



Report and Recommendation of the President to the Board of Directors

Project Number: 49200-001
September 2015

Proposed Loan Yingda International Leasing Healthcare Finance in Underdeveloped Regions (People's Republic of China)

This is an abbreviated version of the document approved by ADB's Board of Directors that excludes information that is subject to exceptions to disclosure set forth in ADB's Public Communications Policy 2011.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 27 August 2015)

| | | |
|---------------|---|------------|
| Currency unit | – | yuan (CNY) |
| CNY1.00 | = | \$0.15597 |
| \$1.00 | = | CNY6.4113 |

ABBREVIATIONS

| | | |
|------|---|--|
| ADB | – | Asian Development Bank |
| CEO | – | chief executive officer |
| CRO | – | chief risk officer |
| ESMS | – | environmental and social management system |
| NPA | – | nonperforming asset |
| PRC | – | People's Republic of China |
| YIL | – | Yingda International Leasing |

NOTE

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

| | |
|-------------------------|---|
| Vice-President | D. Gupta, Private Sector and Cofinancing Operations |
| Director General | T. Freeland, Private Sector Operations Department (PSOD) |
| Director | C. Engstrom, Private Sector Financial Institutions Division, PSOD |
| Team leader | B. Huang, Investment Specialist, PSOD |
| Team members | I. Aguilar, Social Development Officer (Safeguards), PSOD |
| | C. Bodart, Principal Health Specialist, East Asia Department |
| | H. Brooke, Lead Counsel, Office of the General Counsel |
| | B. Quang, Safeguard Specialist, PSOD |
| | J. Gomez, Safeguards Officer (Environment), PSOD |
| | S. Noda, Senior Safeguard Specialist, PSOD |
| | D. Song, Senior Guarantees and Syndications Specialist, PSOD |
| | K. Taniguchi, Senior Economist, PSOD |

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

CONTENTS

| | Page |
|--|------|
| PROJECT AT A GLANCE | |
| I. THE PROPOSAL | 1 |
| II. THE FINANCIAL INTERMEDIARY | 1 |
| A. Investment Identification and Description | 1 |
| B. Business Overview and Strategy | 2 |
| C. Ownership, Management, and Governance | 3 |
| D. Financial Performance | 3 |
| III. THE PROPOSED ADB ASSISTANCE | 3 |
| A. The Assistance | 3 |
| B. Implementation Arrangements | 4 |
| C. Value Added by ADB Assistance | 4 |
| D. Risks | 5 |
| IV. DEVELOPMENT IMPACT AND STRATEGIC ALIGNMENT | 5 |
| A. Development Impacts, Outcome, and Output | 5 |
| B. Alignment with ADB Strategy and Operations | 6 |
| V. POLICY COMPLIANCE | 6 |
| A. Safeguards and Social Dimensions | 6 |
| B. Anticorruption Policy | 7 |
| C. Investment Limitations | 7 |
| D. Assurances | 7 |
| VI. RECOMMENDATION | 7 |
| APPENDIXES | |
| 1. Design and Monitoring Framework | 9 |
| 2. List of Linked Documents | 11 |

I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed loan of up to \$75,000,000 (or its yuan equivalent) to Yingda International Leasing (YIL) for Healthcare Finance in Underdeveloped Regions of the People's Republic of China (PRC).¹

II. THE FINANCIAL INTERMEDIARY

A. Investment Identification and Description

2. The rapid economic development in the PRC over the past few decades has been accompanied by a significant rise in healthcare expenditure. However, healthcare expenditures lag behind global averages. When the Reform and Opening policy started in 1978, healthcare spending was equivalent to 3.0% of gross domestic product. This share has since increased, to 5.6% in 2013, but it is still well below the global average of 8.7%.² Over the same period, basic health insurance in the PRC has been greatly expanded. In urban areas, the Urban Employee Basic Medical Insurance System, funded via a payroll tax, was established in 1998 with municipality-level risk pooling. Urban residents not covered by this insurance system have access to the Urban Resident Basic Medical Insurance program, which was piloted in 2007 and launched in all municipalities nationwide in 2009. This insurance system provides voluntary coverage for students, children, the elderly, and other groups requiring social aid (e.g., the poor and disabled). The Rural Cooperative Medical System, which is government-subsidized health insurance for rural people, was launched in 2002 and covers most of the rural population. By 2011, more than 1.3 billion people, or 95% of the population, participated in one of these three basic national health insurance programs.³

3. The PRC has a decentralized system of healthcare finance, which has led to wide regional and urban–rural disparities in quality and access to healthcare. Poorer provinces receive some financial support from the central government. Such support is nonetheless inadequate and there are still large differences in healthcare spending. As a result, healthcare facilities are poorer in the less-developed central and western regions. According to the latest statistics published by the Ministry of Health, in 2012 there were 2.96 hospital beds per thousand people in the central region 3.10 beds per thousand people in the western region, and 3.17 beds per thousand people in the eastern region.⁴ In the central region, the average assets per hospital were CNY79.9 million, and in the western region CNY68.9 million, both significantly lower than the average of CNY122.6 million in the eastern region. In the eastern region, there were 1.36 advanced class III hospitals per million people, compared with 1.10 in both the central and western regions.⁵ The urban–rural disparity is even more striking. In 2012, the per capita

¹ The proceeds of the Asian Development Bank (ADB) loan will be used to finance hospital facilities in the underdeveloped central and western regions of the PRC, as defined in the Central and Western Regions Priority Industries for Foreign Investors (2013 Revision), promulgated by the National Development and Reform Commission and Ministry of Commerce. The proposed loan will predominantly finance public hospitals located in counties where rural residents account for the majority of the population, while the rest will finance public hospitals located in low-tier cities in the target region.

² World Health Organization. 2015. *Global Health Observatory Data, Health System, Health Finance*. Geneva.

³ Government of the PRC, Ministry of Health. 2012. *White Paper on Medical and Healthcare Services*. Beijing.

⁴ Government of the PRC, National Health and Family Planning Commission. 2013. *Annual Statistics on Health and Family Planning*. Beijing.

⁵ Hospitals are categorized into three classes based on their size, facilities, and performance. Class III hospitals are large hospitals with more than 500 beds and they usually provide high-level, specialized medical services and may also carry out medical education and scientific research.

health expenditure in urban areas was CNY2,969 per annum, which was almost three times the rural per capita health expenditure of CNY1,056 per annum.

4. As an incentive for developing rural and urban grassroots healthcare institutions, the government has prioritized the development of county hospitals, which can provide treatment for 90% of common diseases and some severe diseases with complications, rehabilitation needs, and emergency care. The government is also implementing a public hospital reform program, which seeks to move away from the practice of cross-subsidizing medical treatments from the profits generated from the markup of medicine sales, which could be up to 15% of the costs of medicines. The government will continue to increase health expenditure at a higher rate than the general government current expenditure. Much of the budget increase is being used for the expansion of two government-subsidized medical insurance schemes (the Urban Resident Basic Medical Insurance program and the Rural Cooperative Medical System), which account for a growing share of hospital revenues. According to an early study by McKinsey, payout from the three public health insurance schemes (including the Urban Employee Basic Medical Insurance program funded by a payroll tax) made up around 60% of hospitals' total revenues, and the share is expected to increase further.⁶ Ultimately, the current and capital expenditures of public hospitals will be fully covered by direct fee payments, payouts from medical insurance, and government subsidies without contribution from medicine sales.

5. To improve the facilities and standards of the public hospitals in the underdeveloped regions, it is critical that these hospitals also have access to competitive longer-term finance. To meet the needs of procuring high-value medical equipment and making fixed-asset investments, hospitals have found leasing effective. However, the financial leasing industry also faces significant capacity constraints. The industry is still in the early stages of development, despite rapid growth in recent years. According to the latest Global Leasing Report, market penetration in the PRC was only 3.1% in 2013, compared with an average rate of 20.8% in the world's 10 other largest financial leasing markets.⁷ While the legal and regulatory constraints are gradually being addressed, funding remains a challenge for most leasing companies because of the lack of deposit bases and the scarcity of longer-tenor loans.

6. YIL was identified by the Asian Development Bank (ADB) as a strong partner for supporting healthcare finance in the central and western regions of the PRC. The company has a long track record and a large portfolio in healthcare leasing, which primarily focuses on the underdeveloped regions. The majority of the company's clients in the health sector are key public hospitals at county level. YIL has strong shareholders, good corporate governance, an experienced management team, advanced risk management systems, and good financial performance. Similar to many leasing companies, the bulk of YIL's funding is short term (1 year). The company is therefore seeking to access longer-tenor finance to expand its healthcare leasing business, where the typical lease term is 5 years, thus improving its asset-liability profile. ADB's proposed loan will help to address this aim.

B. Business Overview and Strategy

7. This paragraph has been redacted due to commercially sensitive information.

8. This paragraph has been redacted due to commercially sensitive information.

⁶ C. Sussmuth-Dyckerhoff and J. Wang. 2010. *China's Health Care Reforms*. Shanghai: McKinsey & Company.

⁷ White Clarke Group. 2015. *Global Leasing Report*. London. Market penetration is defined as the ratio of lease finance over all fixed investment in plant and equipment. For a sector overview, refer to Sector Overview (accessible from the list of linked documents in Appendix 2).

C. Ownership, Management, and Governance

9. **Ownership.** As noted, YIL is jointly owned by State Grid and General Electric. State Grid is fully owned by the Government of the PRC. As the sole operator of the bulk of the PRC's power transmission and distribution networks, its operations cover 88% of the national territory and serve more than 1.1 billion people. It is rated Aa3 by Moody's and AA– by Standard & Poor's. State Grid invested in YIL through its fully owned financial arm, State Grid Yingda International Holdings Group, whose business covers insurance, securities, and asset management. YIL is expected to remain the sole leasing platform for the State Grid group. General Electric is a globally diversified technology and financial company with A1 rating from Moody's and AA+ rating from Standard & Poor's. General Electric invested in YIL through a subsidiary of GE Capital, an experienced specialty lender in the mid-market segment. After recently deciding to downsize GE Capital, General Electric has confirmed its commitment to YIL, which is closely aligned with General Electric's industrial business line and will remain the company's sole leasing platform in the PRC.⁸

10. **Management.** This paragraph has been redacted due to commercially sensitive information.

11. **Governance structure.** This paragraph has been redacted due to commercially sensitive information.

D. Financial Performance

12. **Capital adequacy.** This paragraph has been redacted due to commercially sensitive information.

13. **Asset quality.** This paragraph has been redacted due to commercially sensitive information.

14. **Earnings.** This paragraph has been redacted due to commercially sensitive information.

15. **Funding, liquidity, and asset–liability management.** This paragraph has been redacted due to commercially sensitive information.

III. THE PROPOSED ADB ASSISTANCE

A. The Assistance

16. ADB will provide a senior unsecured term loan to YIL of up to \$75 million (or its yuan equivalent). The tenor of the loan will be up to 5 years from the date of the first disbursement of the loan. A portion of the risk on ADB's loan may be transferred to counterparties that are eligible under ADB's policies.⁹

17. The proceeds of the ADB loan will be used to finance hospital facilities in the central and western regions of the PRC, where economic development and healthcare standards lag behind the coastal regions. At least 60% of the hospitals financed under the proposed loan will be county hospitals, which primarily serve the local rural population, while the rest will be located in

⁸ Ownership, Management, and Governance (accessible from the list of linked documents in Appendix 2).

⁹ The terms of the risk transfer arrangements, if any, will be endorsed by ADB's investment committee.

lower-tier cities in the target region.¹⁰ The project will finance the lease or purchase of modern medical equipment, as well as hospital fixed-asset investments (e.g., late-stage construction, expansion or refurbishment of hospital buildings or associated medical facilities) through sale and leaseback transactions.¹¹

B. Implementation Arrangements

18. **Legal Documentation.** The proposed loan will be governed by a credit agreement which will contain terms customary for a loan of this nature and amount.

19. **Monitoring.** Monitoring of the project will be carried out by ADB. YIL will provide ADB with financial and other reports at predetermined regular intervals and as requested. These reports will include (i) unaudited financial statements on a quarterly basis, (ii) audited financial statements on an annual basis, (iii) compliance certificates for financial covenants on an annual basis, (iv) semiannual reports on the underlying leases financed through the proposed loan, (v) annual reports on the implementation status of the environmental and social management system (ESMS), and (vi) annual reporting on selected development indicators agreed on by ADB and the borrower.

20. **Evaluation.** Pursuant to ADB's operations manual, Monitoring reports will be prepared and submitted to ADB regularly and at least annually.¹² The first such report will be submitted no later than 12 months after the first disbursement.

C. Value Added by ADB Assistance

21. ADB's loan to YIL will add value by helping to achieve the following:

- (i) **Promote public-private cofinancing for healthcare finance and improve healthcare services in underserved regions.** With payments from state-sponsored medical insurance schemes now accounting for the vast majority of financial support from governments, public hospitals in the PRC have to rely more on commercial finance for their capital expenditure programs. Financial leasing provides an effective financing solution to help public hospitals acquire high-value medical equipment and improve their medical facilities. Through the proposed project, ADB will promote a catalytic public-private cofinancing model that will support the PRC to improve its healthcare standard in underdeveloped regions and achieve its objective of providing universal access to basic health services to the entire population.
- (ii) **Provide critical long-term finance.** YIL predominantly funds its operations through short-term bank borrowings. Therefore, the long-term funding from ADB will help support the company's longer-tenor products in the healthcare industry and improve its asset-liability profile. This will in turn increase the company's capacity to expand its operations, especially in the high impact and lower return areas. ADB's provision of critical long-term funding, which is not readily available to leasing companies, will help reduce YIL's dependence on short-term funding and reduce its refinancing risk.

¹⁰ The proposed loan will not finance any hospital located in the provincial capital city itself; however, it may finance those located in counties or county-level cities governed by the provincial capital.

¹¹ Under a sale and leaseback transaction, the hospital sells its existing medical equipment to YIL and obtains the finance in the form of sale proceeds. At the same time, it signs a financial lease contract with YIL to leaseback the equipment. The hospital may use the new finance from YIL for late-stage construction and completion work of new hospital buildings. To minimize risks, YIL does not finance the construction of a new hospital or entire hospital building projects.

¹² ADB. 2013. Nonsovereign Operations. *Operations Manual*. OM D10. Manila.

- (iii) **Support finance sector development.** The project will support the growth of a younger financial leasing company and alleviate its funding constraint, thus supporting finance sector development and diversification. The proposed loan is also expected to boost investor confidence in YIL and support its future bond issuance. By gradually diversifying funding sources from banks to securities markets, larger leasing companies can start to tap capital markets, leading to wider impacts of finance sector development.

D. Risks

- 22. This paragraph has been redacted due to commercially sensitive information.
- 23. This paragraph has been redacted due to commercially sensitive information.

IV. DEVELOPMENT IMPACT AND STRATEGIC ALIGNMENT

A. Development Impacts, Outcome, and Outputs

- 24. **Impacts.** The proposed project is expected to have strong development impacts, including the following:

- (i) **Medical and health service system in the less-developed regions improved.** The project will improve the facilities of public hospitals in the underdeveloped regions, thus reducing the regional disparity in healthcare standards, widening access to quality healthcare, and allowing benefits from economic development to be more equally shared among the population. With the Rural Cooperative Medical System now covering more than 95% of the rural population and reimbursing about 80% of medical expenditures, improvement of local county hospitals becomes the key for improving rural healthcare standards. By reducing the need for long-distance travel to city hospitals, the improvement of county hospital facilities will directly benefit the majority of the rural population in the local area, who are significantly underserved by the healthcare system and whose average healthcare expenditure is only one-third that of their urban counterparts.
- (ii) **Financial leasing industry development.** By supporting the growth of a young financial leasing company, the project will also have the impact of financial leasing industry development. Despite rapid growth in recent years, the PRC's financial leasing industry is still in the early stages of development. Access to finance remains a challenge for most leasing companies, particularly for longer-tenor loans, and the proposed project will contribute to the alleviation of this funding bottleneck.

- 25. **Outcome.** The project's outcome will be the sustainable growth of YIL's healthcare leasing operations in underdeveloped regions of the PRC. The nonperforming assets for YIL's healthcare and entire portfolio are expected to remain low.

- 26. **Outputs.** The outputs will be the following:

- (i) **Expanded healthcare leasing operations of YIL in underdeveloped regions.** The share of YIL's hospital clients located in underdeveloped regions is expected to increase from 70% in 2014 to 75% by 2016, and the share of its county hospital clients is expected to increase from 52% to 58% over the same period.
- (ii) **Improvement of facilities and diagnostic and treatment capacity of hospitals in counties and low-tier cities in the less-developed regions.** The project is expected to finance the lease or purchase of modern medical equipment in 12

public hospitals and fixed-asset investments in six public hospitals in the target regions.

B. Alignment with ADB Strategy and Operations

27. **Consistency with ADB Strategy and Country Strategy.** The project supports three strategic priorities identified by the Midterm Review of Strategy 2020: (i) poverty reduction and inclusive economic growth, (ii) middle-income countries, and (iii) private sector development and operations.¹³ The Midterm Review of Strategy 2020 highlights ADB's focus on reducing vulnerability and inequality, and sets the target of increasing health operations to 3%–5% of its annual approvals of financial assistance from 2% during 2008–2012. By financing hospitals in counties and low-tier cities in underdeveloped regions, the proposed project will help address inequality in healthcare access and quality in the PRC. By promoting public–private cofinancing, ADB will provide a catalytic solution for healthcare finance in an upper-middle-income country. The proposed project is also consistent with the PRC country partnership strategy, 2011–2015, which emphasizes inclusive and sustainable growth and targeted interventions in the finance sector.¹⁴ It is aligned with the current PRC country operations business plan, 2015–2017, which prioritizes promoting balanced development of rural and urban areas, supporting catalytic nonsovereign projects, and private sector development.¹⁵

28. **Consistency with Sector Strategy and Relevant ADB Operations.** The proposed project is in line with ADB's latest operation plan for the health sector, which identifies health service delivery as a focus and calls for more investment in strengthening the quality and coverage of healthcare services.¹⁶ Furthermore, supporting finance sector development is a key focus of development assistance for ADB. The proposed project builds upon previous support that ADB has provided to the leasing industry in the PRC.¹⁷

V. POLICY COMPLIANCE

A. Safeguards and Social Dimensions

29. The project is classified category FI for impacts on the environment, and FI (treated as C) for impacts on both involuntary resettlement and indigenous peoples. The investment's potential environmental and social impacts, and its risks associated with YIL's existing and/or likely future portfolio and commitment and capacity for environmental and social management, have been assessed. Most of YIL's transactions under the loan will have minimal or no adverse environmental impacts and are unlikely to entail impacts on involuntary resettlement and indigenous peoples since the project will only finance the lease or purchase of modern medical equipment as well as hospital fixed-asset investments (e.g., late-stage construction, expansion or refurbishment of hospital buildings or associated medical facilities) through sale and leaseback transactions. The proposed project will not finance any subprojects that are category A for environment or category A or B for involuntary resettlement and indigenous peoples. YIL will (i) apply ADB's prohibited investment activities list, (ii) ensure that investments using ADB funds comply with applicable national laws and regulations, (iii) comply with ADB's Safeguard

¹³ ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

¹⁴ ADB. 2012. *Country Partnership Strategy: People's Republic of China, 2011–2015*. Manila.

¹⁵ ADB. 2015. *Country Operations Business Plan: People's Republic of China, 2015–2017*. Manila.

¹⁶ ADB. 2015. *Operational Plan for Health for 2015–2020*. Manila.

¹⁷ ADB. 2013. *Report and Recommendation of the President to the Board of Directors: Proposed Loan Program to the People's Republic of China for the Clean Bus Leasing Project*. Manila.

Policy Statement (2009), and (iv) establish and maintain an appropriate ESMS satisfactory to ADB before disbursement for the financing of investments.¹⁸ YIL has an existing ESMS which will be improved to satisfy ADB Safeguard Policy Statement requirements prior to the first disbursement, and the company will maintain the ESMS throughout the tenor of the loan facility to manage the impacts and risks of the subprojects. YIL will also submit an annual environmental and social performance report on the status of its ESMS implementation.

30. YIL's ESMS will include arrangements to comply with national labor laws and ADB's Social Protection Strategy to ensure adherence to internationally recognized core labor standards including provisions prohibiting any discrimination against women in hiring and providing equal pay for equal work for men and women.¹⁹ The project is expected to benefit all patients, including women, and therefore is classified as having no gender elements.²⁰

B. Anticorruption Policy

31. YIL was advised of ADB's policy of implementing best international practice relating to combating corruption, money laundering, and the financing of terrorism. ADB will ensure that the investment documentation includes appropriate provisions prohibiting corruption, money laundering, and the financing of terrorism, and remedies for ADB in the event of noncompliance. The PRC is a jurisdiction in which no strategic deficiencies have been identified by the Financial Action Task Force, and no integrity red flag has been identified.

C. Investment Limitations

32. The proposed loan is within the medium-term, country, industry, group, and single investment exposure limits for nonsovereign investments.

D. Assurances

33. Consistent with the Agreement Establishing the Asian Development Bank (the Charter),²¹ ADB will proceed with the proposed assistance upon establishing that the Government of the PRC has no objection to the proposed assistance to YIL. ADB will enter into suitable finance documentation, in form and substance satisfactory to ADB, following approval of the proposed assistance by the ADB Board of Directors.

VI. RECOMMENDATION

34. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the loan of up to \$75,000,000 (or its yuan equivalent) to Yingda International Leasing for Healthcare Finance in Underdeveloped Regions in the People's Republic of China, from ADB's ordinary capital

¹⁸ Summary Poverty Reduction and Social Strategy; Safeguards and Social Dimensions Summary; Financial Intermediary: Environmental and Social Management System Arrangement (accessible from the list of linked documents in Appendix 2).

¹⁹ ADB. 2003. *Social Protection Strategy*. Manila (adopted in 2001).

²⁰ The medical equipment leased or purchased under the proposed loan may include colposcopes and equipment for mammograms, which are exclusively used for female patients. However, the selection and procurement of medical equipment is solely decided by hospitals based on their medical needs and, hence, cannot be included in the project design.

²¹ ADB. 1966. *Agreement Establishing the Asian Development Bank*. Manila.

resources, with such terms and conditions as are substantially in accordance with those set forth in this report, and as may be reported to the Board.

Takehiko Nakao
President

7 September 2015

DESIGN AND MONITORING FRAMEWORK

Impacts the Project is Aligned with

Medical and health service system improved (State Council Opinion on Deepening Medical and Health System Reform, 2009)^a
 Financial leasing industry developed (Guiding Opinions on Encouraging the Development of Financial Leasing Industry in the 12th Five-Year Period, 2011)^b

| Project Results Chain | Performance Indicators with Targets and Baselines | Data Sources and Reporting | Risks |
|--|--|---|--|
| Outcome YIL's healthcare leasing operation in underdeveloped regions sustained | This section has been redacted due to commercially sensitive information. | a–b. YIL's annual financial statements | Reform reduces the financial capacity of the public hospitals. ^c Delayed payments to leasing companies |
| Output 1. YIL's healthcare leasing in underdeveloped regions expanded 2. Facilities and diagnostic and treatment capacity of hospitals improved | This section has been redacted due to commercially sensitive information. 2a. Modern medical equipment leased or purchased by 12 public hospitals in the target region by 2016 (2014 baseline: not applicable) 2b. By 2017, six hospital buildings constructed, expanded, or refurbished (2014 baseline: not applicable) | 1–2. YIL's annual financial statements 1–2. YIL's development effectiveness monitoring reports | There is inadequate demand for healthcare equipment leasing. |

Key Activities with Milestones

Outputs 1 and 2: YIL's healthcare leasing in underdeveloped regions expanded and facilities and diagnostic and treatment capacity of hospitals improved

- 1.1 Project approved by the Board in Q3 2015
- 1.2 Legal documentation signed by Q4 2015
- 1.3 Corporate ESMS revised based on ADB audit by Q4 2015 and operational by 2016
- 1.4 Full disbursement of the ADB loan by Q2 2016
- 1.5 YIL's full deployment of the ADB funds by Q4 2016

Inputs

ADB: \$75 million (loan)

| |
|--|
| Assumptions for Partner Financing |
|--|

| |
|----------------|
| Not applicable |
|----------------|

ADB = Asian Development Bank, ESMS = environmental and social management system, Q = quarter, YIL = Yingda International Leasing.

^a Government of the People's Republic of China (PRC). 2009. *State Council Opinion on Deepening Medical and Health System Reform*. Beijing.

^b Government of the PRC. 2011. *Guiding Opinions on Encouraging the Development of Financial Leasing Industry in the 12th Five-Year Period*. Beijing.

^c Hospitals will no longer be allowed to mark up the price of prescription medicines under the proposed reform. If the revenues from direct or insurance payments and government subsidies fail to increase accordingly, or hospitals fail to improve their operating efficiency, their financial position will deteriorate and the capital expenditure program will be affected.

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=49200-001-3>

1. Sector Overview
2. Ownership, Management, and Governance
3. Details of Implementation Arrangements
4. Contribution to the ADB Results Framework
5. Financial Analysis
6. Country Economic Indicators
7. Summary Poverty Reduction and Social Strategy
8. Safeguards and Social Dimensions Summary
9. Financial Intermediary: Environmental and Social Management System Arrangement