



Building a Modern Fiscal System Technical Assistance (P154694)

EAST ASIA AND PACIFIC | China | Macro Economics & Fiscal Management Global Practice |
IBRD/IDA | Investment Project Financing | FY 2016 | Seq No: 2 | ARCHIVED on 15-Jun-2017 | ISR26699 |

Implementing Agencies: People's Republic of China, Policy Research Office, Ministry of Finance, Ministry of Finance, Internatioal 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:15-May-2019

Actual Mid-Term Review Date:--

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

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	● Satisfactory	● Satisfactory
Overall Implementation Progress (IP)	● Satisfactory	● Satisfactory
Overall Risk Rating	● Moderate	● Moderate

Implementation Status and Key Decisions



I. Overview of Implementation Progress

1. **Since the start of the project in August 2016, 5 proposals have been approved by MOF and the Bank has sent no objection letters.** USD 1.85 million has been committed from the loan. 13 more proposals are under preparation for a total of USD 6.05 million. The proposals selected and endorsed by MOF fit well into the thematic areas of Components 1 and 2 and are well aligned with the PDOs.

2. **Progress on the approved subprojects has been somewhat uneven but broadly satisfactory.** The main reason for this is that the relatively new Policy Research Department of MOF is leading a Bank-financed project for the first time. The approval of the Project Operations Manual was delayed, and as a result, Staff in subproject implementation departments has not been sufficiently trained yet. The preparation of terms of reference (TORs) is also behind schedule, with only two TORs for researchers posted online. No contracts have been awarded yet. Staff turnover, including at management level, is an additional factor in some departments.

3. **Staff from subproject implementation departments expressed great satisfaction with being able to learn from other countries' experience ("expand their horizons") through this project.** Overseas training and international literature review and translation are novel and very useful to staff at China's MOF. Staff has completed three overseas study tours: (i) accrual accounting at the UK Treasury, (ii) US Treasury cash management with special interest in target cash balance, and (iii) staff training programs and their management in Russia and Poland.

II. Project Institutional and Implementation Arrangements

1. The Project Operations Manual has been submitted for the Minister's approval and will be circulated soon to the various departments to provide guidance on project implementation.

2. **The PMO team is gradually acquiring the appropriate project management capacity, with more work needed to improve quality control.** At the operational level the PMO is comprised of MOF's Policy Research Department and a subordinate unit dealing with day-to-day project coordination and implementation. The function of implementation support is in place, with 4 staff assigned the responsibility of coordination, procurement, reimbursement/financial management, and administrative support, respectively. Given the difficulty in evaluating technical assistance projects in general, the mission observed that quality control in subproject design, as well as continuous monitoring of outcomes throughout implementation need to be enhanced in both the PMO and the subproject implementation departments.

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	● Low	● Low
Environment and Social	● Low	● Low	● Low



Stakeholders	● Moderate	● Moderate	● Moderate
Other	--	--	--
Overall	● Moderate	● Moderate	● Moderate

Results

Project Development Objective Indicators

► Dissemination of fiscal policy reform proposals to decision makers (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	20.00
Date	06-Sep-2016	--	26-May-2017	03-May-2021

► 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	75.00
Date	06-Sep-2016	--	26-May-2017	03-May-2021

Overall Comments

Intermediate Results Indicators

► Policy studies undertaken (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	40.00
Date	06-Sep-2016	--	26-May-2017	03-May-2021



► High level Policy Dialogue Workshops (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	4.00
Date	06-Sep-2016	--	26-May-2017	03-May-2021

► Public outreach of policy study findings on fiscal policy (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	20.00
Date	06-Sep-2016	--	26-May-2017	03-May-2021

► Capacity building: secondments (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	1.00	100.00
Date	06-Sep-2016	--	26-May-2017	03-May-2021

► Capacity building: training (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	10.00	100.00
Date	06-Sep-2016	--	26-May-2017	03-May-2021



▶ Collecting, recording and reporting inputs received from beneficiaries (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	10.00
Date	06-Sep-2016	--	26-May-2017	03-May-2021

Overall Comments

1. Capacity Building: number of secondees

One staff from MOF is being seconded in the DEC, World bank, working on Global Macroeconomic analysis and projections.


2. Capacity building: number of trainees

Two overseas trainings and one study visit under two subprojects were completed, see the following:

- 1 . Training on accrual accounting at the UK Treasury: **4**
- 2 . Training on US Treasury cash management with special interest in target cash balance: **4**
- 3 . Study visit on staff training programs and their management in Russia and Poland: **2**

Data on Financial Performance

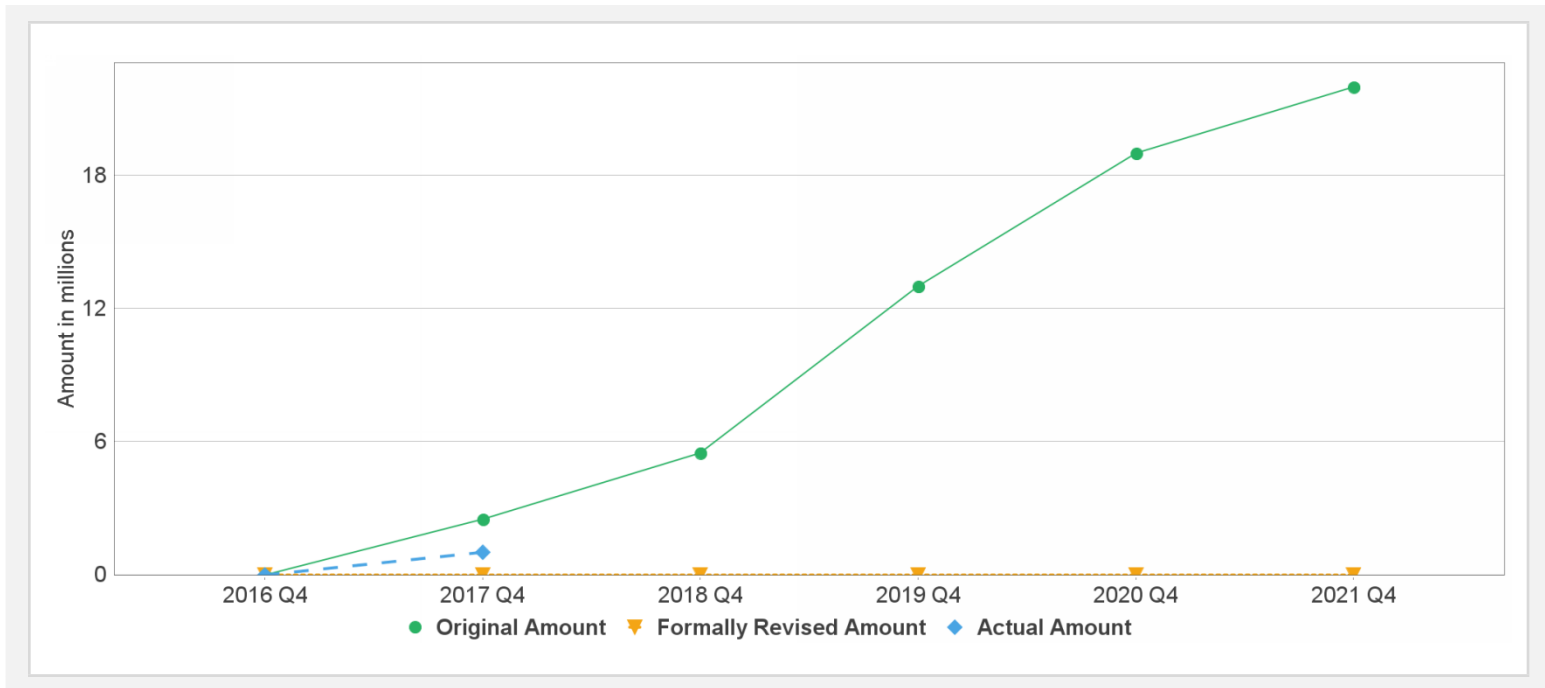
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P154694	IBRD-86160	Effective	USD	22.00	22.00	0.00	1.06	20.95	 5%

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



Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.