Implementation of TBLRR
Substance Completion Report
[Draft Final Report]

国家计委政策法规司
亚洲开发银行
ADB TA – 3457 PRC

Sep  2001
Memorandum

To: Mr. Robert Rothery,  
Senior Procurement Specialist,  
COSO,  
Asian Development Bank,  
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From: Tay Sin Yan  
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ADB TA No: 3457 PRC,  
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Beijing, PRC.

Date: 14 Sep. 2001.

ADB TA No: 3457 – PRC on Implementation of TBLRR  
Substantive Completion Report  
[Draft Final Report]

I. Introduction

1. The Asian Development Bank (ADB) granted a Technical Assistant (TA) No: 3457-PRC to the People’s Republic of China (PRC) for Implementation of the Tendering and Bidding Law and Related Regulations (TBLRR). Scott-Wilson (Hong Kong) Ltd (SW) was appointed as the Consultant to undertake the implementation of the TA.

II. TA Scope and Implementation Schedule

2. The TA comprises four (4) components:

   (i) Project administration and supervision instructions;

   (ii) Organization of Department of Public Procurement;

   (iii) Training course structure and materials; and

   (iv) Public procurement computerized database.

3. The TA was scheduled for implementation over a period of ten (10) months and for completion by the end of August 2001.

III. The Structure of this Report

4. This report aims at providing the reader with a structured account of the status of implementation of the TA. It is designed to have a three-tier
structure. The first tier in the form of the main text provides a summary of the main points. The main text is supported where appropriate by a second tier comprising appendices which themselves are usually a summary (eg Table of Contents) of the full documents. The third tier makes use of electronic data storage devices (floppy disks) to convey the full text of the relevant documents. This enables the reader to make use of this report efficiently, in progressive steps if desired.

IV. Implementation History in Summary

5. Work on the implementation of the TA commenced promptly with the arrival in Beijing of the Lead Consultant Prof. Tay Sin Yan on the 1st November 2000. The official Inception Meeting with the Executing Agency, the State Development Planning Commission (SDPC) was held on the 6th November 2000 and an Inception Report dated 30 November 2000 was submitted to the Bank.

6. The First Tripartite Review Meeting between ADB/SDPC/SW was held on the 3rd March 2001 and a Progress Report dated 15 March 2001 detailing work done up to that date was submitted to the Bank. The Second Tripartite Review Meeting was held on the 21 May 2001 in Beihai, Guangxi Province, PRC and the Interim Report was submitted on the 15 June 2001.

7. The Third Tripartite Meeting was held on the 6th September, 2001 in Beijing. A copy of the Aide Memoire produced by the ADB Mission documenting the understandings reached at the Tripartite Review Meeting is attached as herewith as Appendix 1.

8. This report is submitted as required under the TA schedule which calls for a "Draft Final Report" to be prepared following the Third Tripartite Meeting as a prelude to the Final Report to follow within a month. Due to an adjustment to the final phase of the TA completion this report is being prepared in the form of a "Substantive Completion Report" with the "Final Report" to follow in due course.

9. Workshop and Training Courses Conducted

9. A Workshop to review chapters 5,6&7 of the draft Project Administration and Supervision Instructions (PASI) and the proposal for the Establishment of the Department for Public Procurement (DPP) was held in the city of Beihai, Guangxi Province, PRC on the 19th and 20th May 2001.

10. Fifteen Chinese experts from various government organizations and provinces were invited to attend the workshop and provide key-note speeches. Together with other dignitaries, comprising senior officials from the central and provincial governments, and other officials, including a representative each from the World Bank and ADB Resident Offices in Beijing, there were about thirty (30) participants attending the Workshop. The Workshop was very successful and was hailed by the high officials of SDPC as a significant milestone in the successful implementation of the TA
11. Two training Courses on the TBLRR were held to test out the course design and the training materials prepared as well as to introduce the participants to the Project Administration and Supervision Manual under preparation. The first training course was held in Harbin from the 18th to 20th August 2001 and the second in Beijing from the 6th to 8th September 2001. One hundred and twenty five (125) and two hundred and eighty (280) participants attended the two training courses respectively.

V. Work Accomplished under each TA Component

(i) Project Administration and Supervision Instructions (PASI)
(Consultant: Prof. Tay Sin Yan)

12. The following Chapters of Administration and Supervision Instructions, drafted after two missions in November 2000 and February/March 2001, were translated into Chinese and presented for review by the Chinese experts at the Workshop in Beihai, on the 17th and 18th May 2001:

Chapter 5: Tendering for Goods and Works (17 articles)
Chapter 6: Bid Evaluation and Contracting (15 articles)
Chapter 7: Project Administration and Supervision (18 articles)

These three chapters totalling fifty (50) articles are the most important chapters of the instruction manual and constitute about sixty (60) per cent of the whole manual.

13. The three chapters of draft administration and supervision instructions presented at the workshop were very well received. Essentially no problems on substantive issues were raised and all the comments revolved around quantitative details. No basic revision of the drafted instructions was deemed necessary but there was a need to check on the accuracy of translation into Chinese. The comments provided by the participants can be considered by SDPC before each instruction is finalized and issued.

14. Three more chapters were drafted during the May/June 2001 mission as detailed below:

Chapter 1: General (including Project Appraisal) (7 articles)
Chapter 2: Preparation for Project Implementation (9 articles)
Chapter 8: Project Completion and Evaluation (6 articles)

15. During the August 2001 mission one more chapter (Chapter 4 on Use of Tendering Agencies) comprising 11 articles was drafted. This brought the total number of articles drafted to 83 and it also represented the completion of the entire scope of drafting work for the Instruction Manual.
16. Chapter 3 on Procurement of Consulting Services had not been drafted and is left to be prepared by the group responsible for the formulation of regulations on procurement of consulting services.

17. As an indication of the coverage of the Instruction Manual the Tables of Contents of the various chapters are appended herewith as Appendix 2. The full text of the Instructions drafted is contained in Floppy Disk No:1 submitted with this report under the heading of “PASI Text”.

18. At the Third ADB/SDPC/SW Tripartite Meeting held on the 6th September 2001 SDPC proposed and ADB agreed to the holding of another workshop in early November 2001 to review chapters 1,2,4 & 8 which have not as yet been reviewed by Chinese experts.

19. The structure and contents of the Instruction Manual was briefly presented at the Training course held in Harbin, from the 18th to 20th August 2001 as well as at the Training Course held in Beijing from the 6th to 8th September 2001. The purpose was to apprise the participants of the nature of the PASIs, their relationship with the TBLRR and to instruct the participants on how the PASIs may be used to achieve effective administration and supervision of projects under implementation.

(ii) Organization of Department of Public Procurement (DPP) 
(Consultant: Mr. Jeff Woodhams)

20. Mr. Woodhams’ proposed organization for the DPP, revised after his third mission in March 2001, was translated into Chinese and presented at the Workshop in Beihai for review and comments by the Chinese experts.

21. Essentially Mr. Woodhams’ proposed organizational structure of the DDP was the same as that envisaged in the TA paper except that he added a fifth division called Accreditation Division to the original four of: (i) Public Procurement (ii) Administration and Supervision (iii) Training and Information and (iv) Settlement of Disputes.

22. During the discussion at the Workshop in Beihai in May 2001 it became apparent that there was a deep-seated concern among other ministries and departments that the DPP was set up to take over their power to administer and supervise their own projects. Clarifications had to be made at the Workshop to dispel the misunderstanding and it was agreed to further revise the proposal to address the issue.

23. Following the Workshop the Consultant had further consultation with SDPC and revised the proposal for DDP involving the dropping of the fifth division of Accreditation and in its place proposing the establishment of a Tendering and Bidding Agency Association. Job descriptions of the senior posts were also drafted.
24. The gist of the Consultant’s revised proposal may be seen from the Table of Contents attached hereto as Appendix 3. The full text of the revised proposal is contained also in floppy disk No:1, submitted with this report under the heading of “DPPorg4”.

25. The Consultant’s revised proposal was submitted to SDPC in July 2001. SDPC is considering the proposal and indicated that the physical establishment of the DPP will have to await further consultation with other Ministries and Departments and the obtaining of official approval for the purpose. So far as the implementation of this TA is concerned this component may be considered completed.

(iii) Training Course and Materials
(Consultants: Mr. Xia He-Wei assisted by Mr. Tang Guang-Quing and Mr. Yuan Bing-Yu)

26. The drafting of the Training Manual was completed and printed in time for the First Training Course held in Harbin from 18th to 20th August 2001. The Training Manual consists of four chapters as follows:

Chapter 1: Summary on Tendering and Bidding
Chapter 2: Tendering and Bidding for Construction
Chapter 3: Tendering and Bidding for Equipment
Chapter 4: Procurement of Services

27. The three consultants who prepared the training materials, namely Mr. Xia He-Wei, Mr. Tang Guang-Quing and Mr. Yuan Bing-Yu ably served as lecturers on Procurement of services, Tendering and Bidding for Construction and Tendering and Bidding for Equipment respectively. The standard of teaching was uniformly high and well received. More importantly it enabled the consultants concerned to test out and fine-tune the section of the training materials prepared by each of them.

28. Based on the experience gained from the first training course the training manual was revised for the Second Training Course held in Beijing from the 6th to 8th September 2001.

29. The coverage of the Training Manual may be gleaned from the Table of Contents attached hereto as Appendix 4. The Training Manual is prepared in Chinese and covers about one hundred and fifty pages. It will be further edited and refined to improve its standard and presentation.

Computerized Database

30. The basic design of the Tendering and Bidding Administrative System was completed in May 2001. The design was discussed with officials of SDPC and the design team also visited the Tendering and Bidding Administrative System Centre of MFTEC. From the discussions and field investigations the design was further
analysed and fine-tuned to provide effective supervision of the Tendering and Bidding process. Specifically the Tendering and Bidding Administrative System Database has been designed with the following features:

(a) The system operation of the database is based on the Internet. This design approach was adopted after extensive discussions with SDPC and it is believed that this Internet based operation is the best to cater for the present and future needs for tendering and bidding administration.

(b) The whole system includes:
   Schedule of Administrative Powers,
   Administration of Tendering and Bidding Files,
   Information on Bidders,
   Record of Biddings,
   Record of Bid Evaluations,
   Investigations on tendering and bidding violations and
   Record of complaints and their resolutions.

(c) Information on the Tendering and Bidding Administrative System Database may be posted on the SDPC web-site. This is being arranged by SDPC.

(d) A flow chart illustrating the interfaces of the database system is attached as Appendix 5. Further details of the system is contained in floppy disk No: 2 submitted with this report under the heading of “Database”

31. The hardware and software of the database system are as follows:
a. One unit of network server with supporting network management software and operating system;
b. Three units of mobile work stations with nominal software and operating system;
c. Five units of stationary work stations with nominal software and operating system; and
d. Database system operating software

32. The total cost of the above computer hardware and software amounts to about $35,000/-. Two mobile work stations and three stationary work stations were acquired for SDPC in May/June, 2001 to upgrade their existing computer environment. The remainder of the equipment, comprising one server, two (2) stationary work stations and one mobile work station, is being procured and installed. It is anticipated that this work will be fully completed before the end of September 2001.

33. An operation manual on the Tendering and Bidding Administrative System Database has been prepared and is currently being finalised. Staff of SDPC will be trained to ensure that they will be familiar with the system and will be able to operate and maintain the system efficiently after taking over.
VI. Mass Dissemination of Information

34. For the mass dissemination of information on the Tendering and Bidding Law and its related decrees/regulations arrangements will be made by SW to have a CD-ROM produced. The CD-ROM will be in the Chinese language and will contain the materials shown in Appendix 6 attached. Copies of the CD-ROM will be widely distributed to all departments undertaking procurement and project implementation.

VII. Extension of TA Closing Date

35. The TA has been implemented successfully with the main tasks substantially accomplished by the time of writing of this report in mid September 2001. However, it is expected that the tail end of the TA will take a bit more time to wrap up, especially since another workshop is to be held in November 2001. It is necessary to extend the closing date of the TA. Taking into account the extended Christmas and New year (Western and Chinese) holiday periods it is proposed that the TA closing date be extended to 31 March 2002 as previously recommended. A revised TA implementation schedule is attached as Appendix 7.

cc.: State Development Planning Commission.
Mr. Peter Chan, Scott Wilson (HK) Ltd.
Appendix 1.

Aide Memoire

PEOPLE’S REPUBLIC OF CHINA
and
THE ASIAN DEVELOPMENT BANK

TA 3457-PRC: Implementation of the Tendering and Bidding Law
and Related Regulations
—Review Mission—

i) A mission (the Mission) from the Asian Development Bank (the ADB) visited PRC from 28 August to 6 September 2001 to participate in a workshop and review the technical assistance (TA). A review meeting was held on 6 September 2001. It was attended by representatives of the State Development and Program Commission (SDPC) the executing agency (EA) for the TA, and the TA consultants. This aide memoire documents understandings on the status of the TA.

ii) The TA was approved by the ADB in June 2000. Consultants Scott Wilson of Hong Kong were recruited in November 2000. Most components of the TA are completed or nearing completion. Following is the status:

iii) **Organizational Structure:** The consultants have submitted their report on the proposed organizational structure to administer implementation of the Tendering and Bidding Law. This task is considered complete.

iv) **Administrative and Supervisory Instructions:** The instructions have been prepared and submitted to SDPC. SDPC will undertake an expert review process and conduct a seminar to obtain final inputs. Following the review process, expected by the end of November 2001, the consultants will make final adjustments, if necessary.

v) **Database:** The first batch of hardware and the initial database software have been delivered. The consultants have scheduled delivery of the remaining hardware and software, documentation, and manuals for the end of September.

vi) **Training Course Material:** The first draft of the training course material is complete and the first pilot training course completed (the second is ongoing). It is planned to finalize the material by about the end of September. The final version will be used in the third and last pilot course, scheduled for November.

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1 About 50 percent of the material has been through the review process.
vii) Dissemination of Materials: The consultants will make arrangements to translate, print and distribute the materials produced by the TA. This will include production of a CD containing the Tendering and Bidding Law and regulations, the training materials, the Administrative and Supervisory Instructions, ADB and World Bank Guidelines, case studies, and any other relevant information. SPDC agreed to work with the consultants to define the contents of the CD.

viii) The consultants noted that additional funding would be required for the training and workshop component of the TA. This is due to the addition of the Behai workshop, and the addition of the proposed November workshop/training session. The consultants were requested to prepare an estimate of the required funding. The Mission agreed to seek approval to use the TA contingency to fund the additional work, estimated to be in the order of $50,000.

ix) The consultants have scheduled the draft final report for delivery by the end of September. It was agreed that this report would more likely take the form of a "substantial completion" report, as the report will document the work completed under the TA to this point in time.

x) In addition to the consulting work described above, the TA is supporting two study tours for SDPC staff to gain experience in project administration. The first of these (to the World Bank) is completed. The second was originally planned to be to ADB headquarters in Manila. However, it was decided that more benefit could be derived by visiting other regional countries to see how they are dealing with procurement regulation. It was agreed that India and Nepal would be good countries to visit. The study tour will be scheduled for early next year and will involve three individuals for two weeks at an estimated cost of $15,000.

xi) The Mission compliments SDPC for their ongoing support of the TA, and for the cooperation and hospitality extended during the review.

Robert Rothery
Asian Development Bank
6 September 2001

Copies:
Mme. Dai Guiying, SDPC
Peter Chan, Scott Wilson
Prof. Tay Sin Yan, Scott Wilson
Appendix 2

Project Administration and Supervision Instructions
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1.1 Law, Regulations, Decrees and Instructions
1.2 The Project Administration and Supervision Instructions
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[To be drafted by others responsible for corresponding regulation]
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ADB Consultancy Project TA 3457-PRC on Implementation of The Bidding Law and Related Regulations in PRC

Organisation for Department of Public Procurement
(Recommendation by Organisation Expert)
(Revised Version following Beihai Workshop)

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- List of Administrators
  - Add/Edit
  - Search
  - Result
  - Delete
  - Combination Search
  - Delete Administrator

Tendering Files Management
- List of Tendering Files
  - Add/Edit
  - Search
  - Result
  - Delete
  - Combination Search
  - Delete Files

Bidder Information Management
- List of Bidder's
  - Add/Edit
  - Search
  - Result
  - Delete
  - Combination Search
  - Delete Bidder's Information

Bid Evaluation Record
- List of Evaluation Record
  - Add/Edit
  - Search
  - Result
  - Delete
  - Combination Search
  - Delete Evaluation Record
Appendix 6

Proposed Contents of CD-ROM
For Training in
Tendering and Bidding

Part I: Tendering and Bidding Law and Related Regulations (TBLRR)

Tendering and Bidding Law of PRC
Related Tendering and Bidding Decrees/Regulations

Part II: Training on TBLRR

Explanations on Tendering and Bidding Law of PRC
Explanation on Related Tendering and Bidding Decrees/Regulations
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Tendering and Bidding for Construction Projects
Tendering and Bidding for Equipment/Goods
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Supervision of Project implementation

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Procurement Case Studies

Note. Contents of CD-ROM may be expanded as more decrees/regulations and Administrative Instructions are issued by SDPC
<table>
<thead>
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<th>Name/Position</th>
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<th>Dec</th>
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**Legend**
- M: Mobilization
- ICR: Inception Report
- PR: Progress Report
- ITR: Interim Report
- DFR: Draft Final Report
- FR: Final Report
- Field, Full Time
- Home, Part Time

**Firm Initial and Name**
- SWK - Scott Wilson (Hong Kong) Ltd
- GTX - Guo Xin Tendering Corp. Ltd, PRC
- HDG - Hero Dragon Group, PRC