

TECHNICAL ASSISTANCE COMPLETION REPORT¹

Division: COS2

TA No., Country and Name			Amount Approved: \$ 700,000	
TA 3138 – PRC: Regulatory Framework for the Engagement of Consultants			Revised Amount: n. a.	
Executing Agency: Ministry of Science and Technology (MST), Beijing		Source of Funding: JSF	Amount Undisbursed: \$ 48,197.84	Amount Utilized: \$ 651,802.16
TA Approval Date: 22/Dec/1998	TA Signing Date: 20/Jan/1999	Fielding of First Consultant: August 1999	TA Completion Date Original: 30/Apr/2002 Actual: 01/Feb/2004	Account Closing Date Original: 30/Apr/2002 Actual: 11/Mar/2004
Description				
<p>Since the adoption of economic reform measures by the People's Republic of China (PRC) Government in 1978, the consulting industry in the PRC grew rapidly from virtual nonexistence to some 40,000 consulting organizations registered in 1995, employing about two million people. Despite its size and internationally recognized technical capability in certain engineering fields, the PRC consulting industry is still in its infancy in terms of management systems and a regulatory framework. Many organizations registered as consulting businesses have no true consulting expertise, giving a poor image to the industry as a whole. The major issues identified by an earlier TA (TA 2273-PRC) were: (i) lack of a framework and coordination for development and administration of the consulting industry at the national level; (ii) the need for institution building, including establishment of certification or accreditation standards with a supporting training program to improve the image of the consulting industry and for market awareness; (iii) the need for improved information accessibility; and (iv) lack of competition and equal opportunity between Government-subsidized consulting organizations and self-supported or private firms. This earlier TA also identified options for developing a framework to resolve these issues and the TA Completion Report indicated that a follow-up TA with more specific and achievable objectives was needed to address the issues and options. This new TA recognized that the procurement laws promulgated for goods and civil works did not adequately address the procurement of intellectual consulting services.</p>				
Expected Impact, Outcome and Outputs				
<p>The impact of TA 3138-PRC was to strengthen the process used by Government agencies to regulate, register, select and engage consultants so that the procedures are consistent with a market-oriented economy and are aligned more closely with internationally accepted standards in terms of efficiency, transparency, and competitiveness. The outcome was to develop a regulatory framework for the PRC consulting industry for both government and donor funded projects. The outputs were a set of guidelines for the procurement of consulting services in the PRC that can provide the base information for future regulations and a set of training materials for outreach purposes.</p>				
Delivery of Inputs and Conduct of Activities				
<p>The Ministry of Science and technology (MST) was the executing agency responsible to implement the TA. A steering committee was established, comprising senior representatives from the Ministry of Finance, State Planning and Development Commission, State Economic and Trade Commission, Ministry of Construction and Ministry of Financial Trade and Economic Cooperation to guide implementation of the TA.</p>				
<p>Under the TA, an international consulting firm (Landell Mills) reviewed procedures used in the PRC to engage consultants and assessed the extent to which key features of international consulting procedures, including those of ADB and the World Bank, were suitable for use in the PRC. The consultant assisted the Government in developing detailed guidelines for selection and engagement of consultants, which, if implemented, would increase transparency, take into account the principles of ADB's anticorruption policy, and provide equal opportunity for all bidders and increase competition. The consultant also produced a set of training materials for outreach of the</p>				

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guidelines developed under the TA.

The consultant, using case studies of consultant selection in Beijing and Shanghai, reviewed current selection methods which highlighted that, in many cases, technically top ranked firms had to accept prices of their cheapest competitor. These case studies were presented in workshops in Beijing, Shanghai and Tianjin to highlight inadequate practices. Based on World Bank and ADB guidelines, the consultants adopted and derived a set of guidelines, in English and Chinese, for selection of consultants for PRC government financed projects. These guidelines were introduced in further workshops in the above mentioned cities. Both the quality and productivity of the inputs were considered high and the consultants' overall performance was therefore rated as Excellent. The performance of ADB and the EA was rated satisfactory, and client satisfaction with inputs was high.

Evaluation of Outputs and Achievement of Outcome

During the course of the TA, the steering committee reviewed progress, outputs and outcome. The final tripartite meeting/workshop concluded that the guidelines, and training materials formulated under the TA were considered by both Government and the consulting industry to be an important milestone in the development of the PRC consulting industry. In this regard, the TA was considered:

- Efficiency in the production of outputs – efficient
- Effectiveness (achievement of outcome) – effective
- Quality of outputs – high
- Client satisfaction with outputs and outcome – high
- Timeliness of delivery of outputs - timely

Overall Assessment and Rating

The TA was rated Successful as both the outcome and outputs were achieved. However, in order for the TA outcome to be sustainable, a central politically strong executing agency needs to be formed or selected so that the guidelines may be converted into a regulation. Whereas the MST were successful under TA 3138-PRC, their 'line ministry' status will not carry sufficient political and cross-sectoral weight for derivation of a universal regulation for the selection of consultants.

Major Lessons

These are mainly echoes of the overall assessment and include the following:

- Whereas the MST were successful under TA 3138-PRC, their 'line ministry' status will not carry sufficient political and cross-sectoral weight for derivation of a universal regulation for the selection of consultants.. In order to be successful in this regard, a central politically strong executing agency needs to be formed or selected.
- It is critical to identify 'champions' if mindsets are to be changed. The interest and inputs by the Vice Chairman of the National People's Congress were critical in the success of ADB TA 3138-PRC.
- While converting the guidelines into a regulation is a political decision, the actual drafting of such regulation may require a further TA.

Recommendations and Follow-Up Actions

TA 3138-PRC recommended the design and implementation of a further TA which would focus on converting the Guidelines into a regulation for incorporation under the existing Bidding Law or Government Procurement Law or both. Critical for success will be the selection of a central politically strong executing agency that may carry sufficient political and cross-sectoral weight for derivation of a universal regulation for the selection of consultants.