



Technical Assistance Report

Project Number: 47056-001
Capacity Development Technical Assistance (CDTA)
December 2013

People's Republic of China: Innovative Models for Climate Change Financing

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 14 November 2013)

Currency unit	–	yuan (CNY)
CNY1.00	=	\$0.1641
\$1.00	=	CNY6.0936

ABBREVIATIONS

ADB	–	Asian Development Bank
CCDMF	–	China Clean Development Mechanism Fund
DMF	–	design and monitoring framework
FOF	–	fund of fund
PRC	–	People's Republic of China
TA	–	technical assistance
TASF	–	Technical Assistance Special Fund

TECHNICAL ASSISTANCE CLASSIFICATION

Type	–	Capacity development technical assistance (CDTA)
Targeting classification	–	General intervention
Sectors (subsectors)	–	Finance (investment funds); energy (energy efficiency and conservation); transport, and information and communication technology (transport management and policies)
Themes (subthemes)	–	Private sector development (private sector investment), capacity development (institutional development), environmental sustainability (eco-efficiency), economic growth (promoting economic efficiency and enabling business environment)
Location (impact)	–	Urban (medium), national (high)

NOTE

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

Vice-President	S. Groff, Operations 2
Director General	A. Konishi, East Asia Department (EARD)
Director	Y. Qian, Public Management, Financial Sector, and Regional Cooperation Division, EARD
Team leader	C. Sugden, Principal Public–Private Partnership Specialist, EARD
Team members	G. Giannetto, Senior Financial Sector Specialist, EARD H. Uchimura-Shiroishi, Financial Sector Specialist, EARD

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I. INTRODUCTION

1. The Government of the People's Republic of China (PRC) requested capacity development technical assistance (TA) from the Asian Development Bank (ADB) for Innovative Models for Climate Change Financing. Following a fact-finding mission in October 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 1.¹

II. ISSUES

2. The PRC's rapid economic growth has exerted enormous pressure on the environment. The 12th Five-Year Plan, 2011–2015 responds to these pressures by supporting the government's long-term goal of environmentally sustainable growth.² The plan places high priority on developing modern clean energy and environment-friendly technologies, while pilot testing the development of green and low-carbon cities. The China Clean Development Mechanism Fund (CCDMF) is one of the mechanisms mobilizing financing for these initiatives.

3. The CCDMF was established in 2007 as the first national public fund dedicated to climate change. Affiliated with the Ministry of Finance, it utilizes the state's portion of Clean Development Mechanism transaction revenue.³ The fund supports domestic climate change-related research programs, and leverages public and private financing for climate change efforts. The main products offered are concessional loans, equity investments, guarantees, and grants. The CCDMF has three main focus areas: clean energy, renewable energy, and energy efficiency. By the end of 2012, the CCDMF had collected more than CNY12 billion in revenue, issued CNY3 billion in concessional loans for low-carbon projects in 17 provinces, and provided CNY495 million in grants to more than 200 research projects.⁴

4. The CCDMF is strengthening its contribution through the adoption of innovative financial instruments. In 2012, it joined a risk-sharing facility (put in place with the assistance of the International Finance Corporation of the World Bank Group) among the Bank of Jiangsu, the Ministry of Finance, and Jiangsu Provincial Finance Department. The facility supports energy efficiency and renewable energy projects in Jiangsu Province that borrow from the Bank of Jiangsu by mitigating the default risk of borrowers.

5. Opportunities provided by the joint mobilization of public and private funds are also being explored. With ADB support, in 2013 the fund examined the potential for a fund of fund (FOF) approach to climate change financing in the PRC that would use public funds to leverage private funds.⁵ The FOF approach is an investment strategy of holding a portfolio of other investment funds rather than investing directly in stocks, bonds, or other securities. Various types of FOFs exist, such as FOFs for mutual funds or for private equity funds. While the FOF approach is used widely internationally, it is still nascent in the PRC.

¹ The TA first appeared in the business opportunities section of ADB's website on 2 December 2013.

² Government of the People's Republic of China. 2011. *Twelfth Five-Year Plan for National Economic and Social Development of the People's Republic of China, 2011–2015*. Beijing.

³ Additional material on the governance arrangements, legal status, and funding of the CCDMF is available at the fund's website, <http://www.cdmfund.org/eng/index.aspx>.

⁴ CCDMF. 2013. *2012 Annual Report*. Beijing.

⁵ Y. Wang and L. Li. 2013. *Feasibility Study of Establishing an FOF by CCDMF*. Draft. Prepared under ADB. 2010. *Technical Assistance for Supporting Strategic Knowledge Products and Research Networking*. Manila (TA 6428-REG).

6. CCDMF management guidelines allow it to invest in certain types of private equity FOFs. Under this FOF mechanism, the CCDMF would partner with domestic and international financiers and financial institutions. They would cooperate to establish a fund focused on climate change and then appoint a fund manager on a performance basis. The fund manager would provide specialist skills and experience in project identification and assessment. The FOF would pool costs, provide for a high standard of professional management, and provide investors the benefits of economies of scale and asset-specific investment options. This would make the financing of climate change projects more attractive to investors, including new sources of climate change financing among insurance companies, pension funds, large enterprises, and high-net-worth individuals.

7. The assessment conducted over 2013, with ADB support, concluded that the FOF approach is technically feasible for the CCDMF. The assessment also outlined a design based on international and domestic best practice. It was recommended that CCDMF allocate a share of its assets for a private equity FOF, and as a founding partner, continue preparations for a launch of the private equity FOF in cooperation with other investors and professional fund managers.

8. The CCDMF is committed to drawing on international experience to develop additional mechanisms for encouraging public and private financing for climate change in the PRC.⁶ By demonstrating the potential for innovative approaches to mobilizing funds from domestic and international investors, the CCDMF will develop its role as a mechanism for using public financing to catalyze funds for climate change finance.

9. ADB has a long-standing engagement with the CCDMF. ADB played a crucial role in conceptualizing and establishing the CCDMF, and helped the fund prepare its operational guidelines and procedures. Deliverables of TA for the Establishment of the Clean Energy Development Mechanism Fund, approved in 2006, provided the CCDMF a draft policy paper on internal controls and governance structure, and a draft operations manual.⁷

10. Follow-on TA approved in 2008 for capacity development of the CCDMF provided critical capacity strengthening and helped the CCDMF move to the next stage of utilizing revenues in an efficient, transparent, and effective manner.⁸ The TA prepared relevant operational measures and handbooks for capital investment, risk management, and performance evaluation; drafted related templates of legal documents; and recommended potential climate change-related financial instruments (i.e., equity investment, entrusted loan, portfolio guarantee, and financial product investment). Specific guidelines for project selection, review, approval, and performance evaluation were prepared. The TA also financed a management information system.

11. Continued support for the CCDMF aligns with the priorities of the country partnership strategy, 2011–2015.⁹ 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

⁶ Some potential models are introduced in: International Energy Agency. 2011. *Joint Public–Private Approaches for Energy Efficiency Finance: Policies to scale-up private sector investment*. Paris; United Nations Development Programme. 2011. *Catalyzing Climate Finance: A Guidebook on Policy and Financing Options to Support Green, Low-Emission and Climate-Resilient Development*. Version 1.0. New York; and R.P. Taylor. 2012. *Next Steps for Financing Energy Efficiency in China*. Maryland, United States: Energy Pathways LLC.

⁷ ADB. 2006. *Technical Assistance to the People's Republic of China for the Establishment of the Clean Energy Development Mechanism Fund*. Manila (TA 4812-PRC).

⁸ ADB. 2008. *Technical Assistance to the People's Republic of China for the China Clean Development Mechanism Fund Capacity Development* (Cofinanced by the Climate Change Fund). Manila (TA 7212-PRC).

⁹ ADB. 2012. *Country Partnership Strategy: People's Republic of China, 2011–2015*. Manila.

and value addition; and (ii) a continued shift toward the generation of knowledge, sharing of best practices, and capacity building. ADB will, in particular, support the government's efforts to foster a cleaner and more sustainable growth process, including promoting the development and institutionalization of green financing instruments.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

12. The impact will be more diversified and sustainable financing for climate change. Performance will be measured by the leveraging by the CCDMF of new private or public sources of climate change financing by the end of 2017. The outcome will be consideration by decision makers of innovative models for climate change financing. Performance will be measured by the presentation to the CCDMF's governing body of an FOF or other innovation for climate change financing by the end of 2015.

B. Methodology and Key Activities

13. The TA will provide four outputs. It will build on earlier work to help the CCDMF prepare for the launch of an FOF for climate change. The TA will also initiate preparations of additional financial innovations that will leverage private financing, and support outreach on the actions of the CCDMF.

14. Output 1 will be the detailed design of an FOF for climate change and supporting operating procedures. Matters to be addressed by the detailed design will include (i) governance arrangements, (ii) how a fund's investment mandate will be aligned with investor needs and then approved, (iii) the method for appointing independent fund managers, (iv) reporting and performance assessment arrangements, and (v) potential exit strategies for investors. The operating procedures will include a staff manual and draft agreements with fund managers. Requirements for additional capacity development of the CCDMF will be identified.

15. The FOF design and procedures will make maximum use of established, successful examples. This will offer benefits in terms of quality and minimize the cost of preparation. The TA will draw on the design and procedures developed for the CCDMF, with ADB support, including the fund's own governance procedures and operations manual. The design will pay special attention to the requirements of international financial institutions. It will also draw on the procedures put in place for FOF investment by PRC financial institutions and the ADB-supported Climate Public–Private Partnership Fund.¹⁰

16. Output 2 will be an assessment of the commercial viability of an FOF for climate change. It will extend the initial analysis undertaken of the FOF approach during 2013 through consultation with potential financing partners, fund managers, and other market participants. The consultation with potential investment partners will draw on the material to be prepared under output 1 on how an FOF will operate. It will include interviews with fund managers who have a good track record with the FOF approach in the PRC and elsewhere in Asia, including the ADB-supported Climate Public–Private Partnership Fund. The TA will help prepare a sample memorandum of understanding for potential investment partners and assist in the testing of market interest in such agreements. The assessment will include advice on the ongoing actions required to explore investor support.

¹⁰ ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loan for Climate Public–Private Partnership Fund*. Manila.

17. Output 3 will be the preliminary design of additional innovative models for climate change financing. Up to four additional designs will be prepared, drawing on a review of international best practice and identification of the most feasible models for the PRC. The CCDMF will be consulted on the additional designs to be prepared, and the required level of detail of the preliminary designs will be agreed with the CCDMF, taking into account the number to be prepared and the availability of resource material. This output will draw on an international study tour to be conducted by the CCDMF to at least two countries implementing innovative models for climate change financing. This consultation with equivalent agencies already implementing such innovations is required to help the CCDMF quickly appraise the suitability of the models to the PRC, identify key issues and lessons that the PRC should pay close attention to, and to guide the preparation of preliminary designs by the TA consultants.¹¹

18. The deliverables of outputs 1 to 3 will be discussed through workshops in the PRC with potential investors and other market participants, and be subject to review by international and national experts. At least one workshop will be conducted in a financial center in the PRC's coastal provinces.

19. Output 4 will be targeted, widely accessible knowledge products, such as short policy notes or reports. The knowledge products will draw on the deliverables of outputs 1 to 3 and the CCDMF's response, and disseminate information on the preferred way forward for innovation in climate change financing. The output will explore links with regional and international sources of knowledge and information such as the Asia Pacific Adaptation Network.

20. The TA will make maximum use of earlier TA and knowledge products supported by ADB, taking care to add value and avoid duplication, and coordinate with ongoing TA undertaken by ADB and other development partners.

C. Cost and Financing

21. The TA is estimated to cost \$350,000, of which \$300,000 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, other services to consultants, assistance in arranging meetings with counterpart agencies, and other in-kind contributions. The cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

22. The CCDMF will be the executing agency. The executing agency for the TA will coordinate with central or provincial government authorities and other stakeholders, and assign counterpart staff to assist the consultants. The executing agency will supervise the day-to-day work of the consultants and take overall responsibility for training programs, seminars, workshops, and international study tours. The TA will commence on 24 December 2013 and be completed on 24 December 2015.

23. The TA will engage one international consultant for a total of 2 person-months, and six national consultants for a total of 16 person-months. No single firm can be expected to provide well-qualified consultants for the full range of diverse skills required for the TA, so more than one firm will be engaged. A firm will be engaged to deliver outputs 1 and 2, and a separate firm

¹¹ To ensure adequate understanding across the CCDMF, the study tour will include at least one representative of three of the CCDMF's five departments; the Research and Development Division, the Finance and Risk Management Department, and the Project Development Department. Participants will be at Director level or higher.

will be engaged to deliver output 3. Output 4 will require a national consultant for 2 person-months. Given the small input, this consultant will be hired individually. The terms of reference for all consultants are in Appendix 3.

24. A firm will provide the four national consultants required for outputs 1 and 2, and a separate firm will provide the two consultants (one international and one national) required for output 3. 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 (\$130,000 for outputs 1 and 2, and \$115,000 for output 3) and cannot be exceeded, and the time and personnel inputs can be accurately assessed. If fixed-budget selection is unsuccessful, the firms will be recruited through quality- and cost-based selection at a quality–cost ratio of 80:20. 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.

25. ADB will engage the international and national consultants, as well as any resource persons, in accordance with its Guidelines on the Use of Consultants (2013, 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).

26. The CCDMF will coordinate with government authorities and other stakeholders, and assign appropriate counterpart staff to assist the consultants. The executing agency will supervise the day-to-day work of the consultants and take overall responsibility for seminars, workshops, and international study tours. Each firm will conduct an inception, midterm and final workshops. Additional workshops may be held as agreed by the CCDMF and the firm.

27. 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 two consultant firms will separately submit an inception report, semiannual 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 the Ministry of Finance and ADB for dissemination to the government and, as appropriate, other stakeholders.

28. The TA is based on the assumption that the priorities for climate change financing remain as set out in the 12th Five-Year Plan and that the CCDMF remains a conducive platform for financing innovation. Other key assumptions are that sufficient staff time can be made available for TA management by the CCDMF; that market participants actively engage in dialogue on innovation in climate change financing; and that investors in existing FOF are prepared to share information on FOF designs and operating procedures. The key risks to success are that complementary initiatives that may be required cannot be implemented on a timely basis, and that suitable consultants cannot be identified in a timely manner.

IV. THE PRESIDENT'S DECISION

29. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$300,000 on a grant basis to the Government of the People's Republic of China for Innovative Models for Climate Change Financing, 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 More diversified and sustainable financing for climate change	CCDMF leverages new public or private sources of climate change financing by the end of 2017 (2012 baseline: zero)	CCDMF annual reports, announcements, and websites	Assumption Priorities for climate change remain as set out in the 12th Five-Year Plan Risk Finance industry is averse to diversification into climate change (e.g., because of a low price of CER units)
Outcome Consideration by decision makers of innovative models for climate change financing	FOF or other innovations for climate change financing presented to the CCDMF's governing body for consideration by the end of 2015 (2012 baseline: zero)	Consultation with CCDMF	Assumption CCDMF remains a conducive platform for financing innovation Risk Complementary reforms are required but cannot be implemented on a timely basis
Outputs 1. Detailed design of an FOF for climate change and supporting operating procedures	1.1 Workshop and expert review conducted on a draft design (by month 9) 1.2 Submission to the CCDMF of a design and operating procedures for an FOF for climate change (by month 15)	CCDMF annual reports, announcements, and websites	Assumptions CCDMF has sufficient staff time to coordinate consultants and provide timely review of their work Market participants actively engage in dialogue on innovation in climate change financing
2. Assessment of the commercial viability of an FOF for climate change	2.1 Workshop and expert review conducted on a draft assessment (by month 15) 2.2 Submission of a viability assessment to the CCDMF (by month 18)	CCDMF annual reports, announcements, and websites	Investors in existing FOF share information on FOF designs and operating procedures
3. Preliminary design of additional innovative models for change financing	3.1 Workshop and expert review conducted of an assessment of international innovations in climate change financing (by month 12) 3.2 Study tour report on innovations suitable for the PRC (by month 15) 3.3 Submission to the CCDMF of preliminary designs of up to four additional innovative models for climate change financing (by month 18)	CCDMF annual reports, announcements, and websites	Risk Suitable consultants cannot be identified in a timely manner
4. Targeted, widely accessible knowledge products	4.1 At least two knowledge products (e.g., short policy notes or reports) published in support of outreach (by month 24)	CCDMF annual reports, announcements, and websites	

Activities with Milestones	Inputs	
1.1 Formulation of governance arrangements, definition of an investment mandate, and identification of reporting and performance assessment arrangements (by month 6) 1.2 Presentation of a draft detailed design for an FOF at a TA workshop and review by resource persons (by month 9) 1.3 Preparation of draft operating procedures for the FOF, inclusive of a staff manual and draft agreements with fund managers (by month 12) 1.4 Finalization of a detailed design and operating procedures for an FOF (by month 15) 2.1 Consultation with potential financing partners, fund managers, and other market participants on market developments, including of the effect of a low price of CER units (throughout the TA) 2.2 Preparation of memorandums of understanding with potential partners in an FOF for climate change financing (by month 12) 2.3 Presentation of a draft assessment at a TA workshop and review by resource persons, inclusive of a summary of the results of consultation with market participants (by month 15) 2.4 Finalization of the assessment, inclusive as necessary of advice on ongoing dialogue needed with potential investors (by month 18) 3.1 Assessment of the international experience in innovation in climate change financing (by month 9) 3.2 Identification based on the international experience of the most feasible innovations in climate change financing (by month 9) 3.3 Presentation of a draft assessment at a TA workshop and review by resource persons (by month 12) 3.4 Conduct of an international study tour of countries implementing innovation in climate change financing (by month 15) ^a 3.5 Finalization of preliminary designs of up to four additional innovating models for climate change financing (by month 18) 4.1 Preparation and publishing of widely accessible knowledge products (e.g., short policy notes or reports) in support of TA outreach (by month 24)	ADB: \$300,000 (TASF-other sources)	
	Item	Amount (\$'000)
	1. Consultants 2. Training, seminars, and conferences 3. Miscellaneous administration and support costs 4. Contingencies	210.0 70.0 5.0 15.0
Note: The government will provide counterpart support in the form of office space, counterpart staff, other services to the consultants, assistance in arranging meetings with counterpart agencies, and other in-kind contributions.		

ADB = Asian Development Bank, CCDMF = China Clean Development Mechanism Fund, CER = carbon emission reduction, FOF = fund of fund, PRC = People's Republic of China, TA = technical assistance, TASF = Technical Assistance Special Fund.

^a The CCDMF will arrange the study tour and prepare a study report.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount ^a
Asian Development Bank^b	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	50.0
ii. National consultants	120.0
b. International and local travel	20.0
c. Reports, publications, and communications	20.0
2. Workshops, seminars, meetings ^c	
a. International and national workshops	30.0
b. International study tour ^d	25.0
c. Resource persons	15.0
3. Miscellaneous administration and support costs ^e	5.0
4. Contingencies	15.0
Total	300.0

Note: The technical assistance (TA) is estimated to cost \$350,000, 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, other services to the consultants, assistance in arranging meetings with counterpart agencies, and other in-kind contributions. The value of government contributions is estimated to account for 14% of the total TA cost.

^a Inclusive of fixed budgets for two firms to provide consultants, prepare reports and publications, hold workshops, and engage resource persons of \$130,00 in total for outputs 1 and 2; and \$115,000 for output 3. The fixed budget excludes the cost of the study tour and the contingency.

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

^c For training, stakeholder participation, and awareness-raising events within the People's Republic of China and one international study tour.

^d The study tour will focus on countries that are implementing priority innovations in climate change financing. It will be conducted before the preparation of the draft assessment, and the relating output will be incorporated in the draft final report for review. To ensure adequate understanding across the CCDMF, the study tour will include at least one representative of three of the CCDMF's five departments; the Research and Development Division, the Finance and Risk Management Department, and the Project Development Department. Participants will be at Director level or higher. The China Clean Development Mechanism Fund will prepare a short report outlining the content and findings of the tour. The study tour will be arranged by the Clean Development Mechanism Fund and will occur only in eligible ADB member countries, in line with ADB's Charter requirements. An advance payment facility will be established with the executing agency to facilitate the study tours.

^e Includes printing costs, translations, supplies for events, printing of banners and leaflets, meetings assistants to reproduce materials, and other support for workshops.

Source: ADB staff 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 workshops. They will also assist in the preparation of a study tour.
2. The executing agency—the China Clean Development Mechanism Fund (CCDMF)—will coordinate with government authorities, major investors and fund managers, and other stakeholders, and assign counterpart staff to assist the consultants. The executing agency will supervise the day-to-day work of the consultants and assume overall responsibility for seminars, workshops, and international study tours.
3. A single team leader will be appointed for outputs 1 and 2, and a separate team leader will be appointed for output 3. The consultants for a specific output will work under and be coordinated and monitored by the team leader for their output, in cooperation with the executing agency, and the Asian Development Bank (ADB) project officer. Accordingly, the consultants will maintain close working relations with the executing 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 are disseminated (e.g., at workshops, conferences, on executing 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 the following:
 - (i) Implementing the TA under the guidance of the respective executing 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; 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 the executing agency and other relevant government agencies through a learning-by-doing approach.
 - (v) Establishing reporting arrangements with the executing 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 material suitable for 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 the executing agency, resource persons, 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.
- (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. Outputs 1 and 2: Fund of Funds Design, Operating Procedures, and Viability

5. **Team leader** (6 person-months, national, intermittent). The team leader will have strong expertise, extensive experience, and in-depth knowledge of finance in the PRC and internationally. Experience with the fund of fund (FOF) approach in the PRC or internationally is essential. Experience in climate change financing would be an advantage. The team leader must have at least 15 years of relevant experience, and a master's degree or higher qualification in finance, economics, management, 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.

6. The team leader will have overall responsibility for the quality and timely delivery of the TA outputs; ensuring relevant national and international experience and lessons are factored into the TA outputs; completion of relevant TA activities; and ensuring that team members work in an effective, efficient, collaborative, and timely manner.

7. Detailed responsibilities will include (i) provision of a detailed design and operating procedures for an FOF for climate change, and (ii) an assessment of the commercial viability of the FOF approach to climate change inclusive of support for the preparation and completion of memorandums of understanding with potential investors. The deliverables will be in Chinese, with a detailed synopsis (5–10 pages) provided in English of the main deliverables.

8. **Finance specialist** (two consultants, 2 person-months each, national, intermittent). The specialist will have strong expertise, extensive experience, and in-depth knowledge of finance in the PRC. Experience with the FOF approach in the PRC or internationally and climate change financing would be an advantage. The specialist must have at least 10 years of relevant work experience, and a master's degree or higher qualification in finance, economics, management, or other relevant field. Proficiency in English would be an advantage.

9. Reporting to the team leader, the specialist will provide finance inputs to the detailed design and operating procedures for an FOF for climate change and assessment of commercial viability. Working from a finance perspective, the specialist will collect information from investors, fund managers, regulators, and other sources; undertake consultation to explore and understand issues and develop responses; identify and examine relevant international and national literature and international experience; review regulatory issues; and undertake other tasks as required by the team leader consistent with the DMF.

10. **Legal specialist** (2 person-months, national, intermittent). The specialist will have strong expertise, extensive experience, and in-depth knowledge of the legal aspects of finance

in the PRC. Experience with the FOF approach in the PRC or internationally and climate change financing would be an advantage. The specialist must have at least 10 years of relevant work experience, and a master's degree or equivalent qualification in law. Proficiency in English would be an advantage.

11. Reporting to the team leader, the specialist will provide legal inputs to the detailed design and operating procedures for an FOF for climate change and assessment of commercial viability. Working from a legal perspective, the specialist will collect information from investors, fund managers, regulators, and other sources; undertake consultation to explore and understand issues and develop responses; identify and examine relevant international and national literature and international experience; review regulatory issues; and undertake other tasks as required by the team leader consistent with the DMF.

B. Output 3: Additional Innovative Models for Climate Change Financing

12. **Team leader** (2 person-months, national, intermittent). The team leader will have strong expertise, extensive experience, and in-depth knowledge of finance in the PRC. Experience with innovative models for climate change financing in the PRC or internationally is essential. Experience in climate change financing would be an advantage. The team leader must have at least 15 years of relevant experience, and a master's degree or higher qualification in finance, economics, management, 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.

13. The team leader will have overall responsibility for the quality and timely delivery of the TA output; ensuring relevant national and international experience and lessons are factored into the TA outputs; completion of relevant TA activities; and ensuring that the team works in an effective, efficient, collaborative, and timely manner.

14. Detailed responsibilities will include the provision of a preliminary design of additional innovations in climate change financing. Up to four additional designs will be prepared, drawing on a review of international best practice and identification of the most feasible models for the PRC. The deliverables will be in Chinese, with a detailed synopsis (5–10 pages) provided in English of the main deliverables.

15. **Lead finance adviser** (2 person-months, international, intermittent). The adviser will have strong expertise, extensive experience, and in-depth knowledge of finance. International experience with innovative models for climate change financing is essential. Experience in climate change financing would be an advantage. The adviser must have at least 15 years of relevant international experience, and a master's degree or higher qualification in finance, economics, management, or other relevant field. Proficiency in English and a demonstrated record in producing knowledge products of international standard are essential.

16. The adviser will assist the team leader in providing a preliminary design of additional innovations in climate change financing. Up to four additional designs will be prepared, drawing on a review of international best practice and identification of the most feasible models for the PRC. The adviser will be responsible for ensuring that relevant international experience and lessons are factored into the TA output, and that the preliminary designs meet international

standards. The adviser will also ensure that the deliverables provided in English are of publishable standard.

C. Output 4: Knowledge Products

17. **Financial specialist** (2 person-months, national, intermittent). The specialist will have strong expertise, extensive experience in, and in-depth knowledge of finance in the PRC, with an emphasis on climate change finance; and at least 10 years of relevant experience, and a master's degree or higher qualification in finance, economics, 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 CCDMF and the team leaders for each output to prepare widely accessible knowledge products such as short policy notes or reports. These knowledge products will support TA outreach by communicating key observations and suggestions from the TA and the next steps agreed by the CCDMF. 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

18. The team leader for each output(s) 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(s) 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 5 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) **Semiannual progress notes.** These brief notes (maximum of 2 pages) will inform the executing agency and ADB of the status of TA implementation.
- (iii) **Midterm report.** This brief report (maximum of 5 pages plus appendixes) will inform the executing agency and ADB of the status of implementing the terms of reference, plans for achieving the TA objectives, a personnel schedule with accomplishments under each item of the DMF, and provide a detailed TA implementation schedule. This report will record activities, outputs, and outcomes directly against the TA DMF.
- (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 executing agency and ADB, and will respond to the comments received.