

ASIAN DEVELOPMENT BANK

TAR: PRC 36481

TECHNICAL ASSISTANCE

TO THE

PEOPLE'S REPUBLIC OF CHINA

FOR THE

FACILITY FOR POLICY REFORM

July 2004

CURRENCY EQUIVALENTS

(as of 21 June 2004)

Currency Unit	–	yuan (CNY)
CNY1.00	=	\$0.1208
\$1.00	=	CNY8.2766

ABBREVIATIONS

ACFIC	–	All-China Federation of Industry and Commerce
ADB	–	Asian Development Bank
CSP	–	country strategy and program
FEEE	–	fiscal expenditure efficiency evaluation
IFC	–	International Finance Corporation
MOF	–	Ministry of Finance
NPC	–	National People's Congress
PRC	–	People's Republic of China
TA	–	technical assistance
WTO	–	World Trade Organization

TECHNICAL ASSISTANCE CLASSIFICATION

Poverty	–	Other
Classification		
Sector	–	Multisector
Subsector	–	Public finance, private sector, transport, etc.
Thematic	–	Inclusive social development Governance Private sector development

NOTE

In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. During the 2003 Country Programming Mission, the People's Republic of China (PRC) requested the Asian Development Bank (ADB) to respond quickly to support policy development in a wide range of areas consistent with the PRC Country Strategy and Program (CSP). ADB, therefore, included a technical assistance (TA) project in the 2004 TA pipeline. A Fact-Finding Mission visited Beijing in March and April 2004, and reached agreement on the objectives, scope, cost, and implementation arrangements with the Ministry of Finance (MOF) and other concerned government agencies.¹ The TA framework is in Appendix 1.

II. ISSUES

2. The PRC's spectacular growth over the last 25 years is largely attributable to market reforms. The PRC's experience has demonstrated that a gradual transformation from a centrally planned to a market economy can work. The PRC is one of few countries that has maintained rapid economic growth while making that transition.

3. The transition has put extraordinary demands on redefining the role of Government, divesting it of direct control of business decision making and changing the policy and regulatory environment to one appropriate for a modern market economy. Over the past decade the Government has made considerable progress in developing an economic management framework with modern institutions and practices. A series of substantial reforms has improved public administration by reducing the Government's role; increasing the private sector's role; decentralizing power; and making use of market forces, price signals, and competition to improve productivity and efficiency.

4. Despite the substantial progress made, many reforms are needed in the labor, capital, and land markets. Needed reforms include improving the business environment; increasing competition; strengthening the legal, judicial, and regulatory systems to improve industry standards; improving dissemination of accurate information; enhancing the fiscal and financial sectors; and improving corporate governance. Policy improvements are needed in all dimensions of governance—accountability, predictability, transparency, participation. Making the transition from a centrally planned to a market economy means that the private sector must play a bigger role and that the Government must withdraw from areas where the market is more efficient. The Government's role in a market economy is to create a pro-business environment so the private sector can thrive; to address market failures such as poverty and environmental degradation; and to provide public goods such as health, education, social security, and infrastructure. This daunting agenda poses many challenges for policymakers.

5. As a development partner, ADB played a role in bringing in international experience in helping policy reforms in the PRC. The objective of ADB's CSP is "to promote pro-poor economic growth by enabling greater access of the poor to the benefit of economic prosperity and opportunity to achieve it." The four operational pillars identified by the CSP are to (i) promote pro-poor inclusive economic growth, (ii) build an enabling environment for the private sector and strengthen public sector governance, (iii) foster regional cooperation to help integrate the PRC into the global economy, and (iv) promote environmental sustainability. Many policy reforms and institutional changes will be required to make progress in these areas. ADB's ability to successfully use knowledge-based products to contribute to policy reform will largely determine ADB's strategic impact and the continued relevance of ADB's PRC operations.

¹ The TA first appeared in *ADB Business Opportunities* (Internet edition) on 14 February 2004.

6. **Promote Pro-Poor Inclusive Economic Growth.** The PRC's Gini coefficient, which measures income distribution, has reached a high level. The rising inequality reflects differences among geographic regions, rural and urban areas, and pockets of urban and rural poverty. This has widened gaps in job, educational, health care, and social security opportunities. Pursuing a pro-poor inclusive economic growth agenda will require adoption of many policy reforms to improve the environment for job creation, adoption of pro-poor fiscal reforms, stimulation of rural development, support for social sector development and social security reform, and removal of infrastructure barriers to development in the poor interior regions.

7. **Make Markets Work Better.** The economy suffers from financial sector weaknesses, poor corporate governance, an incomplete legal and regulatory system, underfunded pensions, problems in the enabling environment for the private sector, lack of transparency and access to reliable information, and accounting and auditing weaknesses. To make markets work better, the PRC needs to restructure the financial sector, promote private sector development, and establish a rule-based legal and regulatory and institutional infrastructure. Improving governance, developing an enabling environment for the private sector, removing infrastructure constraints to improve the business environment, and supporting financial sector reform and small and medium-sized enterprise development are key issues.

8. **Foster Regional Cooperation.** With the PRC's accession to the World Trade Organization (WTO), globalization impacts pose many policy, legal, and institutional challenges. Better regional cooperation can help the PRC to integrate into the global economy, and other countries to capture the benefits of the PRC's global emergence. The PRC intends to bring down policy and institutional barriers to regional cooperation. The PRC also needs to remove barriers to cross-border trade and investment, encourage cross-region private investment, and strengthen regional surveillance and regional financial infrastructure.

9. **Promote Environmental Sustainability.** The PRC faces many environmental challenges, including air, water, and solid waste pollution, and land degradation. The environmental legal and regulatory frameworks, and enforcement and use of market-based instruments also have weaknesses. Although environmental degradation slowed in the 1990s, problems such as land degradation and desertification have worsened. The PRC needs to strengthen the environmental legal, policy, and regulatory framework and institutional reform; encourage clean-production technologies and renewable energy; reverse land degradation; enhance water resource management; improve management of water and air pollution and of solid waste; and promote private sector and civil-society participation in providing environmental infrastructure and services.

10. ADB has supported many Government reform initiatives through advisory TAs. While many TAs have been important in formulating and implementing reform programs, issues related to the efficiency and effectiveness of some TAs concern the Government and ADB. An ADB study, *Improving Effectiveness of Advisory Technical Assistance in PRC (2001)*, identified a number of constraints that contributed to inefficient use of financial and other inputs by the Government and ADB:² (i) occasionally supply-driven TA topic selection, (ii) lack of executive agency ownership and involvement in the TA design and implementation, (iii) poor consultant performance, and (iv) ineffectively disseminated and used TA outputs.

² ADB. 2001. *PRC/Improving Efficiency of ADTAs Operation in the PRC*. Manila.

11. Topic selection, and timing of TA implementation and output delivery are key to TA success. However, from inclusion of TAs in the country assistance program to fact finding, recruiting consultants, implementing the TA, and producing reports normally takes 2–3 years. In some cases, the TA outputs are only available after major policy decisions have been made. In other cases, the recommendations turn out to be less relevant because of changing circumstances. Sometimes the recommendations are made but cannot be implemented because the issue is no longer a high priority on the Government's agenda.

12. Policy reform in the PRC is a dynamic process covering the whole gamut of development issues. Accurately projecting 2–3 years in advance the precise timing and sequencing of reform initiatives is not possible. The Government does significant research on many policy topics simultaneously, and then decides to move ahead with specific reforms when preparation work matures and conditions³ for implementation are appropriate. To improve TA efficiency and impact, a flexible approach has been developed at the request of, and with active support from, the Government. While some of the components were identified during the TA fact finding, other suitable components will be identified during TA implementation. The intention is to allow ADB to rapidly provide assistance on a range of policy issues.

13. Designing policy reform actions requires a thorough analysis that identifies detailed policy options and implications. The PRC has set national goals in many areas of economic and social development. The best path to achieve these goals should be selected from a range of competing options that have emerged from research over a period of years. Supporting the final policy decision-making requires knowledge of related technical know-how, implementation methods, information dissemination, and international experience in balancing the parties' interests and addressing other possible difficulties. Such information will help the Government select the best implementation actions, paths, and contingency plans related to policies under consideration.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

14. The TA objective is to provide timely responses from ADB in the period close to the final decision making to support policy reforms that are consistent with the four pillars of the CSP: (i) promoting equitable and inclusive growth, (ii) making markets work better, (iii) fostering regional cooperation, and (iv) promoting environmental sustainability.

15. During fact finding, four policy areas were identified (Appendix 3) in close consultation with the Government as examples of the type of assistance that can be provided. For each policy area, the Government plans to make major reform decisions in 2004 or 2005. The components and their outputs are the following:

- (i) **Private sector development.** Outputs are (a) a study identifying major issues and policy actions to promote private sector development; and (b) background papers analyzing the issues and constraints faced by the private sector, covering areas such as property rights, the legal and judicial system, level playing field, transparency, entry and exit mechanisms, taxes and fees, investment and financing, human resources, industry associations, and the role of the

³Such conditions include institutional capability, the complementary legal and regulatory framework, progress in reforms in other sectors, public opinion, performance of the domestic economy, and external conditions.

Government. The Government will use the study's output to formulate important policy documents for private sector development.

- (ii) **Government procurement.** Outputs are (a) a paper on the design of Government procurement regulations within the framework of the 2002 Government Procurement Law, (b) papers on the practices of European Union and United States, and (c) E-based procedures to implement the Government procurement policy. MOF will conduct a conference in the fall of 2004 on the European Union's practices of using government procurement as a tool for social economic development; the policy and implementation of United States Government procurement; an introduction to, and impact evaluation of, ADB's procurement policies in developing member countries; and the means and trends of using E-based procedures to implement government procurement policy.
- (iii) **Fiscal reform.** This component will cover fiscal expenditure efficiency evaluation (FEEE), and the outputs include (a) papers on international FEEE; and (b) research papers on the design of regulations, evaluation index systems, and institutional arrangements. MOF will conduct a conference in the fall of 2004 to introduce best international experience and lessons learned in other countries. The target audience will include Government officials and international and domestic experts. The information presented at the conference will be used to help design and implement a suitable system. Based on the results of the conference, MOF will establish a task force to produce a policy paper on FEEE and publish the relevant materials.
- (iv) **Budget law.** The output will be a report consisting of examination of budget laws of countries such as France, Japan and Brazil, survey of the implementation of the Budget Law of PRC, and proposed amendments to the Law. To build consensus on the legislative recommendations, the Committee for the Budget Law Amendment under the Standing Committee of the National People's Congress (NPC) will conduct a conference targeting government officials and domestic experts. All these efforts are to prepare for the draft Budget Law amendments to be submitted to NPC in 2006.

B. Methodology and Key Activities

16. The TA will allow ADB to quickly support the PRC's policy reform. The TA design is flexible enough to allow selection of some topics during TA implementation. The criteria for topic selection include the following: (i) all topics are consistent with the reform agenda set out in the PRC CSP, (ii) the Government must accord the policy reform a high priority, (iii) the proposed policy reform has reached a mature stage and the Government is close to making a decision, and (iv) a small amount of strategic assistance will help push the reform agenda forward.

17. To produce the outputs, ADB will work with the Government to identify international experts as well as top domestic experts who are working in relevant areas in either the public or private sector. These experts will, in some cases, be used as short-term resource persons to introduce international best practice; provide in-depth local knowledge; and advise on the policy options, challenges, and implications of various courses of action. ADB staff will closely monitor the TA progress and outputs, and conduct policy discussions with relevant Government agencies. Because the TA will cover a range of policy areas, the Resident Mission in the PRC

will administer the TA while sector divisions will lead in some areas that directly support the agenda for policy dialogue.

18. The TA will include active Government participation in topic selection, assistance design, and implementation. The Government will help identify suitable experts to undertake studies and make presentations at conferences. The conferences and workshops will be designed to build consensus on policy and implementation issues. During the conferences and workshops, intensive consultations will be conducted between working-level officials and international and domestic officials. The assistance will include information dissemination mechanisms in English and Chinese.

C. Cost and Financing

19. The total cost of the TA is estimated at \$600,000 equivalent, comprising \$130,000 in foreign exchange costs and \$470,000 equivalent in local currency costs. ADB will provide \$450,000 equivalent on a grant basis from ADB's TA funding program to finance the entire foreign exchange cost and \$320,000 equivalent of local currency costs. The Government will contribute \$150,000 equivalent in kind for office space, counterpart staff, honorarium, and other miscellaneous services. The cost estimates and financing plan are in Appendix 2.

20. The cost estimate is based on engaging a total of 12 international experts as resource persons and 16 domestic experts as resource persons or individual consultants. The resource persons and individual consultants will be engaged in accordance with the ADB's Guidelines on the Use of Consultants and other arrangements, satisfactory to ADB. For each component, conferences and workshops or seminars will be held to discuss the issues, build consensus, and disseminate information. The line items under conference and seminars will cover costs related to venue, equipment rental, translation, printing and copying, and logistics and administration support. If needed, surveys and field investigations will also be undertaken. In addition, to facilitate implementation of the seminars and conference, advance payment facility can be provided to the implementing agencies (IAs).

D. Implementation Arrangements

21. MOF will be the Executing Agency for the TA, responsible for coordination and direct implementation of activities related to fiscal reform and Government procurement. The All-China Federation of Industry and Commerce and NPC will be the IAs for the work on the private sector study and the Budget Law, respectively. The IAs for other components will depend on the topics. In addition to office space, MOF and the IAs will provide counterpart staff and other support. The Government and ADB will identify additional issues high on the Government's policy agenda and fit in the four pillars of ADB's operation in the CSP. Support is needed quickly. The TA is expected to commence in July 2004, and be complete by December 2005.

IV. THE PRESIDENT'S DECISION

22. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$450,000 on a grant basis to the Government of the People's Republic of China for the Facility for Policy Reform, and hereby reports this action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
Goal Support elements of the agenda for policy reform outlined in ADB's Country Strategy Program in the PRC	<ul style="list-style-type: none"> • Inclusive and equitable economic growth • An enabling environment for private sector development • Improved governance in government procurement • Improved design and implementation of fiscal policy • Improved road safety 	<ul style="list-style-type: none"> • Monitoring by PRCM • Government reports • ADB review missions 	<ul style="list-style-type: none"> • The Government's commitment to policy reform • Sustained macroeconomic development
Purpose Enhance the efficiency of policymaking and implementation in selected areas	<ul style="list-style-type: none"> • By 2006 the Government adopts a policy road map to promote private sector development • By 2005 the Government adopts regulations to implement the Procurement Law • Continuing progress by MOF in planning to establish an FEEE system • Amended Bdget Law • Others to be determined upon the confirmation of additional TA components 	<ul style="list-style-type: none"> • Monitoring by PRCM • Government reports • ADB review missions 	The Government adopts recommendations developed under the TA.
Outputs 1. Private sector development 2. Government procurement 3. Fiscal reform 4. Budget Law 5. Other topics	<ul style="list-style-type: none"> • Study outlining polices needed to develop an enabling environment to promote private sector development, including a main report and a number of background papers • A conference and a report • A report recommending ways to establish an FEEE system • A report on the international practices, and recommended budget law amendments. • To be determined in consultation with the Government during TA implementation 	<ul style="list-style-type: none"> • Government reports • Reports by resource persons • ADB review missions 	<ul style="list-style-type: none"> • A consensus emerges on a set of practical recommendations for each topic adopted by the Government. • Government agencies have the capacity to implement the reforms.
Inputs A. Private sector development <ul style="list-style-type: none"> • Domestic experts: six nongovernment experts, and a number of government officials B. Government procurement <ul style="list-style-type: none"> • Resource persons: three international and two domestic C. Fiscal expenditure efficiency evaluation system <ul style="list-style-type: none"> • Resource persons: three international and two domestic D. Budget Law <ul style="list-style-type: none"> • Resource persons: three international and one domestic E. Other Topics <ul style="list-style-type: none"> • To be determined in consultation with the designated implementing agencies 		<ul style="list-style-type: none"> • List of participants in the conferences • Sector study • ADB review missions 	<ul style="list-style-type: none"> • Well-qualified, well-performing resource people are selected. • MOF, ACFC, NPC, and other concerned agencies are committed and capable. • Counterpart funds are provided.

ADB=Asian Development Bank; PRCM=Resident Mission in the PRC; MOF=Ministry of Finance; FEEE=fiscal expenditure efficiency evaluation; TA=Technical Assistance; NPC=National People's Congress; ACFC= All-China Federation of Industry and Commerce.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing^a			
1. Experts			
a. Honorarium	40.0	70.0	110.0
b. Per Diem and Transportation	60.0	30.0	90.0
2. Seminars and Conferences	0.0	100.0	100.0
3. Logistics and Administrative Support ^b	0.0	80.0	80.0
4. Contingencies ^c	30.0	40.0	70.0
Subtotal (A)	130.0	320.0	450.0
B. Government Financing			
1. Office Accommodation	0.0	35.0	35.0
2. Remuneration and Per Diem of Counterpart Staff	0.0	40.0	40.0
3. Honorarium for Experts	0.0	60.0	60.0
4. Others	0.0	15.0	15.0
Subtotal (B)	0.0	150.0	150.0
Total	130.0	470.0	600.0

^a Financed by the Asian Development Bank's technical assistance funding program.

^b Including translation and printing.

^c May be used for surveys and field investigations.

Source: Asian Development Bank estimates.

BACKGROUND OF THE TECHNICAL ASSISTANCE COMPONENTS AND GENERIC TERMS OF REFERENCE FOR CONSULTANTS

A. Private Sector Development

1. Background

1. The private sector¹ in the People's Republic of China (PRC)—domestic businesses and foreign-invested enterprises—has grown rapidly over the past two decades. In 2002, it contributed more than 70% of gross domestic product (GDP) and more than half of urban employment. However, private sector development is hampered by many constraints: (i) lack of access to finance, (ii) unavailability of managerial and technical skills, (iii) unavailability of information, (iv) nontransparent and/or inconsistent implementation of policies and regulations, (v) local protectionism, (vi) absence of fair competition laws and policies and other deficiencies in the market, and (vii) lack of a fully developed legal and regulatory framework.² These are barriers to foreign direct investment in the western region.³ The All-China Federation of Industry and Commerce (ACFIC) and International Finance Corporation have undertaken related studies in this area.

2. Some progress has been made in addressing the legal challenges and policy issues adversely affecting private sector development. Protection of legally acquired private property was included in a March 2004 constitutional amendment. Still, much more progress is needed to develop an environment for private sector development. This is among the Government's top economic priorities. More than 20 provinces and cities have issued policy guidelines in this area. Now, the central Government needs a clear policy road map with time-bound action plans for Government agencies to remove the impediments to and promote private sector development. The Government needs to set policy guidelines to implement the 2004 constitutional amendment. A study will be needed to recommend policy actions that can be used as a basis for designing the policy framework and detailed guidelines.

2. Generic Terms of Reference for Consultants

3. ACFIC will form a task force for private sector development with a group of top domestic experts and assign them different tasks. These experts will be hired to conduct studies in (i) property rights, (ii) legal and judicial system, (iii) level playing field, (iv) transparency, (v) entry and exit mechanisms, (vi) taxes and fees, (vii) investment and financing, (viii) human resources, and (ix) industry associations and the role of the Government. These experts will include well-known nongovernment experts who have done solid research in relevant areas, and government officials who have long

¹ The private sector means the nonpublic sector.

² ADB. 2000. *Private Sector Development*. Manila (TA 3453-PRC for \$600,000, and approved in November 2000). Available:

http://www.adb.org/Documents/Studies/PRC_Private_Enterprise_Development/prc_private_enterprise.pdf.

³ ADB. 2001. *Study of Foreign Capital Utilization in Western Region*. Manila (TA 3806-PRC for \$550,000, approved on 18 December 2001).

experience and are decision makers in the area.⁴ The experts will produce a paper on their respective areas.

4. After completion of the draft, ACFIC will organize several round-table discussions within the task force, and two conferences with relevant Government agencies to build consensus on the results of the analysis of the issues, constraints, and proposed policy actions.

B. Government Procurement

1. Background

5. The Government procurement mechanism is a policy means for fiscal expenditure management. Government procurement amounted to CNY100.0 billion (\$12.0 billion) in 2002, an increase from CNY13.0 billion in 1999, CNY32.8 billion in 2000, and CNY65.0 billion in 2001. Government procurement covers from county and city level and up. The scope of procurement has expanded rapidly.

6. To strengthen the legal base of the Government procurement system, ADB provided a technical assistance⁵ to support the drafting of the 2002 Government Procurement Law and implementing regulations. The law mandates market competition in the Government procurement process. Under the law, the Ministry of Finance is responsible for determining the standards for domestic goods, projects, and services, and implementing the policy to achieve the Government's social and economic objectives. The regulations, and the ask and bid information are now available to the media and on the Internet (<http://www.ccgp.gov.cn/web/law/zswd1.asp>).

7. The implementing regulations for the law have yet to be finalized. At this stage, a better understanding of the best practices of international organizations and other countries would help MOF and the provincial officials implement the law.

2. Generic Terms of Reference for Consultants

8. Three international experts will be invited to draft and present a paper and to conduct consultations with Government officials and other experts. The international experts will be from countries whose experiences are of interest to the PRC. These experts will introduce the history and practices of government procurement, and make policy and implementation suggestions to establish a modern Government procurement system in the PRC.

9. Two domestic experts will be employed for 1 month to help the Government Procurement Division in MOF's Treasury Department organize a conference and consultation meetings, consolidate the work of the international experts, and produce practical policy suggestions and implementation plans. The conference will be held in the fall of 2004, with around 200 participants, including local government procurement management agencies and procurement centers, central Government officials, and academics.

⁴ ADB will finance only those experts who are nongovernment officials, and ACFIC will pay the honoraria of the government experts.

⁵ ADB. 2001. *Formulation of the Government Procurement Law*. Manila (TA3631-PRC for \$578,000, approved on 21 February 2001).

C. Fiscal Expenditure Efficiency Evaluation System

1. Background

10. A comprehensive (Fiscal Expenditure Efficiency Evaluation) system should be established to enhance the efficiency of fiscal policy. The FEEE system is in the initial stage of development. Much needs to be done to build the consensus on the theory, legal system, and evaluation indexes to provide the tools to improve fiscal management. MOF understands the importance of such an evaluation system. However, the detailed design and implementation plan for the system have yet to be formulated. MOF's Fiscal Supervision and Inspection Bureau will prepare a background paper on the theoretical background, legal and regulatory framework, institutional arrangements, evaluation indexes, and application of FEEE results. An international conference to introduce international best practices is planned to help MOF design a suitable FEEE system. MOF officials, representatives from local fiscal supervision and inspection offices and other relevant government agencies, and academics will participate in the conference.

2. Generic Terms of Reference for Consultants

11. Three international experts will be invited to draft and present the paper, and conduct consultations with Government officials and other experts. The experts will be from countries whose experiences are of interest to the PRC. These experts will introduce the history and practices on FEEE in foreign countries, and suggest policy and implementation actions to establish a modern FEEE system in the PRC. Two domestic experts will be employed for around 1 month at MOF's Fiscal Supervision and Inspection Bureau to organize the conference and consultation meetings, consolidate the work of the international experts, and produce practical policy suggestions and implementation plans.

C. Budget Law

1. Background

12. The PRC Budget Law was approved in 1994, and promulgated in 1995 to strengthen the budget allocation and supervision mechanism. Over the past nine years, rapid changing economic and legal environments and the Government restructuring have pressure on the changes of the budgeting process. With the public expenditure reform initiated since 1998, the call for increased fiscal policy transparency has also been increasing. To strengthen the legal basis for fiscal reform, the National People's Congress (NPC) tabled the Budget Law Amendments in 2006 to strengthen the responsibilities of the relevant government agencies, budget programming, implementation, adjustment and supervision. For this, NPC established a Committee for the Budget Law Amendments (the Committee) consisting of relevant NPC committees, MOF, the National Development and Reform Committee, the Auditing Office, the National Taxes Bureau, and the Customs Office, with a working group to support the Committee in the preparatory research and decision-making.

13. The Committee plans to finish the preparatory work including information collection, survey and research in 2004/2005, the preliminary drafting in 2005, and complete the amendments including revising the draft amendments incorporating comments and suggestions, and submitting the amendments for NPC in 2006. Currently,

the Committee is undergoing the preparatory work. Given to limited human resources of the Committee, and lack of international exposure, ADB's support is sought in the amendment process.

2. Generic Terms of Reference for Consultants

14. Three international experts will be invited to present papers on the history and practices of the budget laws of relevant countries, conduct consultation with Government officials and PRC legal experts, and make recommendations on the PRC budget law amendments.

15. One domestic expert will be employed to support the Committee in coordinating the relevant government agencies of the Committee, and support the working group in research, organizing conferences and consultation meetings, and consolidating the work of the international experts.