



China, People's Republic of: Financing Public-Private Partnerships

Project Name	Financing Public-Private Partnerships
Project Number	48377-001
Country	China, People's Republic of
Project Status	Closed
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	TA 8869-PRC: Financing Public_Private Partnerships Technical Assistance Special Fund US\$ 400,000.00
Strategic Agendas	Inclusive economic growth
Drivers of Change	Governance and capacity development
Sector / Subsector	Public sector management - Public administration
Gender Equity and Mainstreaming	No gender elements
Description	
Project Rationale and Linkage to Country/Regional Strategy	
Impact	Improved operational framework for the government to provide financial support to PPPs

Project Outcome

Description of Outcome	Consideration by decision-makers of new tools for government to provide financial support to PPPs
Progress Toward Outcome	The TA has been completed in 31 December 2016.

Implementation Progress

Description of Project Outputs	<ol style="list-style-type: none">1. Assessment of the international experience with funds providing government financial support to PPPs2. Options analysis of funds for providing government financial support to PPPs3. Design and operating procedures of a fund for providing government financial support to PPPs4. Comparison of a PPP fund with direct budget support to PPPs5. Widely accessible publication on PPP funds
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Status of Implementation Progress (Outputs, Activities, and Issues)	<p>All consultants have been engaged.</p> <p>An international workshop attended by representatives from central governments, the financial and consulting sectors, academia, and development partner institutions was conducted in June 2015. The workshop was organized by China PPP Centre, Ministry of Finance, PRC and ADB. The workshop focused on PPP financing, risk management for PPPs and implications for the PRC. Workshop presentations were released at the web site of the China PPP Centre.</p> <p>A report has been prepared on the international experience with PPP funds, has been circulated for review, and is now being readied for publication by ADB.</p> <p>The national consultant team has submitted its main report on the PRC's PPP funds and how they can be strengthened. The report draws on the experience with PPP funds in Henan, Shandong, Fujian, Jiangsu and Yunan provinces. The report also covers recent legislative developments and provides suggestions on the establishment of new funds.</p> <p>International and national consultants subsequently focused on the challenges banks are facing in financing the PRC's 'new' PPPs. There was consensus on the continuing relevance of PPP funds, and the need to carefully design such funds to fill market gaps. New fund proposals were identified.</p> <p>Close attention was paid to the dependence of many of the PRC's new PPPs on government contributions (around 60% of the 8,644 PPPs under development or implementation as of mid-2016, worth almost \$1.7 trillion in total, are government pay's PPPs) in the face of uncertainty of the credit worthiness of many local governments.</p> <p>A business cases for a proposed Credit Enhancement Facility has been prepared drawing on initial market testing with banks, PPP advisors, and local government. The facility would cover government risk in PPPs. It would make payments to the social capital partner if the local government is late to do so. The facility would then recover the funds from the local government, while charging for the service it provides. To provide a sustainable solution, the credit enhancement facility would need to be independent, well resourced, and operate on commercial principles.</p> <p>The proposed facility can ensure that governments, and not social capital partners, bear the risk that governments will not meet their commitments to PPPs. It implements a key principle of PPPs; risk should be borne by the partner best able to manage it. The risk that governments will not meet their contributions to PPPs is a risk best borne by government. If instead the risk is passed to the social capital partner, governments will pay too much for their PPPs and some good projects may not proceed.</p> <p>Market testing of the credit enhancement facility is continuing and an implementation plan is in preparation. The design of a model viability gap fund suited to the PRC is also in preparation. The Business Case for the Public-Private Partnership Credit Enhancement Facility has been completed and submitted by the consultants in July 2016.</p>
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Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design	TA design took into account views of key stakeholders. The need for the participation of key stakeholders in implementation has been built into the design.
During Project Implementation	The China PPP Centre will lead the engagement with stakeholders and outreach during TA implementation.

Business Opportunities

Consulting Services	<p>ADB will engage the international and national consultants, as well as 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).</p> <p>The TA will engage two international consultants_PPP advisor and a financial advisor and a PPP advisor for a total of 2.5 person-months, and 6 national consultants_a team leader, a PPP advisor, two financial advisors, a legal advisor, and a coordinator_for a total of 12.5 person-months. Given the need for an early commencement of implementation, and because no single firm can be expected to provide well-qualified consultants for the full range of diverse and specialized technical skills and country experience required for the TA, the consultants will be hired individually.</p>
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Responsible Staff

Responsible ADB Officer	An, Bo
Responsible ADB Department	East Asia Department
Responsible ADB Division	Public Mgt, Financial Sector and Regional Coop Division, EARD

Timetable

Concept Clearance	07 Nov 2014
Fact Finding	15 Sep 2014 to 23 Sep 2014
MRM	-
Approval	23 Dec 2014
Last Review Mission	-
Last PDS Update	28 Mar 2017

TA 8869-PRC

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
23 Dec 2014	02 Mar 2015	02 Mar 2015	31 Dec 2016	-	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
400,000.00	0.00	0.00	0.00	0.00	0.00	400,000.00	23 Dec 2014	325,384.26

Project Page	https://www.adb.org/projects/48377-001/main
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