

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division : COS1, COSO

TA 4486 PRC			Amount Approved: \$300,000.00	
Formulation of the Regulation for Selection and Engagement of Consultants for Government-Financed Projects			Revised Amount:	
Executing Agency: National Development and Reform Commission, PRC (NDRC)		Source of Funding TASF	Amount Undisbursed: \$173,117.00	Amount Utilized: \$126,883.00
TA Approval Date: 16 December 2004	TA Signing Date: 05 February 2005	Fielding of Consultants: 15 May 2005	TA Completion Date Original: _____ 31 August 2006	TA Completion Date Actual: _____ 31 August 2007
			Account Closing Date Original: _____ End of February 2007	Account Closing Date Actual: _____ End of May 2008
<p><b>Description:</b> Along with the high economic growth in China, the national consulting industry has grown rapidly. Despite fast growth, the industry is still immature. ADB has been requested to provide technical assistance for development of the consulting industry since 1995. TA 2273PRC approved in 1995 identified major issues and challenges facing the industry and TA 3138PRC approved in 1999 prepared a set of guidelines on the selection and engagement of consultants to help strengthen government agencies' capacities to recruit consultants. In 2004, the Ministry of Finance (MOF) requested ADB's assistance in preparing the Regulation for the Selection and Engagement of Consultants (the Regulation) to enforce the application of the selection guidelines to create an environment of competitiveness, transparency and efficiency in the consultant selection processes.</p> <p><b>Expected Impact:</b> Increased economic value from consulting services; reduced corrupt practices in consultant selection processes and enhanced credibility of the consulting industry.</p> <p><b>Expected Outcome:</b> Functioning of a regulatory system that ensures consultants with proper expertise are recruited at the appropriate market price.</p> <p><b>Expected Outputs:</b> Preparation of the Regulation for the Selection and Engagement of Consultants for Government-Funded Projects and upon approval by NDRC, dissemination of the Regulation through training sessions provided to relevant government agencies.</p> <p><b>Delivery of Inputs and Conduct of Activities:</b> The TOR required five individual consultants who were selected by ADB in consultation with NDRC. All individual consultants recruited provided good performance and made quality inputs on a timely basis. Adequate formal and informal reviews from ADB were conducted to monitor the TA implementation. However, Despite the firm commitment given at the time of TA design, NDRC's inputs to the TA were insufficient and a low priority was given by NDRC to the TA, as a result of the unexpected slow down of the processes of enhancing the effectiveness of the national public investment system by the State Council. Originally NDRC expected that the Regulation prepared under the TA would be approved for application in support of the public investment reform within the TA timeframe. After the draft Regulation was prepared by the consultants and submitted to NDRC, NDRC decided that, due to the postponed timetable for the public investment reform and in absence of other associated regulatory policies, it was not the right time for the Regulation to be approved for immediate application. Subsequently in mid 2006, NDRC advised MOF that the draft Regulation would be further reviewed in consultation with other relevant government agencies and stakeholders for approval at a later appropriate time, and given the indefinite schedule for approval of the Regulation, Phase Two of the TA for dissemination and training on application of the Regulation was not needed before the original TA completion date or within a reasonable time beyond the TA completion, and therefore this component could be cancelled and the TA closed. However, MOF requested that ADB extend the TA completion for 12 months till 31 August 2007 to allow MOF to seek for other solutions but their efforts were not successful and MOF requested the closure of the TA on 15 October 2007.</p> <p><b>Evaluation of Outputs and Achievement of Outcome:</b> The TA was designed to include two components: Phase One to prepare the draft Regulation and, subject to NDRC's approval of the Regulation, Phase Two to disseminate the Regulation and provide training on application of the Regulation. The outputs of Phase One of the TA were</p>				

delivered on a timely and quality basis. Key activities completed in Phase One included (i) revision of the consultant selection guidelines drafted under TA 3138PRC, and (ii) based on which preparation of the draft Regulation in consultation with relevant government agencies and consulting communities, (iii) conducting of the training needs assessment and (iv) submission of a training plan to ADB and the EA. The envisaged outputs of Phase Two were not delivered because of NDRC's deferral of the approval of the draft Regulation. Despite of this, NDRC was highly satisfied with the inputs of the consultants and the outputs delivered under Phase One of the TA. Both NDRC and MOF assessed the TA very useful and satisfactory with respect to the quality draft Regulation and good performance of the consultants provided under the TA. They confirmed that cancellation of Phase Two of the TA had nothing to do with ADB, as it was the decision of the Government to defer the approval of the draft Regulation.

**Overall Assessment and Rating:** In view of the above, the TA should be fairly assessed as partly successful.

**Major Lessons:** The two components the TA for preparation of the draft Regulation and training on the Regulation were not effectively combined under one TA. Given that the approval of the Regulation is entirely within the Government's sovereign rights, ADB should have separated the two components of the TA to two individual TAs and provided the second TA for dissemination and training on the Regulation upon Government's approval of the Regulation.

**Recommendations and Follow-Up Actions:** MOF advised in its letter dated 15 October 2007 that NDRC would put the Regulation into effect at the most appropriate time. Then NDRC and MOF may request ADB for further assistance in implementation of the Regulation and development of the PRC's national consulting industry. ADB should respond to such requests positively once they are made.

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