



Technical Assistance Report

Project Number: 47040-001
Policy and Advisory Technical Assistance (PATA)
September 2013

People's Republic of China: Fiscal Policy Reform and Management

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 13 September 2013)

Currency unit	–	yuan (CNY)
CNY1.00	=	\$0.1635
\$1.00	=	CNY6.118

ABBREVIATIONS

ADB	–	Asian Development Bank
MOF	–	Ministry of Finance
PRC	–	People's Republic of China
TA	–	technical assistance

TECHNICAL ASSISTANCE CLASSIFICATION

Type	–	Policy and advisory technical assistance (PATA)
Targeting classification	–	General intervention
Sector (subsector)	–	Public sector management (economic management and management of public affairs)
Themes (subtheme)	–	Governance (public administration, national and decentralized); economic growth (promoting economic efficiency and enabling business environment)
Location (impact)	–	Urban (high); national (high)

NOTE

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

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CONTENTS

	Page
I. INTRODUCTION	1
II. ISSUES	1
III. THE TECHNICAL ASSISTANCE	2
A. Impact and Outcome	2
B. Methodology and Key Activities	2
C. Cost and Financing	4
D. Implementation Arrangements	4
IV. THE PRESIDENT'S DECISION	5
APPENDIXES	
1. Design and Monitoring Framework	6
2. Cost Estimates and Financing Plan	8
3. Outline Terms of Reference for Consultants	9

I. INTRODUCTION

1. The Government of the People's Republic of China (PRC) requested policy and advisory technical assistance (TA) from the Asian Development Bank (ADB) for Fiscal Policy Reform and Management. Following a reconnaissance mission in March 2013 and a fact-finding mission in June 2013, ADB and the government reached an understanding on the objectives, scope, implementation arrangement, costs, and terms of reference for the TA. The design and monitoring framework is in Appendix 1.

II. ISSUES

2. The Twelfth Five-Year Plan, 2011–2015 sets out the next phase of fiscal policy and management reform in the PRC.¹ Fiscal policy is to be better coordinated with monetary, investment, industrial, and land policy. An improved public fiscal system is to help gradually narrow the gap in living standards between urban and rural areas and between regions. Opportunity is to be distributed more equitably by revising the structure of government expenditure, notably by raising the proportion allocated to public services and social security. The plan also provides for the alignment of the financial resources of governments with their respective authorities and improvements to financial administration.

3. The importance of fiscal policy and management was reinforced by the 18th National Congress of the Communist Party, held in November 2012. The congress called for accelerating the reform of fiscal and taxation systems and ensuring that the central and local governments have sufficient financial resources to exercise their authority and fulfill their responsibilities. Public finance system improvements are intended to ensure equal access to basic public services, while improvements in the taxation system structure will promote social fairness.

4. Improvements to fiscal policy and management are linked to a planned deepening of government administrative system reforms that will result in a well-structured, accountable, and efficient service-oriented government, streamlined administration, and an increase in the delegation of authority to lower levels of government. Government administration is to be innovative, with the goal of increasing public trust, improving competence, and making the government more performance oriented. Mechanisms for conducting checks and oversight over the exercise of authority are to be improved as well.

5. A wide range of fiscal policy and management initiatives will be needed to implement these reforms. These will need to extend to township and village-level governments if rural incomes and agricultural productivity are to be raised and the provision of basic services is to be improved in rural areas. Town districts serve as bridges between urban and rural areas. They provide primary distribution centers for agricultural products from the villages, and their facilities (e.g., schools, hospitals) serve the population in the town and surrounding areas. Villages are the fundamental organizational units for the rural population, and are administratively embedded in the higher township level.²

6. Local budgets are incremental and segmented and prepared using out-dated procedures. They are yet to provide a good overview of all aspects of government operations, or provide an adequate means of exercising effective control and oversight (particularly of wages

¹ Government of the People's Republic of China. 2010. *Twelfth Five-Year Plan for National Economic and Social Development of the People's Republic of China, 2011–2015*. Beijing.

² World Bank. 2012. *China Small and Medium Towns Overview*. Washington D.C.

and salaries and out-sourced activities).³ Achievement of the government's goal of ensuring equal access to public services will require additional resources for social services, safety nets and infrastructure at the township and village level, and increased efficiency and effectiveness in service delivery. But gaps in the analysis and understanding of the fiscal operations of township and local governments hinder the provision of advice on needed reform.

7. Implementation of the reforms of the Twelfth Five-Year Plan will also be hindered by gaps in government financial reporting. Substantial funds are spent outside the financial reporting system, the PRC's governments are yet to prepare a balance sheet, and there is a shortage of the information needed to review and enhance the performance of government agencies. Improved government financial reporting will raise the understanding of the distribution and use of government resources as well as fiscal transparency, thereby strengthening governance.

8. The TA aligns with the commitments of the country partnership strategy, 2011–2015 for the PRC by generating and sharing knowledge on best practice approaches to topical fiscal issues.⁴ The country partnership strategy positions ADB to continue playing a catalytic role in the PRC's development process through (i) an enhanced focus on innovation and value addition; and (ii) a continued shift toward the generation of knowledge, sharing of best practices, and capacity building. ADB's TA will support the government's efforts to strengthen its policy, legal, fiduciary, and regulatory frameworks and practices to improve infrastructure and public services delivery and management. This is to build on ADB's substantial past engagement in the provision of policy advice and capacity building support on emerging fiscal issues such as tax reform, intergovernmental fiscal relations, and local government financial management.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

9. The impact will be a strengthened fiscal policy and management system. Performance will be measured by at least two reform proposals prepared by the TA being presented to the Ministry of Finance (MOF) by the end of 2017. The outcome will be an improved fiscal policy and management framework for balanced development with accountability. Performance will be measured by discussions during high-level dialogue events regarding the reform proposals prepared by the TA, and reference to these proposals in government statements or policy documents by the end of 2015.

B. Methodology and Key Activities

10. The TA will provide three outputs that will assist with implementation of the next phase of fiscal policy and management initiatives identified in the Twelfth Five-Year Plan. It will do so in a way that encourages open and well-informed debate, and effective communication of findings to decision makers and other stakeholders. This will serve as a demonstration of good practice approaches to the provision of policy advice.

11. Output 1 will be fiscal policy and management initiatives for township and village-level governments that can reduce the rural–urban imbalance. The emphasis will be on budget

³ ADB. 2013. *Local Public Finance Management in the People's Republic of China: Challenges and Opportunities. Synthesis Paper*. Final Draft. Prepared under TA 7763-PRC. July.

⁴ ADB. 2012. *Country Partnership Strategy: People's Republic of China, 2011–2015*. Manila.

preparation and reporting and expenditure management with a view to lessening deficiencies in public services in rural areas. It will identify areas of responsibilities of rural township and village-level governments that are under-resourced (e.g., in terms of the local provision of infrastructure, and social and agricultural support services), and estimate the extent of the resource-gap. Initiatives will be prepared that can strengthen budget preparation and reporting by township and village-level governments, and the efficiency and effectiveness in using budget resources. The advice will address how township and village governments can better mitigate the adverse effects of economic and social pressures in rural areas.⁵ The advice will also factor in recent initiatives to improve living standards in rural areas (e.g., the rural pension pilot and New Cooperative Medical System).

12. The main report of output 1 will present policy and management initiatives for the township and village-level that can narrow the gap in living standards between urban and rural areas. It will draw on four subreports that address, for rural areas, (i) the links between fiscal policy and management initiatives at the township and village-level and rural development policies (e.g., land and environmental management, and population policies); (ii) fiscal governance mechanisms at the township and village level (e.g., the allocation of decision-making authorities, information disclosure); (iii) the performance of systems and procedures used by township and village-level governments to plan, fund, and deliver public services; and (iv) the adequacy of fiscal support by township and village-level governments for infrastructure, social services and agricultural services (e.g., agricultural extension, food safety standards, and development and distribution of improved seeds). The main report and subreports will each provide background, identify key issues, present and analyze alternative policy responses, and explain and justify the recommended response of fiscal policy and management.

13. The main report and four subreports of output 1 will draw on insights from a review of the literature and data on rural development in the PRC; consultation with a selection of rural areas; theoretical literature and international experience; and a review of pilot rural initiatives pursued to date under the Twelfth Five-Year Plan.⁶ In keeping with the TA aim of demonstrating good practice approaches to policy formulation, the recommended initiatives of output 1 will be presented within a results-based framework.⁷ The main report will include practical actions that can be rapidly implemented to support the comprehensive rural reforms called for by the plan.

14. Output 2 of the TA will be policy and legislative initiatives to strengthen government financial reporting. The initiatives will enhance the scientific basis, accuracy, and comprehensiveness of government financial reports. Improvements to government financial reporting regulations will be drafted, together with an explanatory manual and training material suitable for central and lower-level government agencies. The recommended initiatives will address the collection, storage, integration, and use of budget and financial information, and the

⁵ Including those arising from: migration and demographic change; shortages of productive employment; gaps in social safety nets; the under provision of public goods, the erosion of the revenue base of rural governments; the household registration system; environmental degradation; and uncertainty in land tenure.

⁶ Close attention will be paid to the analysis provided in ADB. 2013. *Improving Agricultural Productivity and Rural Livelihoods: A Knowledge Sharing Experience*. Manila; ADB. 2012. *Pension Systems in East and Southeast Asia: Promoting Fairness and Sustainability*. Manila; ADB. 2009. *Social Assistance for Migrant Workers Displaced by the Economic Downturn: Providing a Safety Net and Foundation for a Strong Recovery: Observations and Suggestions*. Beijing; F. Cai et. al. 2012. *The Elderly and Old Age Support in Rural China: Challenges and Prospects*. Washington, DC: The World Bank; and the Development Research Center of the State Council and the World Bank. 2012. *China 2030: Building a Modern, Harmonious, and Creative High-Income Society*. Washington, DC.

⁷ ADB staff will support this process by sharing ADB's experience in using the results-based approach of the design and monitoring framework. ADB. 2007. *Guidelines for Preparing a Design and Monitoring Framework*. Manila. <http://www.adb.org/sites/default/files/pub/2007/guidelines-preparing-dmf.pdf>

need for full recognition of government liabilities (including contingent liabilities). Consideration will be given to the alignment with internationally accepted reporting frameworks.

15. The output will pay close attention to earlier guidance on government reporting requirements by government leaders, the National People's Congress Budget Working Committee, and other key stakeholders. It will also build on internationally recognized trends in government financial reporting, as practiced in Canada; France; Hong Kong, China; the United Kingdom; and the United States. Special attention will be paid to the future need to prepare government balance sheets or the potential adoption of an accrual-based accounting system.

16. Output 2 will produce a research report that will help the MOF and local finance bureaus better understand best practices for government financial reporting regulations, procedures, and systems. In combination with the manual and training material, the report will help the MOF and local finance bureaus understand how to analyze and use the information provided in financial reports. The research report will also include practical actions, developed within a results-based framework, which can be rapidly adopted.

17. Output 3 will be targeted, widely accessible knowledge products, such as short policy notes or report chapters. This will raise awareness of the TA and assist in adoption of its suggestions. A public policy specialist (national consultant) will be employed to produce knowledge products containing key observations and suggestions from the TA, which will be disseminated to decision makers.

18. The TA will draw on earlier TA and knowledge products supported by ADB (e.g., ADB's Observations and Suggestions series),⁸ and coordinate with ongoing TA undertaken by ADB and other development partners.

19. ADB's earlier support for fiscal issues has highlighted the importance of focusing on topical issues to ensure the relevance of ADB's support, and the timely production of widely accessible knowledge products that can influence decision making. The TA will respond to these lessons by focusing on a small number of priority areas for the government, and providing for the production and dissemination of action-oriented road maps and knowledge products.

C. Cost and Financing

20. The TA is estimated to cost \$620,000 equivalent, of which \$600,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The government will provide counterpart support in the form of office space, counterpart staff, and other services to consultants; and will assist in arranging meetings with counterpart agencies. The cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

21. The International Department of MOF will be the executing agency. The Office of the Working Party for Rural Comprehensive Reform of the State Council, which is located within MOF and is designing the next round of urban–rural integration reforms, will be the implementing agency for output 1. MOF's Treasury Department will be the implementing agency for outputs 2 and 3. The TA will commence on 1 October 2013 and be completed on 30 November 2015.

⁸ ADB. Observations and Suggestions. <http://www.adb.org/publications/series/observations-and-suggestions>

22. The TA will engage two international consultants for a total of 3 person-months, and seven national consultants for a total of 50 person-months. No single firm can be expected to provide well-qualified consultants for the full range of diverse skills required for the TA, and therefore more than one firm will be engaged. Separate consulting firms will be engaged for outputs 1 and 2. Output 3 will require a national consultant for 4 person-months. Given the small input, this consultant will be hired individually. The terms of reference for all consultants are in Appendix 3.

23. A firm will provide the national consultants for output 1, and a separate firm will provide the international and national consultants for output 2. The firms will be engaged using fixed budget selection and biodata technical proposals. This recruitment method is justified as a precise definition of the terms of reference for the studies is possible, and changes to the terms of reference are not expected during implementation. The recruitment method is also justified because the budget available for the studies is fixed in each case (\$210,000 for output 1 and \$240,000 for output 2) and cannot be exceeded, and the time and personnel inputs can be accurately assessed. If no suitable firm can provide the required consultants in a timely manner, the consultants may be hired individually, subject to the appropriate ADB approval process.

24. ADB will engage the international and national consultants, as well as any resource persons, in accordance with its Guidelines on the Use of Consultants (2010, as amended from time to time). Procurement of equipment, if any, will follow ADB's Procurement Guidelines (2010, as amended from time to time). The proceeds of the TA will be disbursed in accordance with the Technical Assistance Disbursement Handbook (2010, as amended from time to time).

25. The TA implementing agencies will coordinate with government authorities and other stakeholders and assign appropriate counterpart staff to assist the consultants. The implementing agencies will supervise the day-to-day work of the consultants and take overall responsibility for training programs, seminars, workshops, and international study tours.

26. The TA will be monitored and evaluated based on the implementation of activities and satisfactory delivery of outputs following the agreed timeline and budget. To support monitoring and evaluation, consultants will submit an inception report, quarterly progress notes, a midterm report, a draft final report, and a final report to the government and ADB. The main mechanism to monitor and assess the TA will be TA review missions. The knowledge products created by the TA will be provided to MOF and ADB for dissemination to the government and, as appropriate, other stakeholders. There will be at least one high-quality knowledge product each from outputs 1 and 2.

27. The TA is based on the assumption that the topics addressed by the TA remain topical. Other key assumptions are that sufficient staff time can be made available for TA management by the implementing agencies; that lower-level governments are open to considering suggestions of the TA within their areas of responsibility; and that reliable information can be acquired on a timely basis. The key risks are that complementary reforms cannot be implemented on a timely basis.

IV. THE PRESIDENT'S DECISION

28. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$600,000 on a grant basis to the Government of the People's Republic of China for Fiscal Policy Reform and Management, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
Impact Strengthened fiscal policy and management system	At least two reform proposals prepared under the TA on township and village level governments and financial reporting are presented for approval by the MOF (by the end of 2017)	Reports to the State Council Government announcements and websites Budget reports Consultation with government agencies	Assumption Lower-level governments are open to reform within their areas of responsibility Risk Complementary reforms are required but cannot be implemented on a timely basis
Outcome Improved fiscal policy and management framework for balanced development with accountability	At least two reform proposals prepared under the TA on township and village level governments and financial reporting are publicly discussed at high-level dialogue events (by the end of 2015) At least two reform proposals prepared under the TA on township and village level governments and financial reporting are referred to in government statements or policy documents (by the end of 2015)	Government announcements and websites Consultation with executing and implementing agencies	Assumption Policy issues addressed by the TA remain topical
Outputs 1. Fiscal policy and management initiatives for township and village-level governments that reduce the rural–urban imbalance 2. Policy and legislative initiatives for strengthened government financial reporting	Acceptance by MOF of four subreports on township and village level governments (two by month 12 and the final two by month 18) Acceptance by MOF of a main report on initiatives for township and village level governments presenting key findings and suggestions, inclusive of a road map of practical, achievable actions (by month 24) Acceptance by MOF of a research report on government financial reporting presenting key findings and suggestions, inclusive of a road map of practical, achievable actions (by month 18) Acceptance by MOF of draft amendments for government financial reporting regulations, a manual and training material (by month 24)	Government announcements and websites Consultation with executing and implementing agencies Government announcements and websites Consultation with executing and implementing agencies	Assumptions Implementing agencies have sufficient staff time to manage consultants Provinces agree to participate in fieldwork Relevant government agencies agree to participate in the analysis Information required for analytical work can be acquired on a timely basis Risk Suitable consultants cannot

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks										
3. Targeted, widely accessible knowledge products in support of outreach	At least two knowledge products (e.g., short policy notes or chapters) published targeting decision makers (by month 24)	Government announcements and websites Consultation with executing and implementing agencies	be identified in a timely manner										
Activities with Milestones 1.1 Conduct consultation and research on a fiscal policy and management initiatives for township and village-level governments for balancing urban and rural development (throughout the TA) 1.2 Present a study plan and key issues at an inception workshop (by month 9) 1.3 Conduct an international study tour (by month 12) ^a 1.4 Present at least two draft subreports and an update of the study plan and key issues at a midterm review workshop (by month 15) 1.5 Conduct field visits in at least four provinces (by month 15) 1.6 Present a final draft of all subreports, findings, suggestions, and an action plan at an international, final review workshop supported by resource persons (by month 18) 1.7 Finalize all reports (by month 24) 2.1 Conduct consultation and research on a framework for strengthened government financial reporting (throughout the TA) 2.2 Present a study plan and key issues at an inception workshop (by month 9) 2.3 Conduct an international study tour (by month 12) ^a 2.4 Present a draft research report and an update of the study plan and key issues at a midterm review workshop (by month 15) 2.5 Conduct field visits in at least two provinces (by month 15) 2.6 Present the final draft research report, action plan, ammendments for regulations, a manual, and training materials at an international, final review workshop supported by resource persons (by month 18) 2.7 Finalize all reports (by month 24) 3.1 Prepare and publish widely accessible knowledge products (e.g., short policy notes or chapters) in support of TA outreach (by month 24)		Inputs ADB: \$600,000 (TASF-other sources)											
		<table><tr><th>Item</th><th>Amount (\$'000)</th></tr><tr><td>Consultants</td><td>385.0</td></tr><tr><td>Training, seminars, and conferences</td><td>125.0</td></tr><tr><td>Miscellaneous administration and support costs</td><td>14.0</td></tr><tr><td>Contingencies</td><td>76.0</td></tr></table>	Item	Amount (\$'000)	Consultants	385.0	Training, seminars, and conferences	125.0	Miscellaneous administration and support costs	14.0	Contingencies	76.0	
		Item	Amount (\$'000)										
		Consultants	385.0										
		Training, seminars, and conferences	125.0										
Miscellaneous administration and support costs	14.0												
Contingencies	76.0												
		Note: The government will provide counterpart support in the form of office space, counterpart staff, and other services to the consultants; and will assist in arranging meetings with counterpart agencies.											

ADB = Asian Development Bank, MOF = Ministry of Finance, TA = technical assistance, TASF = Technical Assistance Special Fund.

^a Study tours will be arranged by the respective implementing agency.

Source: ADB estimates.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Output 1 ^a	Output 2 ^b	Output 3	Total
Asian Development Bank^c				
1. Consultants	170.0	195.0	20.0	385.0
a. Remuneration and per diem	145.0	160.0	20.0	325.0
i. International consultants	0.0	70.0	0.0	70.0
ii. National consultants	145.0	90.0	20.0	255.0
b. International and local travel	15.0	25.0	0.0	40.0
c. Reports, publications, and communications	10.0	10.0	0.0	20.0
2. Workshops, seminars, meetings ^d	60.0	65.0	0.0	125.0
a. International and national workshops	30.0	35.0	0.0	65.0
b. International study tours ^e	25.0	25.0	0.0	50.0
c. Resource persons	5.0	5.0	0.0	10.0
3. Miscellaneous	5.0	5.0	4.0	14.0
4. Contingencies	40.0	35.0	1.0	76.0
Total	275.0	300.0	25.0	600.0

Note: The technical assistance (TA) is estimated to cost \$620,000, of which contributions from the Asian Development Bank (ADB) are presented in the table above. The government will provide counterpart support in the form of office space, counterpart staff, and other services to the consultants; and will assist in arranging meetings with counterpart agencies. The value of government contributions is estimated to account for 3% of the total TA cost.

^a Inclusive of a \$210,000 fixed budget for a firm to provide national consultants, prepare reports and publications, hold workshops, and engage any resource persons that may be required. The fixed budget excludes the cost of the study tour and the contingency.

^b Inclusive of a \$240,000 fixed budget for a firm to provide national and international consultants, prepare reports and publications, hold workshops, and engage any resource persons that may be required. The fixed budget excludes the cost of the study tour and the contingency.

^c Financed by ADB's Technical Assistance Special Fund (TASF-other sources).

^d For training, stakeholder participation, and awareness raising events within the People's Republic of China, and up to two international study tours. Study tours will be arranged by the implementing agency responsible—the Ministry of Finance (MOF) Office of the Working Party for Rural Comprehensive Reform of the State Council for output 1, and MOF's Treasury Department for outputs 2 and 3, and will occur only in eligible ADB member countries, in line with ADB's Charter requirements. An advance payment facility will be prepared to facilitate the study tours.

^e Study tours will focus on countries that have demonstrated a high standard of success in the output's focus area. The study tour will be conducted before the preparation of the draft final report, and the relating output will be incorporated in the draft final report for review. The implementing agency responsible (footnote d) will prepare a short report outlining the content and findings of the tour.

Source: ADB estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The consultants will be responsible for producing the technical assistance (TA) outputs and deliverables effectively and on time, consistent with the design and monitoring framework (DMF), and for organizing and carrying out all TA activities including surveys, field visits, training, and workshops. They will also assist in the preparation of a study tour.
2. The implementing agencies—the Ministry of Finance (MOF) Office of the Working Party for Rural Comprehensive Reform of the State Council will be the implementing agency for output 1, and MOF's Treasury Department will be the implementing agency for outputs 2 and 3—will coordinate with central or provincial government authorities and other stakeholders and assign appropriate counterpart staff to assist the consultants. The implementing agencies will supervise the day-to-day work of the consultants and assume overall responsibility for training programs, seminars, workshops, and international study tours.
3. Each of the two outputs will have a team leader. The consultants for a specific output will work under and be coordinated and monitored by the team leader for their output, and in cooperation with the executing agency, respective implementing agency, and the Asian Development Bank (ADB) project officer. Accordingly, the consultants will maintain close working relations with the implementing agency for their output and ADB, and will regularly discuss project progress and findings. Meetings involving the consultants, the implementing agencies, and as feasible, ADB staff, will be held to provide guidance to the consultants, and to review their reports. The consultants will help ensure that knowledge products will be disseminated (e.g., at workshops, conferences, on implementing agency and ADB websites), and that both electronic and hard copies are made available to stakeholders.
4. **Duties of the team leaders.** In fostering government-led implementation that ensures government ownership of the TA, each of the two team leaders will be responsible for:
 - (i) implementing the TA under the guidance of their respective implementing agency and the ADB project officer in accordance with the terms and conditions specified in the TA paper and the agreement between the government and ADB;
 - (ii) coordinating and managing the inputs, activities, and outputs of the TA consultants, including allocating responsibilities between consultants and monitoring the performance of consultants for their TA output to achieve the results outlined in the DMF; initiating and leading discussions of key implementation issues with the government; and managing TA quality control and quality assurance;
 - (iii) guiding the analytical work, identifying key issues, presenting and analyzing alternative responses, and making maximum use of related ADB TA; ensuring that relevant literature and international experience are identified and factored into the analysis; and explaining and justifying the responses recommended by the consultant team;
 - (iv) transferring skills and building the capacity of staff of their respective implementing agency and other relevant government agencies through a “learning-by-doing” approach;
 - (v) establishing reporting arrangements with their respective implementing agency and ADB that promote awareness within the government and among stakeholders of the work undertaken under the TA, and ensuring the arrangements are followed;
 - (vi) preparing knowledge products and other information releases, and ensuring material is available in languages relevant to the audience;

- (vii) organizing TA inception, concluding, and other workshops with their respective implementing agency and other relevant stakeholders to inform the implementation and/or review the TA;
- (viii) ensuring timely preparation and submission of all TA reports, and assisting with TA reviews undertaken by the executing agency, implementing agencies, and ADB; and
- (ix) consulting as relevant with any development partners working on related activities, ensuring that they are informed of activities and that a high level of coordination is maintained to avoid duplication or overlap of work.

A. Output 1: Balancing Urban and Rural Development

5. **Team leader** (8 person-months, national, intermittent). The team leader will have strong expertise, extensive experience, and in-depth knowledge of rural development and public finance and the links between them. The team leader must have at least 15 years of relevant experience, and a master's degree or higher qualification in public finance, economic development, or other relevant field. The scope of work involves team leadership, work direction, and stakeholder engagement, and the team leader must have demonstrated experience in improving the performance of organizations. Proficiency in English and a demonstrated record in producing knowledge products of international standard are strongly preferred. As team leader, he or she will have overall responsibility for the quality and timely delivery of the TA output; completion of relevant TA activities; and ensuring that team members work in an effective, efficient, collaborative, and timely manner. The responsibilities will include the provision of four sub-reports in Chinese with a detailed synopsis (5–10 pages) provided in English; and a main report inclusive of a results-based road map of practical, achievable actions. This should be presented in both Chinese and English.

6. **Public finance specialist** (5 person-months, national, intermittent). The specialist will have strong expertise, extensive experience, and in-depth knowledge of rural development and public finance and the links between them. The specialist must have at least 10 years of relevant work experience, and a master's degree or higher qualification in public finance, economic development, or other relevant field. Proficiency in English and a demonstrated record in producing knowledge products of international standard are essential. Reporting to the team leader, the specialist will provide public finance inputs to the four subreports and main report. Working from a public finance perspective, the specialist will collect the required information from public agencies and other sources, undertake fieldwork to explore and understand issues and develop policy responses, identify and examine relevant theoretical literature and international experience, review regulatory issues, and undertake other tasks as required by the team leader consistent with the DMF.

7. **Public administration specialist** (5 person-months, national, intermittent). The specialist will have strong expertise, extensive experience, and in-depth knowledge of public administration, with emphasis on administration in rural areas. The specialist must have at least 10 years of relevant work experience, and a master's degree or higher qualification in public administration or management, or other relevant field. Proficiency in English and a demonstrated record in producing knowledge products of international standard are preferred. Reporting to the team leader, the specialist will provide public administration inputs to the four subreports and main report. Working from a public administration perspective, the specialist will collect required information from public agencies and other sources, undertake fieldwork to explore and understand issues and develop policy responses, identify and examine relevant

theoretical literature and international experience, review regulatory issues, and undertake other tasks as required by the team leader consistent with the DMF.

8. **Public policy specialists** (two positions, 5 person-months each , national, intermittent). The specialists will have strong expertise, extensive experience, and in-depth knowledge of public policy for rural areas. The specialists must have at least 10 years of relevant work experience, and a master's degree or higher qualification in public finance, economic development, public administration or management, or other relevant field. Proficiency in English and a demonstrated record in producing knowledge products of international standard are preferred. Reporting to the team leader, the specialists will provide public policy inputs to the four subreports and main report. Working from a public policy perspective, the specialists will collect required information from public agencies and other sources, undertake fieldwork to explore and understand issues and develop policy responses, identify and examine relevant theoretical literature and international experience, review regulatory issues, and undertake other tasks as required by the team leader consistent with the DMF.

B. Output 2: Government Financial Reporting

9. **Team leader** (9 person-months, national, intermittent). The team leader will have extensive experience in and in-depth knowledge of government financial reporting and best practice approaches. The team leader must have at least 15 years of relevant experience, and a master's degree or comparable professional qualification in accounting, management, or other relevant field (e.g., a professional accountancy qualification such as a certified public accountant). The scope of work involves team leadership, work direction, and stakeholder engagement; and the team leader must have demonstrated experience in improving the performance of organizations. Proficiency in English and a demonstrated record in producing knowledge products of international standard are strongly preferred. As team leader, he or she will have overall responsibility for the quality and timely delivery of the TA output, the completion of relevant TA activities, and ensuring that team members work in an effective, efficient, collaborative, and timely manner. The responsibilities will include overall responsibility for the provision of a research report, inclusive of a results-based road map of practical, achievable actions presenting key findings and suggestions, which will be presented in both Chinese and English; draft regulations on government financial reports; and a manual and training material to be prepared in Chinese with a detailed synopsis (5–10 pages) provided in English.

10. **Government financial reporting specialist** (9 person-months, national, intermittent). The specialist will have strong expertise, extensive experience, and in-depth knowledge of government financial reporting and best practice approaches. The specialist must have at least 10 years of relevant experience, and a master's degree or comparable professional qualification in accounting, management, or other relevant field (e.g., a professional accountancy qualification such as a certified public accountant). Proficiency in English and a demonstrated record in producing knowledge products of international standard are preferred. Reporting to the team leader, the specialist will provide accounting and management inputs to the research report, draft regulations on government financial reports, and a manual and training material. The specialist will collect required information from public agencies and other sources; undertake fieldwork to explore and understand policy, regulatory, and operational issues and develop responses; identify and examine relevant theoretical literature and international experience; and undertake other tasks as required by the team leader consistent with the DMF.

11. **Senior government financial reporting adviser** (2 person-months, international, intermittent). The senior adviser will have extensive experience in and in-depth knowledge of government financial reporting and best practice approaches. The senior adviser must have at least 15 years of relevant experience in public finance within a government, academic institution, accounting firm, or international agency; and a master's degree or comparable professional qualification in public finance, accounting, management, or other relevant field (e.g., a professional accountancy qualification such as a certified public accountant). Proficiency in English and a demonstrated record in producing knowledge products of international standard are essential. Reporting to the team leader, the senior adviser will provide accounting and management inputs to the research report, draft regulations on government financial reports, and a manual and training material. The senior adviser will ensure that best international practices are fully considered and factored into the TA activities, and ensure that the recommended government financial reporting framework meets all international obligations. The senior adviser will explore and understand policy, regulatory and operational issues, and develop responses, and undertake other tasks as required by the team leader consistent with the DMF.

12. **Government financial reporting adviser** (1 person-month, international, intermittent). The adviser will have extensive experience in and in-depth knowledge of government financial reporting and best practice approaches. The adviser must have at least 10 years of relevant experience in public finance within a government, academic institution, accounting firm, or international agency; and a master's degree or comparable professional qualification in public finance, accounting, management, or other relevant field (e.g., a professional accountancy qualification such as a certified public accountant). Proficiency in English and a demonstrated record in producing knowledge products of international standard are essential. Reporting to the team leader, the adviser will provide accounting and management inputs to the research report, draft regulations on government financial reports, and a manual and training material. The adviser will collect required information from public agencies and other sources; undertake fieldwork to explore and understand policy, regulatory, and operational issues, and develop responses; and undertake other tasks as required by the team leader consistent with the DMF.

C. Output 3: Knowledge Products

13. **Public policy specialist** (4 person-months, national, intermittent). The specialist will have strong expertise, extensive experience in, and in-depth knowledge of public finance, with at least 5 years of relevant experience, and a master's degree or higher qualification in public finance, economic development, public administration or management, or other relevant field. Proficiency in English and a demonstrated record in producing knowledge products of international standard are essential. The specialist will work with the team leaders for each output to prepare persuasive, widely accessible knowledge products such as short policy notes or chapters in publications. These knowledge products will target decision makers and support TA outreach by communicating key observations and suggestions from the TA. In undertaking this work, the specialist will pay close attention to avoiding duplication of other knowledge work supported by ADB and other development partners.

D. Reporting Requirements

14. The team leader for each output will be responsible for ensuring all TA reports meet a high professional standard. In addition to the specific reports required for each output, they are to produce the reports described below for each output in order to document and assess TA

activities. These reports are to be written in English. With the support of TA consultants, and respecting all confidentiality requirements, the team leader will submit the following:

- (i) **Inception report.** A brief report (maximum of 10 pages plus appendixes) that provides a clear plan for implementing the TA, challenges to its success, and a summary of the status of TA performance. It will, to the extent feasible, provide (a) confirmation of the overall TA rationale and design; (b) adjustments recommended to improve TA performance, including to the consultant terms of reference; and (c) a TA implementation schedule.
- (ii) **Quarterly progress notes.** These brief notes (maximum of 3 pages) will inform the government and ADB of the status of TA implementation.
- (iii) **Midterm report.** This brief report (maximum of 10 pages plus appendixes) will inform the government and ADB of the status of implementing the terms of reference, plans for achieving the TA objectives, and a personnel schedule with accomplishments under each item of the DMF. This report will record activities, outputs, and outcomes directly against the TA DMF. It will provide (a) confirmation of the overall TA rationale and design; (b) recommended adjustments to improve TA performance, including to the consultant terms of reference; and (c) a detailed TA implementation schedule.
- (iv) **Draft final report.** This report (maximum of 10 pages plus appendixes) will (a) be submitted 2 months before completion of the project; (b) summarize TA activities and results, reporting against the DMF; and (c) provide recommendations on any additional steps required to sustain the results of the TA.
- (v) **Final report.** This report will be submitted by the consultants within 1 month of receipt of the comments on the draft final report from the government and ADB, and will respond to the comments received.