



Technical Assistance Report

Project Number: 48377-001
Capacity Development Technical Assistance (CDTA)
December 2014

People's Republic of China: Financing Public– Private Partnerships

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 22 December 2014)

Currency unit	–	yuan (CNY)
CNY1.00	=	\$0.1608
\$1.00	=	CNY6.218

ABBREVIATIONS

ADB	–	Asian Development Bank
CCDMF	–	China Clean Development Mechanism Fund
MOF	–	Ministry of Finance
PPP	–	public–private partnership
PRC	–	People’s Republic of China
TA	–	technical assistance

NOTE

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

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CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 48377-001	
Project Name	Financing Public-Private Partnerships	Department /Division	EARD/EAPF
Country Borrower	China, People's Republic of MOF	Executing Agency	Ministry of Finance
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Public sector management	Public administration		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 systems and political economy	No gender elements (NGE)	✓
5. Poverty Targeting		Location Impact	
Project directly targets poverty	No	Rural Urban	Medium High
6. TA Category:	B		
7. Safeguard Categorization	Not Applicable		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.40	
Sovereign Capacity development 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		Yes	
Use of country public financial management systems		Yes	

I. INTRODUCTION

1. The Government of the People's Republic of China (PRC) requested Asian Development Bank (ADB) capacity development technical assistance (TA) for the financing of public–private partnerships (PPPs). Following fact-finding in October 2014, ADB and the government reached an understanding on the TA objectives, scope, implementation arrangements, costs, and terms of reference.¹ The design and monitoring framework is in Appendix 1.

II. ISSUES

2. Even as one of the world's fastest growing and largest economies by gross domestic product,² the PRC faces many challenges in terms of equitable growth between its urban and rural areas. In response, it has undertaken several reforms to rebalance growth between regions and increase the availability of basic services to people. The needs are vast and involve not just capital for building infrastructure but also skills to manage and operate efficient systems. PPPs can offer useful modalities to address some of these issues, and have been used in the PRC since the early 1990s to provide transport and communication services, energy, clean water, wastewater treatment, and some social services.³ However, many 'build-transfer' projects were mistakenly considered as 'PPPs', and many PPPs were without proper concession agreements and value for money considerations. The 'private participants' were often state-owned and engaged without competitive bidding or negotiation process.

3. ADB has been a longstanding partner and helped develop the enabling environment for PPPs in the PRC. It has also been an active financier of the PRC's infrastructure PPPs. For its part, the PRC's commitment to improving PPPs continues to be reflected in recent policy statements. In November 2013, the Chinese Communist Party Central Committee adopted the Decisions on Important Issues Concerning Comprehensive and Far-Reaching Reform, which called on the market to play a decisive role in the PRC's development.⁴ PPPs provide a performance-based management framework, mobilize additional financial resources and expertise from the private sector, and were endorsed as a way of extending the participation of the private sector in the delivery of public services, improving the quality of public services, and helping build a modern fiscal system to ensure fiscal sustainability and enhance transparency.⁵

4. The Ministry of Finance (MOF) released a landmark notice on PPPs in September 2014, refining the approach to PPPs,⁶ and introduced many good international practices that will close gaps in the PRC's operational framework for PPPs. One aspect of PPPs that has, however, received less attention is the financing of PPP projects, in particular the facilitating role that governments may need to play. The notice favors projects that generate enough user revenue to fully meet project costs, but many potential PPPs cannot do so. Tariffs, fees, and tolls are often kept below full cost recovery for economic development or social reasons (e.g., waste water and heating). In some cases the benefits of public services (e.g., environmental benefits

¹ The TA first appeared in the business opportunities section of ADB's website on 17 November 2014.

² The PRC's gross domestic product grew by 7.7% in 2013 and is expected to grow by 7.5% in 2014. ADB. 2014. *Asian Development Outlook 2014*. Manila.

³ World Bank. 2013. *Private Participation in Infrastructure Projects Database*. World Bank Group.

⁴ Chinese Communist Party Central Committee. 2013. *Decisions on Important Issues Concerning Comprehensive and Far-Reaching Reform*. Third Plenum of the 18th Central Committee of the Communist Party of China. Beijing.

⁵ The rationale for PPPs in the PRC and their public finance dimensions are addressed in ADB. 2014. *Money Matters - Local Government Finance in the People's Republic of China*. Manila.

⁶ Government of the People's Republic of China, Ministry of Finance. 2014. *Notice on Issues Related to the Promotion of Public–Private Partnerships*. No. 76. Beijing (September).

from public transport) flow beyond the direct users, and indirect beneficiaries can reasonably be expected to bear some costs. For such PPPs, governments may need to meet some project costs through viability gap finance or availability payments. In some cases, achieving bankability requires government to share some project risk via a guarantee or other form of financial support. Consistent with the experience of other countries, the September 2014 notice acknowledges the potential need for government financial support for PPPs. But the notice does not explain how this can be delivered.

5. Government specialized funds and guarantee schemes are used in many countries to provide tailored support for PPPs which cannot be met through annual budget allocations. For example, viability gap funds are used in Asia (e.g., in India and Pakistan) to provide an initial capital contribution from the government. India Infrastructure Finance Limited and Indonesia Infrastructure Finance, provide loans to private partners to PPPs to facilitate the participation of private finance. Further, fiscal support on a project-by-project basis can delay project approvals and create uncertainty among potential private partners. Government agencies typically lack the commercial experience and specialized skills required to engage effectively in PPPs and specialized funds and guarantee schemes (the latter typically provided through financial intermediaries) allows governments to access such specialized skills.

6. ADB support for PPPs in the PRC follows the country partnership strategy and ADB's PPP operational plan.⁷ Under the country partnership strategy, ADB aims to strengthen the enabling environment for private sector development by financing infrastructure, supporting policy and regulatory reforms, and improving access to finance. ADB experience in other developing member countries provides a foundation that the PRC can draw upon.⁸ With regard to pillars 1 and 2 of ADB's PPP operational plan, ADB's recent sovereign assistance in the PRC has focused on supporting advocacy and capacity development⁹ and preparation of a national PPP law, PPP procedures, and guidance on PPP agreements.¹⁰ Good progress has been made and there has been a strong pickup in project activities at the local government level following adoption of decisions. This has led to demand for ADB sovereign support to transition to project development and project financing; pillars 3 and 4 of ADB's PPP operational plan.¹¹

⁷ ADB. 2012. *Country Partnership Strategy: People's Republic of China, 2011–2015*. Manila; and ADB. 2012. *Public–Private Operational Plan, 2012–2020*. Manila. ADB has supported the development of different approaches to providing government financial support for PPPs (e.g., in India, Indonesia, Pakistan, the Philippines, and Viet Nam). Reviews of this support highlight the need to address the underlying structural constraints to private sector participation, and to strengthen systems used to prepare PPP projects, to ensure a good pipeline of projects. Reviews also emphasize the need for workable designs, and to ensure that sufficient budget funds are available for effective implementation.

⁸ For example, Independent Evaluation Department. 2009. *Special Evaluation Study: ADB Assistance for Public–Private Partnerships in Infrastructure Development—Potential for More Success*. Manila: ADB; Independent Evaluation Department. 2013. *Validation Report on Pakistan: Private Participation in Infrastructure*. Manila: ADB; and Group of 20. 2014. *Report on Infrastructure Agenda and Response to the Assessments of Project Preparation Facilities in Asia and Africa*. Development Working Group Infrastructure. Canberra.

⁹ Over 2013 and 2014, ADB has: supported provincial-based PPP training to more than 1,500 leaders and officials across more than 20 provinces, including mayors, vice mayors, and directors general; released a PPP training program tailored to the PRC's PPP circumstances (available as a DVD set and at http://www.mofppp.org/_d276630787.htm); supported a workshop in Beijing on PPP procurement; established a social media site for PPPs; and supported two international PPP workshops in Beijing ADB. 2013. *Technical Assistance to the People's Republic of China for Leadership in Public–Private Partnerships*. Manila (TA 8505-PRC) and ADB. 2010. *Technical Assistance to the People's Republic of China for Facility for Policy Reform and Capacity Building III*. Manila (TA 7313-PRC). ADB's earlier sovereign assistance for PPPs and the support from other development partners is outlined in ADB. 2014. *People's Republic of China: Public–Private Partnerships in Urbanization*. Workshop Report. Manila.

¹⁰ Support is provided by staff resources and ADB. 2014. *Technical Assistance to the People's Republic of China for Preparing a Concession Law for Infrastructure and Public Services*. Manila (TA 8717-PRC).

¹¹ ADB's Private Sector Operations Department also provides financing support for the private partner to PPPs.

III. THE CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE

A. Impact and Outcome

7. The impact will be an improved operational framework for the government to provide financial support to PPPs. Performance will be measured by the use of funds for providing financial support to PPPs (by the end of 2018).¹² The outcome will be the consideration by decision-makers of new tools for government to provide financial support to PPPs. Performance will be measured by the presentation to MOF or local finance bureaus of a proposal for a fund to provide financial support to PPPs (by the end of 2016).

B. Methodology and Key Activities

8. The TA will provide five outputs that will be delivered sequentially. It will build on the experience of other countries to help the PRC prepare for the launch of a fund for providing government financial support to PPPs. Proposals developed under the TA will be suitable for application for the central or local governments. MOF's Public-Private Partnership Centre, which was established in July 2014 under the China Clean Development Mechanism Fund (CCDMF), will lead the TA activities.

9. **Output 1: Assessment of the international experience with funds providing government financial support to PPPs.** This will cover the relevant international experience, including viability gap funds and publicly supported infrastructure funds that provide quasi-equity, loans, and guarantees.¹³ The assessment will evaluate performance and identify lessons relevant for the PRC. The output will focus on recent developments to identify new approaches triggered by the global economic and financial crisis. Close attention will be paid to the (i) United Kingdom's support for government guarantees and equity participation under the new approach to PPPs, the Private Finance 2; (ii) evolution of financial products offered by India Infrastructure Finance Company; and (iii) experience of Indonesia Infrastructure Finance, Europe's Joint European Support for Sustainable Investment in City Areas Program, the Building Canada Fund, and other infrastructure and viability gap funds operating in South Asia. Facilities that have an indirect role for government, such as India's infrastructure debt funds, will also be considered. If first-hand exposure to actual operations proves to be essential, a modest study tour will be undertaken to highly relevant countries.

10. **Output 2: Options analysis of funds for providing government financial support to PPPs.** The output will draw on the experience of other countries and an analysis of local conditions to formulate initial proposals tailored to the needs of the PRC. The options analysis will identify the types of projects, sectors, or regions that are likely to require government contributions (if any), verify that government intervention via a PPP fund is necessary to ensure supply of the proposed financial product(s), and identify the likely demand and how the proposed financial product(s) could best be provided. If a need for a PPP fund(s) to deliver government contributions is established, the output will prepare concept notes for the most feasible options for central and local governments for inclusion in an options paper. The options paper will be subject to peer review through a workshop(s) supported by the TA. The output will draw on consultations with relevant government agencies, regulators, academics, and leading PRC financial institutions and other key stakeholders, who will continue to be consulted throughout the TA.

¹² Fund is used in a broad sense and includes guarantee schemes and programs providing financial support.

¹³ The TA will avoid any duplication of existing funds and will not cover funds designed to attract private investors for commercial investments in PPP, such as private equity funds.

11. MOF's PPP Centre will agree on the options to be explored and define the required detail of the concept notes. The option analysis will help the PPP Centre quickly appraise the relevance of various approaches to the PRC, identify key issues and lessons that should receive close attention, and subsequently guide design work to be undertaken by the TA consultants. The options analysis will reconfirm the likely demand for a PPP fund and interest of the central and/or local governments before proceeding to output 3.

12. **Output 3: Design and operating procedures of a fund for providing government financial support to PPPs.** Matters to be addressed by the design will include rationale, objectives, legal and organizational structure, statement of financial products, outline of terms and conditions, governance arrangements, and reporting and performance assessment arrangements, which will be consistent with other audit and performance-measuring arrangement for projects delivered in a conventional manner. The operating procedures will include application and processing procedures, and an accompanying staff manual. The design will ensure compatibility with policy announcements and operating guidance provided by MOF and other government agencies.

13. The design and operating procedures will make use of successful examples. This will offer benefits in terms of quality and minimize the cost of preparation. Accordingly, the TA will draw on the design and operating procedures developed by other countries, with an emphasis on those developed in Asia with ADB support, as well as relevant initiatives in the PRC such as the CCDMF. Consideration will be given to the needs of a range of potential investors and international financial institutions, notably with respect to social and environmental safeguards, and the potential need to integrate a project development facility. The design will identify the implications of implementation through either an existing platform, such as the CCDMF, or a new platform that would need to be established by a local government. The required detail of the design will be specified at the commencement of output 3 taking into account the likely needs of potential fund owners and the remaining TA resources. Additional design work is anticipated following the TA, particularly from a legal perspective, for potential fund owners.

14. **Output 4: Comparison of a PPP fund with direct budget support to PPPs.** This will explore the advantages and disadvantages of the proposed PPP fund with the funding of financial support directly from the budget of the central or local government. Substantial financial support and a range of financial products are likely to be required by the PRC's expanding PPP program; government financial support is expected to need both approaches. Output 4 will inform the decision by the central and local governments of when one approach should be chosen over the other. Key considerations are expected to be the setup costs, legal feasibility, capacity constraints within government, demand, impacts on project bankability, and attractiveness of PPP to potential private partners and investors.

15. **Output 5: Widely accessible publication on PPP funds.** At least one publication will be produced in English and Chinese targeted at senior decision-makers. This may be part of ADB's observations and suggestions series. The publication will draw on outputs 1–4 to disseminate the key TA findings and foster support for implementation. The TA will make maximum use of earlier ADB TA and knowledge products, taking care to add value and avoid duplication, and coordinate with ongoing TA from ADB and other development partners.

C. Cost and Financing

16. The TA is estimated to cost \$450,000, 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 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

17. The TA will be implemented from 12 December 2014 to 31 December 2016. MOF's PPP Centre will be the executing and implementing agency. As the TA will consider the needs of both the central and local governments, a representative sample of local governments will be consulted during implementation and participate in key workshops and other dialogue events. The PPP Centre will coordinate with central and local government agencies, key financial institutions, and other stakeholders; and assign counterpart staff to assist the consultants. The PPP Centre will supervise the day-to-day work of the consultants and take overall responsibility for workshops, other dialogue events, and the international study tour. A substantial input is expected from ADB staff—from the East Asia Department, other regional departments, and the PPP office—during TA implementation. In particular, ADB staff will actively engage in the conduct of the options analysis and the design of facilities for providing financial support, with an emphasis on sharing ADB experience elsewhere in Asia.

18. The TA will engage two international consultants—a financial advisor and a PPP advisor—for a total of 2.5 person-months, and six national consultants—a team leader, a PPP advisor, two financial advisors, a legal advisor, and a coordinator—for a total of 15 person-months. Given the need for 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. The terms of reference for consultants are in Appendix 3. The detailed work plan of the consultant team will be updated and agreed upon by the PPP Centre and ADB as the team is mobilized.¹⁴

19. 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, a midterm report, a draft final report, and a final report to the government and ADB. TA review missions will provide the main mechanism to monitor and assess the TA. The publication(s) created by the TA will be provided to the government and ADB for dissemination.

IV. THE PRESIDENT'S DECISION

20. 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 Financing Public-Private Partnerships, and hereby reports this action to the Board.

¹⁴ 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). An advance payment facility will be established to facilitate workshops and the study tour. All procurement will be conducted in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). The proceeds of the TA will be disbursed in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>Impact Improved operational framework for the government to provide financial support to PPPs</p>	<p>Funds for providing financial support to PPPs are in use by the end of 2018 (2013 baseline: zero)</p>	<p>Government websites World Bank private participation in infrastructure database</p>	<p>Assumptions Governments have the fiscal capacity and commitment to provide financial support The private sector and financiers are open to engagement in PPPs Risk Strengthening of the enabling environment and capacity is too slow</p>
<p>Outcome Consideration by decision-makers of new tools for government to provide financial support to PPPs</p>	<p>A proposed fund for providing financial support to PPPs presented to MOF or local finance bureaus by the end of 2016 (2013 baseline: zero)</p>	<p>Consultation with MOF, the PPP Centre, and local finance bureaus Official websites</p>	<p>Assumption Agencies cooperate on PPPs Risk Competing policy priorities displace PPP</p>
<p>Outputs</p> <ol style="list-style-type: none"> 1. Assessment of the international experience with funds providing government financial support to PPPs 2. Options analysis of funds for providing government financial support to PPPs 3. Design and operating procedures of a fund for providing government financial support to PPPs 4. Comparison of a PPP fund with direct budget support to PPPs 5. Widely accessible publication on PPP funds 	<p>Assessment of the experience of other countries submitted to the PPP Centre (by Sep 2015) Study tour report on the suitability of funds used internationally for the PRC (by Sep 2015)</p> <p>Workshop and expert review conducted of feasible options for the PRC (by Dec 2015) Options paper submitted to the PPP Centre (by Mar 2016)</p> <p>Workshop and expert review conducted on a draft design (by Jun 2016) Submission to the PPP Centre of a draft design and operating procedures (by Sep 2016)</p> <p>Comparison submitted to the PPP Centre (by Sep 2016)</p> <p>At least one publication published in support of outreach (by Sep 2016)</p>	<p>Consultation with MOF, the PPP Centre, and local finance bureaus Official websites</p> <p>Consultation with MOF, the PPP Centre, and local finance bureaus Official websites</p> <p>Consultation with MOF, the PPP Centre, and local finance bureaus Official websites</p>	<p>Assumptions PPP Centre has sufficient staff time to coordinate consultants and provide timely review of their work Stakeholders from different levels of government and agencies actively engage in dialogue Potential private partners and investors in PPPs can be identified and openly share relevant information Risk Suitable consultants cannot be identified in a timely manner</p>

Activities with Milestones	Inputs
<p>1. Assessment of the international experience with funds providing government financial support to PPPs</p> <p>1.1 Identify PPP funds and other facilities providing financial support to PPPs in other countries (by Jun 2015)</p> <p>1.2 Review international literature on their use and performance and consult by phone (by Jun 2015)</p> <p>1.3 Prepare a report on the experience of other countries and implications for the PRC (by Sep 2015)</p> <p>1.4 Conduct a workshop to review the experience of other countries (by Sep 2015)</p> <p>1.5 Conduct consultation in countries using PPP funds and other facilities for providing financial support to PPPs (by Sep 2015)^a</p> <p>2. Options analysis of funds for providing government financial support to PPPs</p> <p>2.1 Consult with the PPP Centre on the most feasible options for the PRC (by Sep 2015)</p> <p>2.2 Draft an options paper presenting concept notes and analysis of strengths and weaknesses for consideration by the PPP Centre (by Dec 2015)</p> <p>2.3 Conduct a workshop to review the options (given experience of other countries (by Dec 2015)</p> <p>2.4 Finalize an options paper (by Mar 2016)</p> <p>3. Design and operating procedures of a fund for providing government financial support to PPPs</p> <p>3.1 Consult with the PPP Centre on the preferred option for a PPP fund (by Mar 2016)</p> <p>3.2 Formulate a draft rationale, objectives, statement of products and outline of terms and conditions, governance arrangements, and reporting and performance assessment arrangements (by Jun 2016)</p> <p>3.3 Draft operating procedures for a PPP fund or other facility, inclusive of application and processing procedures and a staff manual (by Jun 2016)</p> <p>3.4 Present design and operating procedures at a workshop and review by resource persons (by Jun 2016)</p> <p>3.5 Finalize design and operating procedures for a PPP fund or other facility (by Sep 2016)</p> <p>4. Comparison of a PPP fund with direct budget support to PPPs</p> <p>4.1 Prepare a report comparing the PPP fund for providing financial support with direct budget support to PPPs (by Sep 2016)</p> <p>5. Widely accessible publication on PPP funds</p> <p>5.1 Prepare and publish widely accessible knowledge products (e.g., short policy notes or reports) in support of TA outreach (by Sep 2016)</p> <p>5.2 Enhance the website of MOF's PPP Centre to provide an improved platform for dissemination of TA findings (by Sep 2016)</p>	<p>ADB: Technical Assistance Special Fund (TASF-other sources) \$400,000</p> <p>Note: 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</p>

ADB = Asian Development Bank, MOF = Ministry of Finance, PPP = public-private partnership, PRC = People's Republic of China, TA = technical assistance.

^aMOF's Public-Private Partnership Centre will arrange the study tour and prepare a study report.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	55.0
ii. National consultants	155.0
b. International and local travel	30.0
c. Reports, publications, and communications	10.0
2. Workshops, seminars, and meetings ^b	
a. International and national workshops ^c	60.0
b. International study tour ^d	30.0
c. Resource persons (national and international)	40.0
3. Miscellaneous administration and support costs ^e	5.0
4. Contingencies	15.0
Total	400.0

Note: The technical assistance (TA) is estimated to cost \$450,000, 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 consultants, assistance in arranging meetings with counterpart agencies, and other in-kind contributions. The value of government contribution is estimated to account for 11.11% of the total TA cost.

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

^b For training, stakeholder participation, and awareness-raising events within the People's Republic of China and one international study tour. With the approval of the Public-Private Partnership (PPP) Centre of the Ministry of Finance established under the China Clean Development Mechanism Fund, this item may cover the travel costs of ADB staff participating in TA workshops as resource persons to share ADB experience.

^c Includes printing costs, translations, supplies for events, meetings assistants to reproduce materials, and other support for workshops.

^d The study tour will be limited to countries that are actively implementing project development facilities or PPP funds or other facilities for providing public financial support to PPP. The study tour will supplement advice provided by international consultants and resource persons, and only be undertaken if first-hand exposure to actual operations is essential. It will be conducted before the preparation of the options paper on the PPP fund or other facilities for providing financial support, and the relating output will be incorporated in the options paper. Most study tour participants will be at director level or higher. The PPP Centre will arrange the tour and prepare a short report outlining the content and findings of the tour. The study tour will occur only in eligible ADB member countries, in line with ADB's Charter requirements. (ADB. 1966. *Agreement Establishing the Asian Development Bank*. Manila.) An advance payment facility will be established with the executing agency to facilitate the study tours. The budget for the study tour will be increased to \$40,000, if necessary, to accommodate high-level participation (of at least one director general and deputy director general).

^e Includes a provision of \$10,000 for improvements to the website of the PPP Centre to assist in disseminating the TA findings. The PPP Centre will be responsible for procurement, which will be conducted in accordance with ADB's Procurement Guidelines (2013, as amended from time to time).

Source: Asian Development Bank 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, and for organizing and carrying out all TA activities including workshops. They will assist in preparing a study tour.
2. The executing agency—the Public–Private Partnership (PPP) Centre of the Ministry of Finance established under the China Clean Development Mechanism Fund—will coordinate with government authorities, potential partners to PPPs and financiers, 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. The team leader, in cooperation with the PPP Centre 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 PPP Centre and ADB for their output, and will regularly discuss project progress and findings. Meetings involving the consultants, the PPP Centre, 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, and on government and ADB websites), and made available to stakeholders.

A. International Consultants

4. **Financial advisor** (1.5 person-months, intermittent). The advisor will have strong expertise, extensive experience, and in-depth knowledge of the finance sector. Experience with infrastructure financing in a number of countries is essential. Experience with infrastructure or PPP funds and infrastructure financing in the People's Republic of China (PRC) would be an advantage. The advisor must have at least 15 years of relevant work experience and a master's degree or higher qualification in finance, economics, management, or other relevant field. A record in producing publications of international standard is essential. Proficiency in Chinese would be an advantage.
5. Reporting to the team leader, the advisor will assist in ensuring the quality and timely delivery of the TA outputs to ADB and the executing agency, and ensuring completion of all TA activities. The advisor will be responsible for working with the team leader to ensure that relevant international financing experience is incorporated into TA deliverables. Reporting to the team leader, the advisor will provide specialist financial input to the preparation of the (i) options analysis of funds or other facilities for providing financial support for PPPs, and (ii) design and operating procedures of a PPP fund or other facility for providing financial support to PPPs. The advisor will also co-author an assessment of the international experience with funds and other facilities providing financial support to PPPs.
6. Working from a financial perspective, the advisor will (i) identify key lessons from the international experience through a review of the international literature and consultation (without travel) with agencies operating funds and other facilities for providing financial support to PPPs; (ii) assist in preparing advice relevant to the PRC; (iii) provide an international perspective on proposals developed for the PRC, including through the drafting of proposals and participation in workshops; (iv) co-author at least one knowledge product in English on the findings;

(v) participate in workshops to inform and seek feedback from the executing agency and stakeholders; and (v) undertake other tasks as required by the team leader.

7. **Public-private partnership advisor** (1 person-month, intermittent). The advisor will have strong expertise, extensive experience, and in-depth knowledge of PPPs. Experience with PPPs in a number of countries is essential, including in project preparation and implementation. Experience with PPPs in the PRC and financing issues would be an advantage. The advisor must have at least 15 years of relevant work experience, and a master's degree or higher qualification in finance, economics, management, or other relevant field. A record in producing publications of international standard is essential. Proficiency in Chinese would be an advantage.

8. Reporting to the team leader, the advisor will assist in ensuring the quality and timely delivery of TA outputs to ADB and the executing agency, and ensuring completion of all TA activities. The advisor will be responsible for working with the team leader to ensure that relevant international PPP experience is incorporated into TA deliverables. Reporting to the team leader, the advisor will provide specialist PPP input to the preparation of (i) the options analysis of funds or other facilities for providing financial support to PPPs, (ii) the design and operating procedures of a PPP fund or other facility for providing financial support to PPP options, and (iii) a report comparing the PPP fund or other facility for providing financial support with direct budget support to PPPs. The advisor will co-author an assessment of the international experience with funds and other facilities providing financial support to PPPs.

9. Working from a PPP perspective, the advisor will (i) identify key lessons from the international experience through a review of the international literature and consultation (without travel) with agencies operating funds and facilities for providing financial support to PPPs; (ii) assist in preparing advice relevant to the PRC; (iii) provide an international perspective on proposals developed for the PRC, including through the drafting of proposals and participation in workshops; (iv) co-author at least one knowledge product in English on the TA findings; (v) participate in workshops to inform and seek feedback from the executing agency and stakeholders; and (vi) undertake other tasks as required by the team leader.

B. National Consultants

10. **Team leader** (6 person-months, intermittent). The team leader will have strong expertise, extensive experience, and in-depth knowledge of PPPs in the PRC and related financing issues. Experience in the preparation, implementation, and financing of PPP projects in the PRC is desirable. A solid understanding of the experience of other countries with PPPs and financing arrangements for PPPs in various countries would be an advantage. The team leader will have at least 10 years of relevant experience, and a master's degree or higher qualification in finance, economics, management, law, or other relevant field.

11. The team leader will be responsible for (i) assigning and coordinating detailed tasks to all team members and managing all team members to deliver high-quality, timely outputs; (ii) researching and writing key outputs; and (iii) engaging stakeholders. Proficiency in written and spoken English is essential and a demonstrated record in producing publications of international standard is strongly preferred.

12. The team leader will have overall responsibility for ensuring (i) the quality and timely delivery of the TA outputs to ADB and the executing agency; (ii) relevant national and international experience and lessons are factored into the TA outputs; (iii) completion of all TA

activities; and (iv) that team members work in an effective, efficient, collaborative, and timely manner.

13. Detailed responsibilities will include leading and managing the preparation of (i) the options analysis of funds or other facilities for providing financial support to PPPs, (ii) the design and operating procedures of a PPP fund or other facility for providing financial support to PPPs, (iii) a report comparing the PPP fund or other facility for providing financial support with direct budget support to PPPs, and (iv) a widely accessible publication. The team leader will also be responsible for the timely delivery of the reports required to document, monitor, and assess TA activities.

14. In fostering implementation that achieves government ownership of the TA, the team leader will be responsible for the following:

- (i) implementing the TA under the guidance of the PPP Centre 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 time frames; 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 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) assisting the PPP Centre in planning the international study tour by helping identify agencies to meet and questions to be investigated in each meeting;
- (v) establishing reporting arrangements with the PPP Centre and ADB, and ensuring that they and other stakeholders are regularly informed of progress and developments in the work;
- (vi) preparing material suitable for publication and other information releases in Chinese and English, as appropriate to the audience(s), and releasing at least one widely accessible publication;
- (vii) organizing the meetings, consultations, or workshops with the PPP Centre, resource persons, and other relevant stakeholders;
- (viii) preparing and submitting all TA reports on time, and assisting with TA reviews undertaken by the PPP Centre, and ADB; and
- (ix) consulting, as relevant, with any development partners working on related activities so that they are informed of activities and that a high level of coordination is maintained to avoid duplication or overlap of work.

15. **Public-private partnership advisor** (2 person-months, intermittent). The advisor will have strong expertise, extensive experience, and in-depth knowledge of PPPs. Experience with PPPs in the PRC is essential, including in project preparation and implementation. Experience with PPPs in other countries and with financing issues facing PPPs in the PRC would be an advantage. The advisor 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.

16. Reporting to the team leader, the advisor will assist in ensuring the quality and timely delivery of the TA outputs to ADB and the executing agency, and ensuring completion of all TA activities. The advisor will provide specialist PPP input to the preparation of (i) the options analysis of funds or other facilities for providing financial support to PPPs, (ii) the design and operating procedures of a PPP fund or other facility for providing financial support to PPPs, and (iii) a report comparing the PPP fund or other facility for providing financial support with direct budget support to PPPs.

17. Working from a PPP perspective, the advisor will (i) extract key lessons from the PRC's experience with PPPs, (ii) identify and lead dialogue with a representative sample of potential private partners to PPPs to ensure the TA team explores and understands issues from their perspective, (iii) help develop responses suited to conditions in the PRC, (iv) identify and analyze relevant national literature, (v) participate in workshops to inform and seek feedback from the executing agency and stakeholders, and (vi) undertake other tasks as required by the team leader. The advisor will be responsible for ensuring that the advice and proposals prepared by the TA comply with policy announcements, laws, and regulations, procedures, and other guidance released by the central government in relation to PPPs.

18. **Financial advisor** (2 advisors, 2 person-months each, intermittent). The advisor will have strong expertise, extensive experience, and in-depth knowledge of the PRC's finance sector. Experience with infrastructure financing and/or investment funds in the PRC is essential. Experience with infrastructure financing in other countries and with PPPs in the PRC would be an advantage. The advisor 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.

19. Reporting to the team leader, the advisor will assist in ensuring the quality and timely delivery of the TA outputs to ADB and the executing agency, and ensuring completion of all TA activities. They will provide specialist financial input to the preparation of (i) the options analysis of funds or other facilities for providing financial support to PPPs, and (ii) the design and operating procedures of a PPP fund or other facility for providing financial support to PPPs.

20. Working from a financial perspective, the advisor will (i) extract key lessons from the PRC's experience with PPPs, (ii) identify and lead dialogue with a representative sample of potential financiers to PPPs to ensure the TA team explores and understands issues from their perspective, (iii) help develop responses suited to conditions in the PRC, (iv) identify and analyze relevant national literature, (v) identify and review policy and regulatory issues in the finance sector relevant to PPP funds or other facilities for providing financial support to PPPs, (vi) participate in workshops to inform and seek feedback from the executing agency and stakeholders, and (vii) undertake other tasks as required by the team leader.

21. **Legal advisor** (1 person-month, intermittent). The advisor will have strong expertise, extensive experience, and in-depth knowledge of legal issues faced in financing infrastructure. Experience with PPPs in the PRC is essential, including in project preparation and implementation. Experience with PPPs in other countries and their financing would be an advantage. The advisor must have at least 10 years of relevant work experience, and a master's degree or higher qualification in law. Proficiency in English would be an advantage.

22. Reporting to the team leader, the advisor will assist in ensuring the quality and timely delivery of the TA outputs to ADB and the executing agency, and ensuring completion of all TA activities. The advisor will provide specialist legal input to the preparation of the design and

operating procedures of a PPP fund or other facility for providing financial support to PPPs. The advisor will (i) take overall responsibility for reviewing legal and regulatory issues relevant to PPP funds or other facilities for providing financial support to PPPs in the PRC; (ii) identify legal issues arising from the preferred option and advise how these issues should be addressed; (iii) review the design and operating procedures, strengthening legal aspects where necessary, and confirm the legal feasibility of the design; and (iv) participate in workshops to inform and seek feedback from the executing agency and stakeholders. If there is no sufficient time to complete these tasks, the consultant will identify the remaining work and the steps required to complete the work.

23. **Coordinator** (2 person-months, intermittent). The coordinator will have a graduate degree in economics, law, accounting, management, public policy, public administration, international development, or a related field, as well as at least 5 years' experience in a business or government environment. Proficiency in English is required.

24. Reporting to the team leader, the coordinator will have day-to-day responsibility for the timely administration of meetings and events, including assisting with logistic and administrative requirements of resource persons. Detailed tasks will include (i) liaison with participants on the arrangements for events; (ii) handling all logistical requirements of the venues, including the provision of refreshments, audiovisual equipment, and materials; (iii) coordination with external suppliers of any inputs; (iv) coordination and consolidation of the inputs of resource persons to achieve smooth participation in events; (v) pre-event planning and onsite administration of events and related activities, from registration to departure of participants; (vi) receipt of invoices, billings, and payment for inputs to the training (e.g., venue bills and materials); (vii) liquidation of expenses; and (viii) managing and supervising translation work and the conduct of other related tasks assigned by the team leader.

C. Resource Persons (national and international, intermittent, up to 10 persons, up to 10 days each)

25. The resource persons will have a degree in finance, economics, law, management, public policy, international development, engineering, or a closely related field, as well as, at least 10 years experience in helping government agencies prepare and implement investment projects. Reporting to the team leader, the resource persons will participate in awareness-raising and meetings, consultations, or workshops to provide specific expertise and experience relevant to the issues addressed by the event.

D. Reporting Requirements

26. The team leader will be responsible for ensuring all TA reports meet a high professional standard. The deliverables of outputs 1, 2, 3, and 4 will be provided in either English or Chinese to a publishable standard, and the TA will fund the translation of deliverables as needed. The reports to be delivered under output 5, will be provided in English, will meet an international, publishable standard (comparable with recent reports published under similar ADB TA), and the TA will fund the translation into Chinese.

27. In addition to the deliverables required for each output, the team leader, with the support of the TA consultants, will produce inception, midterm, draft final, and final reports to document, monitor, and assess the TA activities. The reports are to be delivered in English, and will respect all confidentiality requirements.