory of change built on the premise that fragmented and underdeveloped social security systems contribute to inequitable access to public services, and that a more integrated labor market would facilitate worker mobility. Therefore, the project intended to support: (a) overall design of integrated social insurance, business processes, data development, and labor relationship application systems; (b) data cleaning and migration, all-in-one application systems, and provision of hardware and software; and (c) capacity building, study tours, and impact evaluation of the social security MIS. These activities were reasonably expected to lead to an integrated provincial MIS for social insurance and employment services and its rollout in the prefectures. The resulting integrated MIS would plausibly contribute to the portability of social security data and beneficiary entitlements in Guangdong. The theory of change assumed continued government commitment and appropriate institutional arrangements that facilitate collaboration among information systems of different social programs.

### **Outputs**

The project contributed to the following main outputs:

- established a centralized All-in-One database that contained all transaction records pertaining to beneficiaries in Guangdong;
- developed 82 applications for social insurance, labor market information, employment services, human resources management, and grievance redress mechanisms;
- procured and installed information and technology infrastructure, including hardware and software, and made them operational;
- built an integrated MIS delivery platform and rolled it out; and
- trained managerial and operational staff in MIS modernization at provincial and prefectural levels.

### **Intermediate results**

The percentage of provincial standards that have been adopted by prefectures reached 91.7% in 2020, exceeding both the original target of 80% and the revised target of 90%.



The percentage of prefectures using the new provincial system reached 91.4% in 2020, exceeding both the original target of 70% and the revised target of 80%. Rollout of the provincial integrated MIS was undertaken progressively in batches of prefectures. By the end of May 2020, all but two local MIS were switched into the provincial MIS (ICR, p. 16). For two pending prefectures, a data exchange arrangement was established between the provincial integrated MIS and the local systems.

The number of provincial and prefectural staff involved in the development and operation of MIS who were trained under the project reached 8,156 staff in 2020, exceeding the original target of 280 staff and the revised target of 8,000 staff.

In recognition of the diversity of initial conditions and legacy systems in the prefectures, the project adopted a provincial MIS model labelled as “1+x” that also promoted efficiency in deployment:

- i. under “1”, the project financed system infrastructure for all prefectures and social insurance and labor market applications for lagging prefectures without well-developed systems; and
- ii. under “x”, prefectures with more developed systems and mature legacy MIS kept their existing systems, but had to develop data exchange interfaces with the provincial system. Hence, the provincial system was not developed from scratch (ICR, p. 24).

## Outcomes

Reported results indicate that the project fully achieved its objective to enhance the portability of social security data and beneficiary entitlements in Guangdong through the development and rollout of an integrated provincial social insurance MIS. The province established integrated application systems for public employment services, social insurance, labor relations, and human resources. The MIS also facilitated the pooling of pension funds and work injury insurance funds at the provincial level.

Achievements included: (a) unification of standard systems, data systems, and operation and maintenance systems in the province, (b) integration of hardware support, data resources, and software applications; (c) integration of business processes, public services, monitoring, and supervision; and (d) consolidation of management capacities, systems, and data. The functionality of the new MIS allowed beneficiaries of various programs to use the system virtually from anywhere in the province, and not just in person from the prefecture where they were registered (ICR, p. 15).

The percentage of social insurance beneficiaries whose records were uploaded into the centralized provincial All-in-One database reached 100% in 2020, exceeding the target of 90%.

A beneficiary survey in 2020 showed that satisfaction of staff and beneficiaries using the new provincial system was 82.3%, exceeding the target of 80%.

The volume (measured in 10 thousand) of health insurance transactions serviced across prefectures through the provincial clearinghouse platform reached 203.5 in 2020, exceeding both the original target of 5, and the revised target of 65 volume units of transactions, as defined.

The annual total business processing volume through the provincial integrated MIS per operator (number of individual cases processed per operator) reached 6,765 in 2020, exceeding the target of 6,000



cases/operator. Processing was more than 50% higher than previous processing capacity per operator, i.e., before the adoption of the new MIS (ICR, p. 63).

A Technical Evaluation of the integrated MIS was carried out by an external expert group in late 2020. Its findings reflected several of the positive developments described above, and, at the same time, made several recommendations, including for strengthening the composition of information technology (IT) teams, clarifying the boundaries between business and IT departments, and strengthening data security management (ICR, p. 17).

### **Rating**

High

## **OBJECTIVE 2**

### **Objective**

Strengthen the skills base and employment prospects of rural hukou workers in Guangdong.  
(Under original PDO and original outcome targets)

### **Rationale**

#### **Theory of change**

The theory of change built on the premise that improved training and stronger links with labor market needs would result in better and more relevant skills, and in enhanced employment opportunities. The theory of change also connected with that of Objective 1, where an integrated social insurance information system facilitating the portability of entitlements would also promote equality of opportunity for workers. The theory of change was in line with prevailing strategic directions of the larger context, where Guangdong was aiming to restructure its economy and move away from its traditional low-cost manufacturing model, and move up the global value chain to maintain growth and competitiveness amid increasing pressure to accelerate industrial upgrading (ICR, p. 5).

The project intended to: (a) support surveys to identify training needs and skills required by employers; (b) establish skills development associations with industry partners and joint advisory commissions on curriculum development; (c) improve capacity of management and instruction, enable instructors' connections to industry, and enable dissemination of training programs; (d) develop modular and competency-based training models and teaching materials, and develop, conduct, and adjust programs based on evaluation standards; and (e) build and rehabilitate teaching buildings, libraries, dormitories, and training centers; procure training equipment, books and learning materials; and integrate existing school-level databases.

These activities were reasonably expected to result in strengthened links between project schools and industries; upgraded curricula to meet advanced skills needs of industry; strengthened instructional and institutional management capacity of project schools; and upgraded facilities, equipment, and school information services.



In turn, the above outputs would plausibly contribute to strengthening the skills base and employment prospects of workers in Guangdong.

Explanatory note on "project schools": Three training schools were associated with the project: (1) Provincial Light Industry Technical School; (2) Guangzhou Industry and Trade Technicians School; and (3) Yunfu Technical School. These schools encompassed a large variety of different training levels and technical specialties.

### **Outputs and intermediate results**

According to the ICR (p. 20 and p. 69), more than 80 percent of graduates held rural hukou (hence, the project de facto upheld its original commitment to that group).

The project provided short-term training for a cumulative total of 59,324 persons. 41,381 trainees graduated. Training included internal training programs and international study tours. School satisfaction surveys found that over 90 percent of students in both "short-term" and "degree" programs reported being satisfied with their schools' teaching and management (ICR, p. 17).

The number of short-term trainees increased from the following baselines in 2015 (Industry and Trade School: 2,000 trainees; Yunfu School: 21 trainees; and Light Industry School: 3,000 trainees) to the following annual achievements (per clarification of the two project TTLs, June 29, 2021) in 2019: 5,901 trainees in Industry and Trade, exceeding the target of 3,700; 2,199 trainees in Yunfu, exceeding the original target of 600 trainees; and 4,041 trainees in Light Industry, short of the original target of 4,800.

Six school enterprise alliances were established; 68 school-enterprise dual training programs/classes were developed; 245 school-industry partnerships were built; 216 enterprise-specific training courses were developed; 174 market surveys were conducted; 139 practice training bases were set up jointly with enterprises; 543 technicians were sent by enterprises to participate in training at project schools; and 1,206 school instructors were trained in industry. The percentage of instructors trained in industry attachments, and the percentage of industrial experts from enterprises participating in teaching, both exceeded their targets.

54 Modular and Competency-based Training programs were developed to meet skill demands of industries.

The project provided for upgraded facilities and new buildings at project training schools.

Equipment for practical training was procured, installed, and utilized. The percentage of equipment utilization reached 95.1% for Light Industry School, exceeding the target of 80%; reached 100% for Industry and Trade School, exceeding the target of 85%; and reached 75% for Yunfu School, short of the original target of 80%.

### **Outcomes**

The results discussed below indicate that the objective was almost fully achieved, with some shortcomings.



The percentage of trainees in "degree courses" who passed skill assessment tests increased from a baseline of 60% in 2013 to 84% in 2019, slightly short of the original target of 85%.

The percentage of graduates in "degree courses" finding initial employment after completion of courses increased from the 2015 baselines (Light Industry School: 92%; Industry and Trade School: 98.4%; and Yunfu School:75%) to the following percentages in 2019: Light Industry School: 98.4%, exceeding the target of 95%; Industry and Trade School: 99.7%, exceeding the target of 98.5%; and Yunfu School 92%, short of the original target of 97.5%.

The percentage of trainees in "short-term training" who passed skill assessment tests increased from the 2015 baseline of 75% for Light Industry School and 81% for Industry and Trade School to 85.75% and 91.5% respectively in 2019, exceeding the targets of 82% and 91% respectively. (Yunfu school provided on-the-job short-term training as requested by local firms; therefore, it was not deemed necessary to undertake skill assessment for those employed trainees per TTL clarifications on June 29, 2021.)

The percentage of graduates in "short-term training" finding initial employment increased from 2015 baselines (Light Industry School: 18%; and Industry and Trade School: 26%) to the following percentages in 2019: Light Industry School: 74%, exceeding the target of 30%; and Industry and Trade School: 69.9%, exceeding the target of 53.5%. (This indicator was not applicable to Yunfu School, as it provided short-term training to those already on-the-job, per TTL clarifications on June 29, 2021.)

## Rating

Substantial

## OBJECTIVE 2 REVISION 1

### Revised Objective

Strengthen the skills base and employment prospects of urban and rural workers in Guangdong.  
(Under the revised PDO and revised outcome targets)

### Revised Rationale

**Theory of change:** Same as above, under original Objective 2

**Outputs and intermediate results:** Same as above under the Original Objective 2; and:

The number of short-term trainees increased from the following baselines in 2015 (Industry and Trade School: 2,000 trainees; Yunfu School: 21 trainees; and Light Industry School: 3,000 trainees) to the following annual achievements in 2019: 5,901 trainees in Industry and Trade, exceeding the target of 3,700; 2,199 trainees in Yunfu, exceeding the revised target of 1,300 trainees; and 4,041 trainees in Light Industry, exceeding the revised target of 3,600.



The percentage of equipment utilization reached 95.1% for Light Industry School, exceeding the target of 80%; reached 100% for Industry and Trade School, exceeding the target of 85%; and reached 75% at Yunfu School, exceeding the revised target of 65%.

## Outcomes

The results discussed below indicate that the objective under the revised PDO/outcome targets was fully achieved. The project provided expanded and diversified training for workers. Progress was facilitated by a functional relationship with the private sector and industry in pursuit of improving relevance and quality of both "degree" and "short-term" training programs, thereby providing graduates with the skills required by the provincial labor market (ICR, p. 18). According to the ICR, progress was also facilitated by enhanced instructional capacity and by the quality of training programs that were systematically addressed by the project.

The percentage of trainees in "degree courses" who passed skill assessment tests increased from a baseline of 60% in 2013 to 84% in 2019, exceeding the revised target of 80%.

The percentage of graduates in "degree courses" finding initial employment after completion of courses increased from the 2015 baselines (Light Industry School: 92%; Industry and Trade School: 98.4%; and Yunfu School:75%) to the following percentages in 2019: Light Industry School: 98.4%, exceeding the target of 95%; Industry and Trade School: 99.7%, exceeding the target of 98.5%; and Yunfu School 92%, meeting the revised target of 92%.

The percentage of trainees in "short-term training" who passed skill assessment tests increased from the 2015 baseline of 75% for Light Industry School and 81% for Industry and Trade School, to 85.75% and 91.5% respectively in 2019, exceeding the targets of 82% and 91% respectively. (Yunfu school provided on-the-job short-term training as requested by local firms; therefore, it was not deemed necessary to undertake skill assessment for those employed trainees, per TTL clarifications on June 29, 2021.)

The percentage of graduates in "short-term training" finding initial employment increased from 2015 baselines (Light Industry School: 18%; and Industry and Trade School: 26%) to the following percentages in 2019: Light Industry School: 74%, exceeding the target of 30%; and Industry and Trade School: 69.9%, exceeding the target of 53.5%. (This indicator was not applicable to Yunfu School, as it provided short-term training to those already on-the-job, per TTL clarifications on June 29, 2021).

## Revised Rating

High

## OVERALL EFFICACY

### Rationale



The objective to enhance portability of social security data and beneficiary entitlements is rated high, as it was fully achieved through the development and rollout of an integrated social security management information system that connected multiple systems of fragmented programs, modernized information technology infrastructure, and strengthened related capacity. The objective to strengthen the skills base and employment prospects of rural hukou workers in Guangdong is rated substantial, as it was almost fully achieved through the development of relevant worker skills and through links with the labor market. The aggregation of achievements for both objectives is consistent with a substantial rating for overall efficacy.

### **Overall Efficacy Rating**

Substantial

### **OVERALL EFFICACY REVISION 1**

#### **Overall Efficacy Revision 1 Rationale**

Both objectives under the revised PDO/outcome targets were fully met. Achievements are summarized under the original efficacy rationale, above. The aggregation of achievements for both objectives is consistent with a high rating for overall efficacy.

### **Overall Efficacy Revision 1 Rating**

High

## **5. Efficiency**

At appraisal, the PAD conducted a cost-benefit analysis by examining costs and benefits from wage gains arising from the second component on worker training (49% of estimated investment cost). Main assumptions included ten cohorts of students, and that the first cohort of students would join the workforce in 2018 and would work from age 22 to 60. Under different sensitivity scenarios (with different compositions of diploma training and in-service training), and using a discount rate of 3%, the analysis estimated an Internal Rate of Return (IRR) ranging from 13.8% to 18.9% (PAD, p. 66).

The ICR's ex post analysis of the worker training investments under the same second component used more recent data at project closing and estimated that the IRR ranged from 14% to 16% and that the benefit-cost ratios ranged from 5.66 to 6.74 (ICR, p. 20) under different scenarios, thus confirming positive expected returns, as projected at entry.

Regarding investments related to MIS under the first component, both the ex ante analysis and ex post analysis discussed efficiency benefits accruing to the program and sector, including welfare gains. Such benefits pertain to project achievements rather than the efficiency of the project itself. Relevant achievements were noted in



Section 4 on efficacy. Program/sector gains do not necessarily indicate the efficiency of the project, i.e., how efficiently project resources were used and its activities implemented.

Project management costs were moderate. Both the ICR (p. 20) and the TTLs reported (clarifications of June 29, 2021) that the Project Management Office (PMO) and the project implementation units (PIUs) were relatively small, and largely relied on existing structures and human resources of the Department of Human Resources and Social Security (DHRSS) and the three project schools, without recurring staff costs or rental costs and service charges. According to the TTLs, project management costs mainly covered training expenses, workshops, and office equipment, and these aggregated at merely US\$465,800, thus reflecting favorably on efficiency in project implementation. The adoption of a provincial MIS model labelled as “1+x” during MIS rollout also promoted project efficiency, as the provincial system was not developed from scratch in prefectures that had more mature systems (see Section 4, Objective 1).

At the same time, shortcomings in the efficiency of implementation were observed. The ICR (p. 32) stated that low disbursements were due to significantly delayed project implementation, particularly in the three project schools. Implementation delays persisted for several years, including a nine-month halt in MIS implementation in 2017, as explained below. Two Implementation Status Reports in February and September 2016 rated implementation performance as moderately unsatisfactory, with implementation lagging behind annual work plans. Between 2013 and 2016, disbursements were modest and aggregated at only US\$10.3 million (13%), and by late 2017, they reached only US\$32.6 million (42%).

Initial implementation delays were related to a lack of readiness. The Procurement Manual and the Financial Management Manual were not finalized. The procurement plan required updating. On-Lending Agreements with project schools were not signed, and the Designated Account and the Project Account for each of the PIUs had not been opened (ICR, p. 26). There were gaps in capacity and knowledge to support implementation, as most staff of the PMO had not participated in project preparation.

The development of the new integrated provincial MIS was delayed and required modifications to the original design. The ICR (p. 28) noted that main reasons affecting implementation were due to the fact that initial timelines and the required tasks were optimistic and, in some cases, impractical; and that technical and management capacity of the Information Center was inadequate, despite multiple efforts to engage external expertise. The ICR (p. 13) stated that the technical complexity of the new MIS required a huge volume of data cleaning at each prefecture. It also stated (ICR, p. 28) that related issues generated greater-than-expected challenges with cleaning and merging historical data of all prefectures and legacy issues that emerged (localities had different pension and social insurance designs for specific population groups that required policy decisions in view of standardization). Two large-value civil works procurements for two schools also experienced delays, including approval delays.

In 2017, the provincial government launched a Digital Government Initiative (DGI) to decouple the management function from IT infrastructure, and to consolidate computing resources in different government agencies. Budget allocations to all ongoing IT projects were suspended. While the purpose of the DGI initiative was meaningful, it caused a halt in the implementation of social security integration activities for nine months (ICR, p. 13), as well as in project procurement of MIS hardware, until a consensus was reached to ensure alignment of the new MIS with DGI.

Implementation delays led to the extension of the project closing date by 22 months, thus allowing completion of activities and utilization of 98.2% of loan proceeds.



Upon balancing positive expected returns with a mix of both favorable and unfavorable aspects of implementation efficiency, overall efficiency is rated substantial.

## Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	13.80	49.00 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	14.00	46.00 <input type="checkbox"/> Not Applicable

\* Refers to percent of total project cost for which ERR/FRR was calculated.

## 6. Outcome

**Relevance of objectives** is rated high across the entire project, as the objectives were fully aligned with the Country Partnership Framework (CPF) for the People’s Republic of China for the period FY2020–2025 at project closing, and with the country and provincial development strategies.

**Efficiency**, also assessed across the entire project, is rated substantial as the project offered good value for money, but with shortcomings in the efficiency of implementation.

### Efficacy and Outcome

- Under the original objectives/outcome targets, efficacy is rated substantial as the objectives were almost fully met. The outcome is rated satisfactory under the original objectives/outcome targets.
- Under the revised objectives/outcome targets, efficacy is rated high as the objectives were fully met. The outcome is rated highly satisfactory under the revised objectives/outcome targets.

According to IEG/OPCS guidelines, when project objectives/associated outcome targets are revised, the final outcome is determined by the weight of Bank disbursements under each set of objectives (in this case: 42% under the original objectives, and 58% under the revised objectives):

- Under the original objectives, the outcome is rated satisfactory (5) with a weight value of 2.10 (5 x 42%).



- Under the revised objectives, the outcome is rated highly satisfactory (6) with a weight value of 3.48 (6 x 58%).

These add up to a value of 5.58 (rounded to 6), corresponding to an overall outcome rating of highly satisfactory, indicative of essentially no appreciable shortcomings in the operation's achievement of its objectives, in its efficiency, or in its relevance.

**a. Outcome Rating**  
Highly Satisfactory

## 7. Risk to Development Outcome

The project has no salient risks indicating that development objectives would not be maintained. Government and main stakeholders' commitment to project objectives remains high, both at the provincial and national levels. The integrated social security MIS has been institutionalized and has become an integral part of the public service platform in Guangdong. There is interest in its replication in other provinces. Its future budget has been secured (ICR, p. 34). The system is integrated with the digital government platform that has facilitated data sharing and cross-sectoral coordination. Integration with the national health insurance system is expected in the near-term.

MIS development strengthened the capabilities of DHRSS to coordinate, administer, and monitor related services, and to better plan, manage, and improve service delivery. The project supported capacity building efforts for managerial and operational staff at both provincial and prefectural levels.

Worker training programs resulted in the development of effective relationships with private industry, with good prospects for continuity and for developing additional programs required by Guangdong's fast-evolving industry. To underline this synergy, the ICR (p. 34) quoted a statement from the management of a prominent company in the province: "the college and the company jointly recruit students, and over three years, work together to develop the teaching plan, human resources development plan, faculty and practical training, all the way through to students' graduation. This is a win-win process. Our company gets well-trained workers we want, while the college learns about our needs."

In addition, the project mobilized private sector financing: school and enterprise alliances and industry partnerships were established as noted in the outputs (Section 4); and the private sector supported practice training bases and invested in equipment and consumables, research and development, trainers exchange programs, human resources, and on-the-job training.

According to the ICR (pp. 34-35), a slowdown in economic growth resulting from the COVID-19 pandemic could impact poverty reduction efforts with labor dislocation and slower growth in household incomes. Self-employed workers and those in less secure, informal jobs, particularly migrant workers, are expected to be especially affected. In such a scenario, measures that would stimulate job-intensive recovery and facilitate adjustments to the post-pandemic economy are likely to be needed. Such measures would include reforms to address barriers to labor mobility, as were already initiated under the project.



## 8. Assessment of Bank Performance

### a. Quality-at-Entry

Preparation built on robust analytical work and technical assistance in the areas of human resources and social security (ICR, p. 33). The Task Team mobilized technical assistance from AusAid Trust Funds and worked closely with counterparts in project design and preparation. The PAD (pp. 13-15) noted that lessons and good international practices were considered, including twinning technical aspects with institutional changes in MIS reforms, adopting a realistic view of coordination and sequencing, building on existing systems already in operation, and on the importance of specialized technical support.

Institutional and financial arrangements were well defined, and the project was led by a Project Implementation Leading Group headed by the Director-General of Guangdong DHRSS to oversee and guide inter-divisional coordination within DHRSS and to facilitate coordination with the Provincial Finance Department and the Provincial Development and Reform Commission (PAD, p. 16). Beneath this oversight group was a PMO housed in the Division of Finance and Planning within DHRSS, with two subunits or sub-PMOs for each project component (Social Security MIS and Worker Training). Three small PIUs were also planned, one in each of the three training schools associated with the project.

Financial management risk was assessed as moderate. Further actions to strengthen financial management capacity were agreed with the PMO and school PIUs (PAD, p. 22). Stakeholder and capacity risks were identified as substantial, and mitigation measures were planned, including technical assistance to support the Information Center, where technical and project management capacity was weak (ICR, p. 28).

Safeguards were adequately planned (PAD, p. 24, and Integrated Safeguards Data Sheet at the Appraisal Stage, May 20, 2013) to address potential environmental risks arising from civil works under Safeguard Policy OP 4.01- EA Category B; and to address Safeguard Policy OP 4.12 - Involuntary Resettlement. Environmental Codes of Practice were prepared and disclosed (PAD, p. 24). For each construction, contractors were required to prepare on-site environmental management plans, regularly complete an environmental management checklist, and report to the PMO on the implementation of the Environmental Codes of Practice.

This ICR Review acknowledges both the contextual challenges and contribution of analytical work associated with the design and the project's pioneering role, as explained by the Region's communication of September 7, 2021: Guangdong is the largest province in China in terms of population and accounted for the largest migrant population of any of China's provinces with more than 31 million migrants. The sheer magnitude of establishing an integrated social security system for all of Guangdong's population was impressive. The project was innovative and complex by design, and the Bank conducted intensive analytical work, brought international best practice to bear on design, provided policy advice, and defined pathways for implementation. The Bank's analytical and advisory services and technical assistance that came along with the Bank's financial support in the project preparation and supervision proved to be of enormous value-added which made a great difference in the project's innovative design and technical readiness.



In contrast with the quality of strategic and technical design, however, operational readiness at entry -- whereby the preparation process would be expected to ensure adequate conditions for an early start to implementation -- had numerous shortcomings reported by the ICR (p. 26 and p. 33), and that affected early implementation. These consisted of basic entry pre-requisites that were not met, such as staffing, especially for the school PIUs; opening of designated account and project accounts for each of the PIUs; project manuals for financial management and procurement; procurement plan; on-lending agreements with training schools; and certification for land acquisition. Timelines for developing the integrated provincial management information system were optimistic or impractical (ICR, p. 28). These were notable issues. Nonetheless, given the contextual challenges, quality at entry is considered to have at least moderate shortcomings rather than significant shortcomings.

### **Quality-at-Entry Rating**

Moderately Satisfactory

#### **b. Quality of supervision**

Implementation support was led by two co-task managers, the first being stationed in the country office and the second at headquarters. Task management at the country level changed once, but continuity was maintained. The ICR (p. 34) highlighted the proactiveness of implementation support, including carrying out an effective Mid-Term Review in 2016 and subsequent project restructuring that was responsive to policy changes and to the need for revising the PDO statement and results framework. Based on information provided by the ICR, there were no identified shortcomings in supervision, including in fiduciary aspects and in monitoring compliance with safeguards. According to the ICR (p. 34), the Task Team began to address sustainability and to disseminate results at an early stage. The Task Team was reportedly focused on project outcomes and played a catalytic role in promoting exchange of information and experience, not only among prefectures and project schools, but also at the national and international levels. The team advocated for documenting project achievements and lessons, including through video clips and reports that benefited other stakeholders.

### **Quality of Supervision Rating**

Satisfactory

### **Overall Bank Performance Rating**

Moderately Satisfactory

## **9. M&E Design, Implementation, & Utilization**

### **a. M&E Design**

Objectives were clearly specified, and indicators reflected the stated objectives. According to the PAD (p. 17), M&E would encompass: (a) regular/routine monitoring; (b) a mid-term review; (c) a completion review; (d) impact assessments for each component, with tracer studies for the worker training component; and (e) an impact evaluation for the MIS component to assess the final development impact. Baselines were



available (PAD, pp. 26-28). M&E arrangements relied mainly on existing data collection and monitoring systems. In addition to regular monitoring, the PMO and the PIUs of the three project schools were responsible for contracting technical assistance for evaluation activities.

## **b. M&E Implementation**

Routine monitoring was carried out as planned, but for most indicators under Component 1 (MIS), it was not possible to update progress in the results framework before the rollout of the provincial MIS (ICR, p. 29). The 2016 Mid-Term Review suggested revisions and changes that were made through the 2017 project restructuring, that also included the substitution of a full impact evaluation of the Social Security MIS with a technical evaluation.

The ICR (p. 29) stated that preparation of the completion report began early and built on information from tracer studies and other project data. A technical assessment of the integrated provincial MIS was completed. The PMO, supported by a team of consultants, took the lead in preparing two completion reports, one for each of the project components. A report on tracer studies was based on the findings of project schools and provided important inputs for assessing achievements on worker training. Project schools conducted satisfaction surveys of trainees and graduate students. The Information Center hired a consulting firm to design the survey methodology and questionnaires for assessing satisfaction with the new provincial MIS.

## **c. M&E Utilization**

M&E was used for multiple purposes in project monitoring, evaluation, adjustments, and information sharing. The ICR (p. 30) noted that comparisons of planned activities, using annual project implementation plans, against those implemented and contracts procured, were fundamental in steering implementation.

M&E findings were used to inform the Mid-Term Review and project restructuring for expanding the scope of beneficiaries and adjusting the results framework. Early rounds of satisfaction surveys, carried out before MIS deployment, helped in identifying potential technical and policy issues to be resolved. For example, per TTL clarifications (June 29, 2021), early survey rounds indicated that technical training should be extended to relevant staff to allow a smooth transition to the new MIS, that a knowledge database should be established to document good practices for information sharing, and that the MIS should allow enough flexibility to accommodate local policy variations among prefectures. Early survey rounds also informed careful system migration plans to minimize potential business disruptions.

The project's focus on M&E facilitated knowledge sharing and dissemination. The provincial government and project schools documented lessons and innovations, and disseminated them, including through mass media, workshops, and study tours (ICR, p. 30). A video feature story of the provincial MIS was produced in January 2018, and a similar one on worker training was developed in June 2020. An international knowledge exchange session covering project planning, implementation, and achievements was planned, but the actual session was put on hold due to the COVID-19 pandemic.



## M&E Quality Rating

High

### 10. Other Issues

#### a. Safeguards

Main overview point: The ICR reported there was full compliance with safeguards, and the final overall safeguard rating recorded in the Operations Portal was satisfactory.

The project was classified as Environmental Assessment Category B – Partial Assessment. Safeguard Policy OP/BP 4.01 was triggered in view of construction activities at the training schools (new buildings, workshop facilities, and laboratories). As land was being acquired for the Technical School of Light Industry, OP/BP 4.12 -- Involuntary Resettlement -- was also triggered.

Environmental Codes of Practice were prepared and disclosed before appraisal, and were included in all bidding documents and construction contracts. Implementation support for environmental management, including the services of an environmental institution, focused on two main areas: improvements needed for on-site solid waste management; and on environmental management to protect the campus lake of the Technical School of Light Industry. Required measures were implemented in due course, and, based on regular reports to the PMO and regular visits to construction sites, the project concluded that on-site environmental management was satisfactory (ICR, p. 31).

Land acquisition involved rural collective land and affected one village, five farmer cooperatives, and 102 households with 389 people. A consultant for the Technical School of Light Industry monitored the resettlement process. The process was consistent with government regulations and with the Bank's involuntary resettlement policy requirements in terms of compensation, livelihoods, and income recovery of affected people and their satisfaction, as well as the grievance redress mechanism, complaints handling and results, payment with respect to resettlement costs, and gender-disaggregated data on beneficiaries. External monitoring reports on livelihood restoration concluded that affected people had resumed their livelihoods with an increase in their income during the years following land expropriation, and that affected people were satisfied with their income growth and had no complaints. As a result, and apart from initial delays, the ICR (p. 32) reported that the school fully complied with governmental regulations and with OP/BP 4.12 safeguard policy requirements in a manner that was acceptable to the Government and the Bank. The overall safeguard rating was reported as satisfactory (Operations Portal).

#### b. Fiduciary Compliance

Financial management was undertaken by the Provincial Department of Finance. During the early implementation period, financial management affected project implementation in the form of delays in contracting, opening accounts, and requesting disbursements, but there were no issues in terms of oversight or mismanagement of project funds (ICR, p. 32). The above issues were overcome as implementation progressed, and capacity improved along with implementation experience. By project completion, the Task Team reported favorably on financial staff capacities and stability, and on proper record keeping with supporting documentation. Audit reports were timely and unqualified (ICR, p. 32).



Similarly, and apart from procurement delays, procurement reviews continuously found the project to be in compliance with Bank procurement guidelines (ICR, p. 33).

**c. Unintended impacts (Positive or Negative)**

According to the ICR (p. 22), worker training programs reflected positively on the three training schools, both nationally and internationally, and advanced international connections. The Guangzhou Industry and Trade College was recognized as a model in its sectoral areas and its broadened international collaboration among technical and vocational education and training (TVET) schools. The college signed a cooperation contract with Bangladesh’s Ministry of Education to provide government officials and principals of TVET schools with high-level leadership training, mid-level management training, and technical skills training. 600 Bengali officials were trained by the time of the ICR. The Advanced Technical School of Light Industry became a provincial TVET demonstration base and had collaborative work with experts and institutions in Australia and Germany. Yunfu Technical School was upgraded twice from a technical school to an advanced technical school in 2015 and further to a technical college in 2019.

The provision of an effective model for the development of a national social security information system in China was reported by the ICR (p. 22) in this section, as an unintended impact. But this impact was anticipated, as the PAD (p. 55) noted that Guangdong took the lead in opening the reform, and that the integrated provincial system was to contribute to the goal of full coverage and social security integration at the national level through the accumulation of valuable insights and experience in developing an integrated MIS system on a large scale. The PAD stated that lessons from this project would inform other provinces, and inform provincial and national policy developments that would scale up the successful reforms to the rest of China.

**d. Other**

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**11. Ratings**

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Highly Satisfactory	Highly Satisfactory	
Bank Performance	Satisfactory	Moderately Satisfactory	This ICR Review rated Quality-at-Entry as moderately satisfactory because, in contrast with the quality of strategic and technical design aspects, there were notable deficiencies in operational readiness at entry where common pre-requisites were not met, such as staffing of



project management offices, opening project accounts, financial management and procurement manuals, on-lending agreements with training schools, and certification for land acquisition. Timelines for developing an integrated provincial management information system were optimistic or impractical. This ICR Review rated the Quality of Supervision as satisfactory. The aggregation of these two sub-ratings is consistent with a moderately satisfactory rating for overall Bank Performance.

Quality of M&E	High	High
Quality of ICR	---	Substantial

## 12. Lessons

The ICR (pp. 35-37) offered several lessons, including the following lessons restated by IEG:

**Combining policy reforms with an innovative technical design that addresses the diversity of systems facilitates the integration of fragmented social security systems.** The project adopted an approach labelled as “1+x” to maximize convergence without building the system from scratch. Under “1”, the project supported system infrastructure for all prefectures and social insurance and labor market applications for lagging prefectures that did not have well-developed existing systems. Under “x”, prefectures with more developed systems kept their existing systems, but had to develop data exchange interfaces with the province and reconcile data with the provincial MIS under a unified policy framework with common parameters.

**The diversity of technical training schools and their different experiences can provide particular lessons and implementation know-how for scaling up technical skills development and collaboration with industry.** The project selected different schools for participating in its development efforts, and these schools represented a cross-section of different levels of training, including technical specialties, short-term or degree training, in-service/on the job training, and urban/rural settings. This allowed the schools to gain experience under differentiated contexts, promote apprenticeship incorporating skills across different job tasks, and collaborate with industry



to enhance relevance of training, and to contribute to bridging the gaps between supply and demand. The dissemination of such experiences was helpful to other technical schools in China.

**Learning by doing can facilitate and guide the implementation of complex social security integration programs.** Under the project, examples included modifying the implementation approach from consecutive one-by-one prefectures to a few prefectures in a batch to shorten the time for rolling out the integrated management information system. Higher productivity in data cleaning and migration into the centralized provincial information system was reached by widening team involvement and collaboration among provincial, local, and vendor teams.

### 13. Assessment Recommended?

No

### 14. Comments on Quality of ICR

The ICR was clear with a focused storyline. It was results-oriented and aligned to development objectives. It articulated the theory of change underlying the project's planned trajectory toward intended outcomes. The ICR provided a complete critique of the operation. The evidence provided was valid and robust. The review was internally consistent, and its analysis was thorough and candid, although its conclusions at times did not fully match its findings. The ICR offered specific lessons derived from project experience, and its lessons are likely to be useful to similar future operations in social security integration and in worker skills development. The ICR provided complete information on fiduciary and safeguard compliance. It followed guidelines, except for two areas: (i) a split evaluation methodology was indicated in view of revisions in associated outcome targets; and (ii) a more concise text with fewer details could have upheld the high quality of other criteria exhibited by the ICR.

#### a. Quality of ICR Rating

Substantial

