



# Technical Assistance Report

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Project Number: 48012-001  
Policy and Advisory Technical Assistance (PATA)  
December 2015

## People's Republic of China: Strategy for Liaoning North Yellow Sea Regional Cooperation and Development

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 16 November 2015)

Currency unit	–	yuan (CNY)
CNY 1.00	=	\$ 0.1569
\$1.00	=	CNY6.3738

## ABBREVIATIONS

ADB	–	Asian Development Bank
DMF	–	design and monitoring framework
DOF	–	Department of Finance
PRC	–	People's Republic of China
RCI	–	regional cooperation and integration
TA	–	technical assistance

## NOTE

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

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## POLICY AND ADVISORY TECHNICAL ASSISTANCE AT A GLANCE

POLICY AND ADVISORY TECHNICAL ASSISTANCE AT A GLANCE				Project Number: 48012-001	
1. Basic Data					
Project Name	Strategy for Liaoning North Yellow Sea Regional Cooperation and Development		Department /Division	EARD/EAPF	
Country	China, People's Republic of		Executing Agency	Liaoning Provincial Financial Department	
2. Sector	Subsector(s)		ADB Financing (\$ million)		
✓ Industry and trade	Industry and trade sector development			0.40	
			Total	0.40	
3. Strategic Agenda		Subcomponents	Climate Change Information		
Inclusive economic growth (IEG)		Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project		Low
4. Drivers of Change		Components	Gender Equity and Mainstreaming		
Governance and capacity development (GCD)		Institutional development	No gender elements (NGE) ✓		
Knowledge solutions (KNS)		Organizational development			
		Knowledge sharing activities			
5. Poverty Targeting			Location Impact		
Project directly targets poverty	No		Nation-wide		High
6. TA Category:		B			
7. Safeguard Categorization Not Applicable					
8. Financing					
Modality and Sources			Amount (\$ million)		
ADB			0.40		
Policy and advisory technical assistance: Technical Assistance Special Fund			0.40		
Cofinancing			0.00		
None			0.00		
Counterpart			0.00		
None			0.00		
Total			0.40		
9. Effective Development Cooperation					
Use of country procurement systems		No			
Use of country public financial management systems		No			

## I. INTRODUCTION

1. The Government of the People's Republic of China (PRC) requested that the Asian Development Bank (ADB) provide policy and advisory technical assistance (TA) for the development of a Strategy for Liaoning North Yellow Sea Regional Cooperation and Development.<sup>1</sup> Following a fact-finding mission in July 2015, the government and ADB reached an understanding on the impact, outcome, outputs, implementation arrangements, costs and financial arrangements, and terms of reference for consulting services for the TA. The design and monitoring framework is in Appendix 1.<sup>2</sup>

## II. ISSUES

2. The PRC is deepening its integration with the global economy. ADB has provided prior technical assistance to this effort, as reflected in its inputs to the preparation of the PRC's 13th Five Year Plan, 2016–2020. The PRC's globalization strategy, issued in March 2015, recognizes the importance of promoting regional cooperation and integration, both internally and as part of this outward-focused policy.<sup>3</sup> It is also a focus area of the policy measures introduced by the government's revitalization strategy for the Northeast PRC, as elaborated in a 2014 State Council opinion.<sup>4</sup>

3. Subregional engagement is being facilitated through the participation of the PRC's northeastern provinces in the Greater Tumen Initiative's Northeast Asia Local Cooperation Committee.<sup>5</sup> The objective of the committee is to facilitate practical cooperation among local governments in Northeast Asia regarding their common concerns for regional development, and to strengthen policy coordination between local and central governments.<sup>6</sup> There is, however, currently no regional cooperation framework guiding these processes and developments.

4. Liaoning Province is well positioned to participate in the implementation of the PRC's globalization strategy. It is the only coastal province in the Northeast PRC, and is a transport hub between the northeastern and central regions, and a key regional portal to the Eurasian Continental Bridge. The connection to Europe has recently been strengthened with the opening of the Yingkou–Manzhouli–Europe Railway. In addition, Dalian Jinpu New Zone is a strategic connection for contact and cooperation between the PRC and the rest of Northeast Asia, because of the province's position on the North Yellow Sea. The Dalian Jinpu New Zone facilitates communication among the PRC, Japan, the Republic of Korea, Mongolia, and Russia, and serves to explore new cooperation mechanisms.

5. The Liaoning provincial government and the Liaoning Provincial Committee of the Communist Party of China are examining ways to strengthen policies and guidance aimed at deepening participation in the PRC's globalization strategy. This TA proposes to help lay the

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<sup>1</sup> The TA is included in ADB. 2015. *Country Operations Business Plan: People's Republic of China, 2015–2017*. Manila.

<sup>2</sup> The TA first appeared in the business opportunities section of ADB's website on 9 December 2015.

<sup>3</sup> Government of the PRC, National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce. 2015. Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road. Beijing. <http://www.china-un.org/eng/hyfy/t1249669.htm>

<sup>4</sup> Government of the PRC, State Council. 2014. *Opinions on Several Important Policies and Measures for Supporting Revitalization of Northeast PRC*. Beijing. <https://hk.lexiscn.com/law/opinions-of-the-state-council-on-the-recent-introduction-of-several-significant-policy-measures-for-supporting-the-revitalization-of-northeast-china.html> and [http://english.jl.gov.cn/News/GeneralNews/201408/t20140821\\_1728171.html](http://english.jl.gov.cn/News/GeneralNews/201408/t20140821_1728171.html)

<sup>5</sup> The northeastern provinces of Liaoning, Jilin, and Heilongjiang are participants in the Greater Tumen Initiative.

<sup>6</sup> Further information on the initiative is available at <http://www.tumenprogramme.org/?list-1607.html>

groundwork for such strengthening. Taking into account contributions from prior regional development initiatives, the TA will support the development of a needs assessment, baseline strategy, and implementation plan for Liaoning Province's regional cooperation and integration priorities. It will also deliver targeted research on key bottlenecks to deepening regional integration, and study the domestic and international experience with designing and implementing regional cooperation programs. To help Liaoning Province position itself to better benefit from the recently concluded economic partnership agreement between Mongolia and Japan, the research will explore ways to increase Liaoning's attractiveness as a transit corridor and to support an anticipated increase in trade between Japan and Mongolia.

6. These advisory products will guide the Liaoning Provincial Department of Finance (DOF) and other agencies involved in regional cooperation initiatives. They can serve as a model for easy and rapid replication by the PRC's other northeastern provinces.

### III. THE POLICY AND ADVISORY TECHNICAL ASSISTANCE

#### A. Impact and Outcome

7. The TA impact is aligned with the government's goals of augmenting cooperation among internal subregions of Northeast PRC, and promoting regional cooperation in Northeast Asia. The outcome will be adoption by Liaoning Province of a regional cooperation and integration (RCI) development strategy and implementation action plan. Achievement will be measured by the submission for approval—by the Liaoning provincial government— of an RCI development strategy and action plan.

#### B. Methodology and Key Activities

8. The impact and outcome of the TA will be achieved through the delivery of the following outputs:

- (i) **Status report and impact assessment produced on implementation of earlier regional development programs in Liaoning Province.** These will analyze the extent to which prior initiatives have increased the competitiveness of Liaoning's economy, expanded trade (including transit traffic), and attracted inward investment. Regional development programs under review include the 5+1 Program and the Liaoning Coastal Economic Belt development plan.<sup>7</sup> The analysis will identify the extent of ADB assistance to date for Liaoning provincial development, and will develop awareness among stakeholders of the need for a provincial RCI strategy.
- (ii) **Regional cooperation and integration priorities and models developed for Liaoning Province.** This encompasses the delivery of five technical studies examining Liaoning's infrastructure, industrial structure and capacity, financial resource requirements, likely sources of investment capital, and domestic and international experience designing and implementing regional cooperation

<sup>7</sup> The provincial government, in its 11th Five Year Plan, 2006–2010, presented the idea in 2005 of the "Five Points and One Line" development strategy, in which it is striving to build a coastal economic belt as an economic engine for the province. The "Five Points" refers to the areas of Changxing Island Harbor Industrial Zone in Dalian, Yingkou Coastal Industrial Base, Liaoxi Jinzhou Bay Coastal Economic Zone, Dandong Industrial Zone, and Zhuanghe Huayankou Industrial Zone in Dalian. The "One Line" refers to a road along the coastal areas, which is expected to stimulate growth in the province's coastal economic belt. C. Liu. 2008. "Five Points and One Line" Strategy Remains Priority. *China Daily*. 14 August. [http://www.chinadaily.com.cn/cndy/2008-08/14/content\\_6934201.htm](http://www.chinadaily.com.cn/cndy/2008-08/14/content_6934201.htm)

programs. Needs, opportunities, and requirements associated with realizing and benefiting from the PRC's globalization aspirations in Liaoning Province will be presented. The studies will be published as knowledge products, and will target key stakeholders such as potential investors, trading partners, and infrastructure development managers. The five technical studies developed under the program will focus on:

- (a) problems associated with the investment and financing of public infrastructure in Liaoning Province in the context of the PRC's globalization strategy, including an examination of how to promote construction of infrastructure in Liaoning Province using a public-private partnership model;
- (b) the policy framework required to support international expansion of Liaoning Province's equipment manufacturing industry, which will address reduction of risks facing outward investment, and creation of an environment conducive to foreign investment;
- (c) Liaoning Province's sea-rail multimodal transportation potential and its fiscal implications, including an examination of key nodes and relevant policy-based obstacles, and offering a fiscally robust policy proposal;
- (d) seaport resource management in Liaoning Province, including an assessment of provincial seaport capacity, markets and trade flows served (both domestic and international), infrastructure asset management practices, and the competitive environment within and among seaports; and recommendations on how to maximize capacity utilization and ensure that regional demand (including that generated by implementation of the Japan-Mongolia Economic Partnership Agreement) is fully served; and
- (e) relevant domestic and international experience designing and implementing regional cooperation programs, including examination of the experience and practices of other countries, and provinces and cities in the PRC. This study will examine analogous initiatives such as Russia's and India's "North-South Corridor Plan", the United States' "New Silk Road Plan", and Japan's "Silk Road Diplomatic Strategy." The experience and practices of other provinces in the PRC in attracting investment, managing infrastructure assets, and supporting international expansion of companies based in these provinces will be examined to identify good practices.

(iii) **Regional cooperation and integration needs assessment, development strategy, and implementation action plan for Liaoning Province developed.**

The basis and status of Liaoning's participation in the PRC's globalization strategy will be analyzed, linking it to efforts to revitalize the northeastern PRC. The report will present the framework, basic paths, and policy system needed to guide Liaoning's implementation of the PRC's globalization strategy, and will identify ways ADB can support it.<sup>8</sup>

9. Overall, the TA will provide a roadmap for Liaoning Province to maximize RCI benefits in the implementation of its obligations under the PRC's globalization strategy. It will identify measures the DOF can take to reduce barriers to interprovincial trade and commerce, and to

<sup>8</sup> The needs assessment will be modeled on the four pillars of ADB's RCI strategy and the deliverables will be broadly in line with the PRC's globalization strategy.

trade and commerce within Northeast Asia in general. In particular, it will propose initiatives specific to Liaoning that can (i) support robust implementation of the World Trade Organization's Trade Facilitation Agreement; and (ii) through proactive engagement with the PRC customs service, establish more efficient trade transit in Liaoning.

10. Stakeholder consultations will be supported by the conduct of an inception workshop and a final strategy dissemination and discussion workshop. Workshop discussions will be incorporated in the final RCI needs assessment, development strategy, and implementation action plan.

### **C. Cost and Financing**

11. The TA is estimated to cost \$500,000, of which \$400,000 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 workshop and seminar venues; document translation and interpretation support for consultant missions, workshops, and seminars; other workshop and seminar logistics and hospitality arrangements (e.g., office supplies and domestic transportation); and other in-kind contributions. The value of the government's contribution is estimated to account for 20% of the total TA cost.

### **D. Implementation Arrangements**

12. The Liaoning Provincial DOF will serve as the executing and implementing agency. As such, the DOF will supervise the day-to-day work of the consultants and take overall responsibility for workshops and other stakeholder consultations. The Public Management, Financial Sector, and Regional Cooperation Division of ADB's East Asia Department will administer and supervise TA implementation. ADB will actively engage in implementation, notably through the sharing of knowledge and good practices in the region.

13. A consulting firm will be recruited to provide a team of international and national experts to carry out the proposed studies. The TA will engage (i) three international consultants for a total of 10 person-months, namely a team leader, an economic policy analyst, and an infrastructure finance specialist (focus on transport); and (ii) three to four national consultants for a total of 24 person-months, including a legal and regulatory expert and an institutional development specialist with collective expertise on regional cooperation initiatives in which the PRC participates, and an expert in monitoring and evaluation of policy implementation. The consultant terms of reference are in Appendix 3. The consultants will be engaged by ADB in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time). The firm will be selected using quality- and cost-based selection procedures (90:10) requiring submission of simplified technical proposals.<sup>9</sup>

14. 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, the team leader will submit an inception report and concept note; quarterly progress notes; and midterm, draft final, and final reports. TA review missions will provide the main mechanism to monitor and assess the TA. The publications created by the TA will be provided to the government and ADB for dissemination. The TA outputs, particularly the findings and recommendations from the assessments and key studies, will be disseminated through

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<sup>9</sup> TA proceeds will be disbursed in line with *ADB's Technical Assistance Disbursement Handbook* (2010, as amended from time to time). Consultants will be engaged on a lump-sum basis where feasible.



workshops, stakeholder consultations, and publication. The key project deliverables—such as the RCI development strategy, five technical studies, and status report and impact assessment on implementation of earlier regional development programs in Liaoning Province—will be translated into Chinese.

15. The TA will commence on 1 March 2016 and be completed on 30 July 2017.

#### **IV. THE PRESIDENT'S DECISION**

16. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$400,000 on a grant basis to the Government of the People's Republic of China for Strategy for Liaoning North Yellow Sea Regional Cooperation and Development, and hereby reports this action to the Board.

## DESIGN AND MONITORING FRAMEWORK

<b>Impacts the TA is Aligned with</b> Cooperation of internal subregions of Northeast PRC augmented (Policies and Measures for Supporting Revitalization of Northeast PRC) <sup>a</sup> Regional cooperation in Northeast Asia promoted (Visions and Actions for Boosting Joint Construction of Silk Road Economic Belt and Maritime Silk Road in the 21st Century) <sup>b</sup>			
<b>Results Chain</b>	<b>Performance Indicators with Targets and Baselines</b>	<b>Data Sources and Reporting Mechanisms</b>	<b>Risks</b>
<b>Outcome</b> RCI development strategy and implementation action plan for Liaoning Province adopted	Submission for approval by the Liaoning provincial government of an RCI development strategy and action plan (2015 baseline: NA)	Liaoning Province official website  Presentations by Liaoning Province at regional cooperation events	Policy proposals and recommended courses of action are rapidly overtaken by events.
<b>Outputs</b> 1. Status report and impact assessment on implementation of earlier regional development programs produced <sup>c</sup>  2. RCI priorities and models for Liaoning Province developed	1a. Knowledge products delivered (2015 baseline: NA)  1b. Awareness of gaps in existing regional cooperation mechanisms increased among at least 30 stakeholders, including representatives of other provinces in Northeast PRC <sup>d</sup> (Baseline data will be established during implementation through pre-workshop evaluations) 2a. Awareness of RCI priorities and models increased among at least 30 stakeholders, including representatives of other provinces in the Northeast PRC <sup>e</sup> (Baseline data will be established during implementation through pre-workshop evaluations)  2b. Five background studies completed examining Liaoning's infrastructure, industrial structure and capacity, financial resource requirements and likely sources of investment capital, and domestic and	1a. Consultant progress reports  1b. Workshop evaluation forms  2a. Workshop evaluation forms  2b. Final background study documents	Necessary data and information are not made available by the government or externally.  Differences in institutional opinion and priorities make it hard to achieve consensus.

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
3. RCI needs assessment, development strategy, and implementation action plan prepared	<p>international experience designing and implementing regional cooperation programs (2015 baseline: NA)</p> <p>2c. At least five knowledge products published (2015 baseline: NA)</p> <p>3a. Knowledge products delivered (2015 baseline: NA)</p>	<p>2c. Final knowledge products</p> <p>3a. Final consultant report</p>	
<b>Key Activities with Milestones</b> <b>1. Status report and impact assessment of Liaoning RCI initiatives</b> 1.1 Conduct baseline assessment of implementation and impact of earlier regional development programs such as the 5+1 Program and the Liaoning Coastal Economic Belt development plan (3 months following issuance of the NTP). 1.2 Examine previous ADB support for Liaoning Province, with a focus on the contribution to RCI initiatives (3 months following issuance of the NTP). 1.3 Organize and conduct a TA inception workshop (to take stock of prior RCI initiatives and introduce the proposed TA) (4 months following issuance of the NTP). <b>2. RCI needs assessment, development strategy, and implementation action plan for Liaoning Province</b> 2.1 Prepare compilation of five discrete studies to inform the preparation of a comprehensive RCI needs assessment, regional development strategy, and implementation action plan for Liaoning Province (14 months following issuance of the NTP). 2.2 Organize and conduct stakeholder consultation and outreach seminar on prospects for Liaoning Province, to benefit from (i) robust implementation of the WTO's Trade Facilitation Agreement; (ii) support for Japan's Economic Partnership Agreement with Mongolia; and (iii) PRC accession to the TIR Convention (8 months following issuance of the NTP). 2.3 Organize and conduct strategy dissemination and discussion workshop (14 months following issuance of the NTP). 2.4 Publish knowledge products (15 months following issuance of the NTP). <b>3. Finalize and deliver final consultant report and RCI development strategy for Liaoning Province</b> (15 months following issuance of the NTP).			
<b>Inputs</b> ADB: \$400,000			
<b>Assumptions for Partner Financing</b> Not applicable.			

ADB = Asian Development Bank, CPC = Communist Party of China, NTP = notice to proceed, NA = not applicable, PRC = People's Republic of China, RCI = regional cooperation and integration, TA = technical assistance, TIR = Transports Internationaux Routiers, WTO = World Trade Organization.

<sup>a</sup> Government of the PRC, State Council. 2014. *Policies and Measures for Supporting Revitalization of Northeast PRC*. Beijing.

<sup>b</sup> Government of the PRC, National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce. 2015. *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road*. Beijing. <http://www.china-un.org/eng/hyyfy/t1249669.htm>

<sup>c</sup> These include the 5+1 Program and the Liaoning Coastal Economic Belt development plan.

<sup>d</sup> Data will be collected during the TA inception workshop.

<sup>e</sup> Data will be collected during the stakeholder outreach seminar and strategy dissemination workshop.

Source: Asian Development Bank.

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Amount
<b>Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	205.0
ii. National consultants	120.0
b. International and local travel	20.0
c. Reports, publication, and communications	5.0
2. Training, seminars, and conferences	30.0
3. Miscellaneous administration and support costs	5.0
4. Contingencies	15.0
<b>Total</b>	<b>400.0</b>

Note: The technical assistance (TA) is estimated to cost \$500,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of workshop and seminar venues, document translation and interpretation support for consultant missions, workshops, and seminars, other workshop and seminar logistics and hospitality arrangements such as office supplies and domestic transportation, and other in-kind contributions. The value of government contribution is estimated to account for 20% of the total TA cost.

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-other sources).

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The objective of the technical assistance (TA) is to produce a regional cooperation and integration (RCI) needs assessment, development strategy, and implementation action plan for Liaoning Province. It will include a focus on issues that reduce barriers to interprovincial trade and commerce, and to trade and commerce within Northeast Asia generally. It will provide a roadmap for Liaoning Province to implement its obligations under national programs such as the New Silk Road so that RCI benefits are maximized.<sup>1</sup>
2. The TA will be implemented over a period of 17 months and will require a total of 34 person-months of consulting services (three international consultants for a total of 10 person-months and three to four national consultants for a total of 24 person-months).
3. The consultants will be responsible for producing the TA outputs and deliverables effectively and on time, consistent with the design and monitoring framework, and for organizing and carrying out all TA activities, including workshops and stakeholder consultations.
4. The executing and implementing agency—the Liaoning Provincial Department of Finance (DOF)—will coordinate with government authorities and other stakeholders, and assign counterpart staff to assist the consultants. The executing and implementing agency will supervise the day-to-day work of the consultants and assume overall responsibility for workshops and stakeholder consultations.
5. The team leader, in cooperation with the DOF and Asian Development Bank (ADB) project officer, will oversee, coordinate, and monitor the consultants' work. Accordingly, the consultants will maintain close working relations with the DOF and ADB for their outputs, and will regularly discuss project progress and findings. Meetings involving the consultants, the DOF, 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 are disseminated (e.g., in workshops, stakeholder consultations, and on government and ADB websites), and made available to stakeholders.

### A. International Consultants (10 person-months)

6. **Team leader** (4 person-months, intermittent). This position will be assigned ideally to a full-time employee of the lead consulting firm, with an advanced degree (doctorate, master's degree, or equivalent) in trade economics, and 15 years or more of experience in leading the formulation of regional development strategies for maritime provinces in several countries. The team leader should be a trade economist or analyst; have an excellent knowledge of Northeast Asia and the World Trade Organization; and have led at least three complex studies of similar scope. The team leader must have strong regional trade understanding and experience; have demonstrated expertise in comparative regional development through previous assignments; and have the capacity to engage in senior policy dialogue and to develop long-term visions and perspectives. The team leader will be responsible for ensuring the coherence, complementarity, quality, and punctual submission of all deliverables. The team leader will also be responsible for conducting a TA inception workshop, a stakeholder consultation and outreach seminar, and for presenting the outcome of the assignment at a TA completion workshop.

<sup>1</sup> Government of the PRC, National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce. 2015. *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road*. Beijing. <http://www.china-un.org/eng/hyyfy/t1249669.htm>

7. The team leader will be responsible for conducting the following activities in a manner that helps foster government ownership of the TA:

- (i) implementing the TA under the guidance of the DOF 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 to consultants and monitoring their performance to achieve the expected TA results outlined in the specified timeframes; initiating and leading discussions of key implementation issues; and managing TA quality control and assurance;
- (iii) guiding the analytical work, identifying key issues, presenting and analyzing alternative responses, and effectively using related ADB TA; identifying relevant literature and international experience and factoring those into the analysis; and explaining and justifying the responses recommended by the consultant team;
- (iv) establishing reporting arrangements with the DOF and ADB, and ensuring that they and other stakeholders are regularly informed of progress and developments in the work;
- (v) on the basis of the technical studies produced, preparing material suitable for publication and for use in other information releases; the material should be in Chinese and English, as appropriate for the intended audiences, and in accordance with the needs identified by the executing agency and ADB (all main project deliverables will be translated into Chinese);
- (vi) organizing the workshops and stakeholder consultations with the DOF and other relevant stakeholders;
- (vii) preparing and submitting all TA reports on time, and assisting with TA reviews undertaken by the DOF and ADB; and
- (viii) consulting with development partners working on related activities to inform them of activities and to maintain a high level of coordination in order to avoid duplication or overlap of work.

8. **Economic policy analyst** (3 person-months, intermittent). The consultant will have an advanced degree (doctorate, master's degree or equivalent qualification) in the economic policy of attracting direct foreign investment, or industrial expansion and development; at least 10 years of experience in the formulation and assessment of regional development strategies; an excellent knowledge of trade and investment data sources; and a deep and thorough knowledge of the industrial bases of the Northeast People's Republic of China (PRC) and Northeast Asia, their origins, comparative advantages, and future prospects. The consultant will be responsible for (i) validating baselines from which to assess the achievement of TA impact; (ii) preparing a series of financial and economic studies that will support preparation of the Liaoning RCI needs assessment, development strategy, and implementation action plan; (iii) identifying possible new markets that may emerge as a direct result of the regional development strategy; and (iv) designing, developing the substance for, and conducting the workshops and stakeholder consultations described in 7(iv) above. The consultant will work closely with the team leader and infrastructure finance specialist to formulate the regional needs assessment and development strategy. Experience will include work in the PRC, although not exclusively. The consultant will have conducted at least three assignments similar to this one. Good knowledge of Northeast Asia is required.

9. **Infrastructure finance specialist (Transport)** (3 person-months, intermittent). The consultant will have an advanced degree (doctorate, master's degree or equivalent qualification)

in transport economics, civil engineering, or infrastructure costing and financing; at least 10 years of experience in the development of multimodal infrastructure investment plans in the context of regional development strategies; thorough knowledge of transport infrastructure assets, their functionality, capacity, and interoperable compatibility in the Northeast PRC and Northeast Asia; and intimate familiarity with infrastructure financing alternatives as applied to date in the Northeast PRC and Northeast Asia. The consultant will be responsible for (i) preparing a series of technical studies pertaining to transport infrastructure development and financing in Liaoning Province to support regional cooperation and integration; (ii) working closely with the DOF to prioritize needs and identify sources of finance (both public and private); (iii) ensuring that proposed investments serve the needs of major industries and complement existing assets within the region to support expanded trade and increase competitiveness; and (iv) proposing operational improvements that will lead to optimal use of existing and future transport infrastructure assets. The consultant will work closely with the team leader and economic analyst to formulate the Liaoning RCI needs assessment and development strategy. Experience will include work in the PRC, although not exclusively. The consultant will have conducted at least three assignments similar to this one. Good knowledge of Northeast Asia is required.

## **B. National Consultants (24 person-months)**

10. The firm may propose additional positions to be staffed by national consultants and determine the length of each consultancy contract based on needs identified at project inception. The team of national consultants is expected to include a legal and regulatory expert and an institutional development specialist with collective expertise on regional cooperation initiatives in which the PRC participates, and an expert in monitoring and evaluation of policy implementation. These experts, at a minimum, should each have a university degree and 10 years of experience in their respective areas of expertise. The legal and regulatory expert will examine, in particular, interprovincial barriers to trade that may (i) artificially limit the volume of transit traffic that existing infrastructure capacity could otherwise support, or (ii) introduce delays that compromise the predictability of freight delivery. The institutional development specialist will examine the roles and mandates of various provincial government agencies in contributing to and participating in RCI initiatives, describe the involvement of Liaoning Province in various RCI initiatives (both domestic and international), and provide an understanding of best practices in PRC seaport administration. The policy implementation monitoring specialist will develop a methodology for monitoring implementation of the Liaoning Province regional development strategy and action plan. All national consultants will contribute to preparation of the needs assessment, regional development strategy and implementation action plan, background studies, and organization and conduct of the workshops and seminar. They will work closely with the international team members to ensure the accuracy of all deliverables and data underpinning the team's work. English language skills will be advantageous.

## **C. Methodology**

11. The consultants will implement and deliver the TA in three phases. Phase 1 will examine (i) the current status of Liaoning's implementation of previous regional cooperation and integration initiatives, analyzing the extent to which these initiatives have increased the competitiveness of Liaoning's economy, expanded trade (including transit traffic), and attracted inward investment; and (ii) the scope and coverage of ADB assistance to date for development of Liaoning Province. In parallel and continuing into the second phase, a compilation of five discrete technical studies will be prepared (outlined in para. 12). Phase 2 of the assignment will focus on identifying, detailing, and disseminating information on opportunities for Liaoning

Province to benefit from a number of initiatives that aim to promote intraregional trade in Northeast Asia. This will include the conduct of stakeholder consultations and the development of proposals for incorporation in the draft RCI strategy and implementation action plan. Phase 3 will produce a draft RCI needs assessment, development strategy, and implementation action plan for Liaoning Province, based on the research findings and studies conducted under phases 1 and 2.

12. Specifically, for phase 1 the consultants will undertake the following:

- (i) conduct a baseline impact assessment and research on (a) the scope and coverage of the PRC initiatives to revitalize the Northeast PRC, and (b) the use of RCI as a confidence-building measure to increase trade and investment in Northeast Asia, and summarize this research in analytical reports on intraregional (Northeast Asia) trade and the involvement of Liaoning Province in these initiatives;
- (ii) undertake field missions to Liaoning Province to collect relevant data and information; and hold discussions with officials, corporate managers, experts, and other stakeholders in trade, industry, and transport;
- (iii) submit to the DOF and ADB a concept note on the RCI policy—including details about critical issues and proposed scope, coverage, and content—and outline a TA delivery schedule, including specific submission dates for each of the five discrete technical studies outlined in (v) (below);
- (iv) conduct a TA inception workshop and capacity development seminar on pursuing emerging opportunities to increase subregional trade. The workshop will summarize phase 1 findings, introduce the TA, and present the initial concept; and
- (v) prepare a series of five discrete technical studies, focusing on:
  - (a) investment and financing problems of public infrastructure of Liaoning Province,
  - (b) the policy framework for supporting the international expansion of Liaoning Province's equipment manufacturing industry,
  - (c) Liaoning Province's sea–rail multimodal transportation potential and its fiscal implications,
  - (d) seaport resource management of Liaoning Province, and
  - (e) relevant domestic and international experience in designing and implementing regional cooperation programs.

13. For phase 2 the consultants will:

- (i) conduct a capacity development workshop to familiarize stakeholders with opportunities presented by the PRC's anticipated accession to the Transports Internationaux Routiers Carnets Convention, the Japan–Mongolia Economic Partnership Agreement, and proactive implementation of the World Trade Organization Trade Facilitation Agreement;
- (ii) review and consider national and regional experiences of the process of trade liberalization, and identify specific actions that might contribute to revitalization of the Northeast PRC;
- (iii) formulate proposals for strategies, policies, programs, and effective measures aimed at facilitating intraregional trade and attracting inward investment into Liaoning; and
- (iv) formulate proposals for a national and regional (Northeast Asia) policy on comprehensive and coordinated approaches to trade that entail improvements in



infrastructure and provision of efficient and competitive transport infrastructure and services.

14. For phase 3 the consultants will:
  - (i) present a draft RCI needs assessment, development strategy, and implementation action plan for Liaoning Province to the executing agency and ADB and, after incorporating comments, in a TA completion workshop. The workshop will serve to present, discuss, and revise the team's preliminary findings, proposals and recommendations;<sup>2</sup> and
  - (ii) work with the executing agency and ADB to identify materials suitable for broader dissemination as knowledge products (e.g., policy-based briefs, written case studies assessing international experience, and knowledge showcases for senior decision-makers), and revise the identified materials accordingly.<sup>3</sup>

#### D. Reporting Requirements

15. 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 five 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 three pages) will inform the government and ADB of the status of TA implementation.
- (iii) **Midterm report.** This report 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 design and monitoring framework (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 will (a) summarize TA activities and results by reporting against the DMF; and (b) 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.

<sup>2</sup> Final report will reflect stakeholder comments.

<sup>3</sup> Two hard copies and a soft copy of each deliverable should be submitted to ADB and the executing agency within the agreed period.