



# Technical Assistance Report

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Project Number: 55299-001  
Transaction Technical Assistance (F-TRTA)  
October 2021

## Developing Public-Private Partnership Projects in Social Sector

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Asian Development Bank

### ABBREVIATIONS

ADB	–	Asian Development Bank
DMC	–	Developing Member Country
ECF	--	Elderly care facility
HPMO	–	Hezhou Project Management Office
GPMO	–	Guangxi Project Management Office
OPPP	–	Office of Public-Private Partnership
PRC	–	People’s Republic of China
PPP	–	public-private partnership
TA	–	technical assistance
TAS	–	transaction advisory services
TRTA	–	transaction technical assistance
XPMO	–	Xiangyang Project Management Office

### NOTE

In this report, “\$” refers to United States dollars.

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## TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number: 55299-001</b>	
<b>Project Name</b>	Developing Public Private Partnership Projects in Social Sector	<b>Department/Division</b>	OPPP/OPOH
<b>Nature of Activity</b>	Project Preparation	<b>Executing Agency</b>	Asian Development Bank
<b>Modality</b>	Facility		
<b>Country</b>	Regional		
<b>2. Sector</b>		<b>ADB Financing (\$ million)</b>	
✓ <b>Health</b>	Health care finance		2.50
		<b>Total</b>	<b>2.50</b>
<b>3. Operational Priorities</b>		<b>Climate Change Information</b>	
✓ <b>Addressing remaining poverty and reducing inequalities</b>		GHG Reductions (tons per annum)	0.000
✓ <b>Accelerating progress in gender equality</b>		Climate Change impact on the Project	Low
		<b>ADB Financing</b>	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
		<b>Cofinancing</b>	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
<b>Sustainable Development Goals</b>		<b>Gender Equity and Mainstreaming</b>	
SDG 1.b		Some gender elements (SGE)	✓
SDG 3.c			
SDG 5.5		<b>Poverty Targeting</b>	
SDG 10.4		Geographic Targeting	✓
<b>4. Risk Categorization</b> Low			
<b>5. Safeguard Categorization</b> Safeguard Policy Statement does not apply			
<b>6. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>2.50</b>	
Transaction technical assistance: Technical Assistance Special Fund		2.50	
<b>Cofinancing</b>		<b>0.00</b>	
None		0.00	
<b>Counterpart</b>		<b>0.00</b>	
None		0.00	
<b>Total</b>		<b>2.50</b>	
Currency of ADB Financing: US Dollar			

## I. THE TECHNICAL ASSISTANCE FACILITY

### A. Justification

1. The transaction TA facility will support the development of bankable ongoing and future social sector projects in developing member countries (DMCs), as listed below. The ongoing projects and future PPP project/(s) supported by the transaction TA facility aims to enhance the private sector's involvement in delivering sustainable social services such as elderly care, health, and education. OPPP will provide transaction advisory services (TAS) and will be supported by technical, legal, and national PPP procurement experts. This will include conducting due diligence, preparation of financial viability assessment and implementation plan, preparing documentation (including concession agreement and other agreements), developing financial models, assisting the timely completion of contract negotiations, and performing other activities as may be required. The outputs will focus on support needed by the DMCs to develop bankable and sustainable PPP projects.

Ongoing projects:

- (a) 50391-001 Demonstration of Guangxi Elderly Care and Health Care Integration and Public Private Partnership Project
- (b) 52245-001 Xiangyang Hubei Elderly Care Service Development with Public-Private Partnership Project

Pipeline of future projects:

- (a) UZB - Development of secondary/tertiary healthcare facilities
- (b) INO - Development of medical colleges/universities
- (c) PAK - Development of vaccine capacity as related to expanded program on immunization

2. Rapidly aging populations across various DMCs can no longer rely on traditional family and social structures. The public and private sectors both play an increasingly important role in elderly care, and it is important that sustainable public-private partnership models that leverage the expertise and efficiency of the private sector are developed to deliver quality elderly care. ADB has provided sovereign loans to three elderly care projects in PRC, which are currently supported by OPPP, namely: (i) 50391-001 Demonstration of Guangxi Elderly Care and Health Care Integration and Public Private Partnership Project; (ii) 52245-001 Xiangyang Hubei Elderly Care Service Development with Public-Private Partnership Project; and (iii) 4909-002 Hubei Yichang Comprehensive Elderly Care Demonstration Project, to promote, coordinate and deliver integrated elderly care and health care for those in need, serving as demonstration projects. The transaction TA facility will support two of these projects, which are covered by advisory mandates for OPPP.<sup>1</sup>

3. **Pandemic impact.** Older persons are highly susceptible to infectious diseases and elderly care facilities are at high risk of infections. Geriatric care-focused hospitals serve older patients who are at high risk of hospital-acquired infections. The international evidence associated

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<sup>1</sup>The projects covered by a TAS mandate for OPPP and to be supported by the transaction TA facility are 50391-001 Demonstration of Guangxi Elderly Care and Health Care Integration and Public Private Partnership Project (<https://www.adb.org/projects/documents/prc-50391-001-rrp>); and 52245-001 Xiangyang Hubei Elderly Care Service Development with Public-Private Partnership Project (<https://www.adb.org/projects/documents/prc-52245-001-rrp>).

with coronavirus disease (COVID-19) outbreaks shows the high risk of mortality associated with COVID-19 in care homes, with indications that the number of deaths in care homes accounts for about 30%–50% of all COVID-19 deaths in various economies.<sup>2</sup> Hence, it is important to consider preparedness and response by elderly care and other social sector facilities to infectious disease threats. Identification and development of risk mitigating measures will be developed and implemented at various stages of the project lifecycle. During project preparation, a risk register will be developed to analyze key project risks, including risks associated with infectious diseases and pandemics. At the design and planning stages, the need for well-ventilated and flexible spaces that can be converted for isolation purposes will be considered. At the operations stage, a range of approaches will be considered including: (i) staff training; (ii) adaptability of information communications technology to support wider efforts to contain the spread of infectious diseases within the facility; and (iii) maintaining optimal levels of supplies and personal protective equipment at the facility.

4. **Gender elements.** In line with the gender considerations per the on-going projects and for future projects, this TRTA Facility seeks to promote gender elements by encouraging gender-sensitive workplace practices and policies among the private sector operators, as they align with the DMC’s statutory requirements. In addition, the PPP framework which defines relevant implementation arrangements can identify potential gender-sensitive elements in the operations and maintenance of the elderly care facilities.

5. **Other support.** As women live longer and require more care during periods of ill health, higher quality healthcare and elderly care will improve the quality of life for older persons. For unpaid/family caregivers, the majority of whom are women, it will increase their opportunities to join the paid labor force. As outlined in the Project Administration Manual (PAM), the on-going projects will support the use of gender-sensitive arrangements with separate facilities for men and women, enhance job opportunities for women during the construction and operation phases, improve working conditions, and provide training opportunities for women to strengthen their skills and capacity.

## B. Outputs and Activities

6. The major outputs and activities are summarized in Table 1.

**Table 1: Summary of Major Outputs and Activities**

Major Outputs	Delivery Dates	Key Activities with Milestones
1. Output 1: Financial viability assessment of PPP and transaction structure prepared.	By Q4 2021 for the on-going project  By Q3 2023 for the ensuing project	1.1. Conduct of due diligence; 1.2. Assess financial viability; 1.3. Develop financial model; 1.4. Conduct of market sounding to gather initial feedback from the private sector on the project’s bankability; and 1.5. Develop the transaction structure.

<sup>2</sup> A. Comas-Herrera et al. 2020. *Mortality Associated with COVID-19 Outbreaks in Care Homes: early international evidence*. International Long-term care Policy Network (LTCcovid), CPEC-LSE.

	By Q3 2024 for future projects	
2. Output 2: Project marketing support provided.	By Q2 2022 for the on-going project  By Q3 2023 for the ensuing project  By Q1 2025 for future projects	2.1. Develop marketing documents such as Project Brief; 2.2. Organize bidder conference and other events; and 2.3. Retain providers of transaction support services, as may be required, such as but not limited to Procurement Agency in PRC.
3. Output 3: Bidding documents prepared.	By Q2 2022 for the on-going project  By Q3 2024 for the ensuing project  By Q2 2025 for future projects	3.1. Prepare the Implementation Plan; 3.2. Prepare Pre-qualification documents and recommendations on criteria; 3.3. Develop Request for proposal (RFP) and recommendations on criteria; 3.4. Draft concession agreement, including Key Performance Indicators; and 3.5. Support the Client in negotiations with preferred bidder leading to commercial closure.

ADB = Asian Development Bank, Q= quarter, TA = technical assistance, Implementation Plan is typically required by many DMCs prior to project launch.

### C. Cost and Financing

7. The TA facility is estimated to cost \$2,500,000, of which \$1,250,000 will be financed from TASF-7 and \$1,250,000 will be financed from TASF-Others. The key expenditure items are listed in Appendix 1. The TA facility will be subject to arrangements that will seek recovery of the cost financed under the TA facility when commercial close is achieved. Terms of cost recovery will be negotiated for each project, with fees paid at the time of commercial close deemed to have met cost recovery objectives.

8. The on-going project 50391-001 People's Republic of China: Demonstration of Guangxi Elderly Care and Health Care Integration and Public-Private Partnership Project is supported by existing TAs, as provided below. This proposed TRTA will be used to fund the incremental fees by the legal advisor.

- (i) TA 9779 Transaction Advisory Services for the Preparation of Public-Private Partnership Projects in Asia- funds Pinsent Masons LLP, as international counsel, and Chang An Law Firm, as local counsel. The assignment period under the Contract is 24 months and commenced on 23 March 2020; and
- (ii) TA 8909 Enhancing Public-Private Partnership Project Development through Support for ADB Transaction Advisory Services in Southeast Asia and the Pacific, funding EY Corporate Advisors Pte. Ltd., Singapore as the technical and financial firm. The contract is being implemented from 10 September 2019 and to be completed by 31 December 2021 with a high possibility of extension.

9. The government may provide counterpart support in the form of counterpart staff, office space, and other support, as articulated in the TAS agreement between ADB and the relevant government agency. The government will be informed that approval of the TA does not commit ADB to finance any ensuing project.

#### D. Implementation Arrangements

10. ADB will be the executing and implementing agency of the TA. ADB will select, administer, and evaluate consultants, as well as supervise the consultants' output to be delivered. The TA will finance consulting services, workshop and training events, including study visits and resource persons, preparation of reports as well as communication, miscellaneous administration, and support costs. ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions. The implementation arrangements are summarized in Table 2.

**Table 2: Implementation Arrangements**

Aspects	Arrangements		
Indicative implementation period	October 2021-October 2025		
Executing agency	ADB		
Implementing agency	ADB		
Consultant for on-going project: Project number: 50391-001	Firm has been selected and engaged by ADB		
	<b>Selection method</b>	<b>Selection title</b>	<b>Amount</b>
	OGC process <sup>a</sup>	Legal counsel for on-going project (7 person-months)	\$150,000
Consultants for on-going project: Project number: 52245-001	Firms will be selected and engaged by ADB as needed by the Project.		
	<b>Selection method</b>	<b>Selection title</b>	<b>Amount</b>
	QCBS/FBS – firm	Technical advisor Domestic PPP advisor <sup>3</sup> (38 person-months)	\$600,000
	OGC process <sup>a</sup>	Legal counsel for new project (18 person-months)	\$500,000
Consultants for future project/(s)	Firms will be selected and engaged by ADB as needed by the Project.		
	<b>Selection method</b>	<b>Selection title</b>	<b>Amount</b>
	QCBS/FBS – firm	Technical advisor	\$800,000

<sup>3</sup> The technical and domestic PPP advisors will be recruited and hired under one contract, to facilitate interface and coordination between consultants, while streamlining the recruitment process. This arrangement is consistent with that of 50391--001 People's Republic of China: Demonstration of Guangxi Elderly Care and Health Care Integration and Public-Private Partnership Project.



Aspects	Arrangements		
		Domestic PPP advisor <sup>4</sup> (30 person-months)	
	OGC process <sup>a</sup>	Legal counsel for new project (14 person-months)	\$350,000
Others (training, miscellaneous and contingency)			\$100,000
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2020, as amended from time to time).		
Asset turnover or disposal arrangement upon TA completion	Not applicable.		

<sup>a</sup> Legal counsel will be procured by OGC in accordance with the "Customized procurement arrangements for the engagement of legal consultants for transaction advisory services and related capacity building initiatives" dated 27 July 2017.

## II. THE PRESIDENT'S DECISION

11. The President acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$2.5 million on a grant basis for the Transaction Advisory Services for the Preparation of Social Sector Public–Private Partnership Projects in Asia.

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<sup>4</sup> The technical and domestic PPP advisors will be recruited and hired under one contract for the future project/(s), to facilitate interface and coordination between consultants, while streamlining the recruitment process. This approach is consistent with contracting arrangements used for the on-going projects.

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

<b>Item</b>	<b>Total Cost</b>
<b>Asian Development Bank <sup>a</sup></b>	
I. Consultants	
1. Remuneration and per diem	2,325
2. International and local travel <sup>b</sup>	75
II. Training, seminars, and conferences	30
III. Miscellaneous administration and support costs <sup>c</sup>	20
IV. Contingencies	50
<b>Total</b>	<b>2,500</b>

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF 7 and TASF-Others).

<sup>b</sup> This category includes international and local travel costs for consultants as resource persons.

<sup>c</sup> Printing, translation, communication and O365 licenses for individual consultants, if applicable

Source: Asian Development Bank estimates.

## PROJECTS UNDER TECHNICAL ASSISTANCE FACILITY

### Indicative Consultants' Input Allocation (person-month)

Item	Total	Ongoing Project (50391-001)	Ongoing Project (52245-001)	Future Project
Technical Advisor	28	0	16	12
Legal Advisor	39	7	18	14
Domestic PPP Expert	40	0	22	18

Note: The future project aims to diversify the geography and social sector coverage supported by this transaction TA facility and will be selected from the pipeline below.

<b>Pipeline of Future Projects</b>		
<b>DMC</b>	<b>Sector</b>	<b>Project Name</b>
Uzbekistan	Health	Development of secondary/tertiary healthcare facilities <sup>a</sup>
Indonesia	Education	Development of medical colleges/universities <sup>b</sup>
Pakistan	Health	Development of vaccine capacity as related to expanded program on immunization <sup>c</sup>
Kazakhstan	Health	Karaganda Medical University Project <sup>d</sup>
Bangladesh	Health	Piloting Dialysis and Diagnostic Centre PPPs <sup>e</sup>
Philippines	Health	Vaccine Self Reliance Project <sup>f</sup>

<sup>a</sup> OPPP is exploring transaction advisory support for the development of secondary/tertiary healthcare facilities nationwide, to be procured under the PPP framework.

<sup>b</sup> OPPP is in discussions with Ministry of Higher Education and Research in Indonesia for the development of medical colleges/universities.

<sup>c</sup> OPPP is in discussions with National Institute of Health to develop capacity for key vaccines, as part of the expanded program on immunization.

<sup>d</sup> OPPP is in discussions with Ministry of Healthcare of up to 300-bed teaching hospital covering multi-specialties and Ostkamengorsk up to 300-bed multi-disciplinary general hospital.

<sup>e</sup> Bangladesh Ministry of Health and Family Welfare (MOHFW) is looking for private sector intervention to improve the access to and quality of healthcare, starting with dialysis centers and diagnostics facilities (labs, imaging).

<sup>f</sup> OPPP is in discussions with the Department of Health - Research Institute for Tropical Medicine to develop domestic vaccine manufacturing capacity for key vaccines.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. A range of consultancy inputs could be obtained to support this technical assistance (TA) and the Asian Development Bank (ADB) Office of Public–Private Partnership’s transaction advisory services mandates. The following types of consultants are most likely to be hired, although others could be hired as well on a project-specific basis<sup>5</sup>. The terms of reference are indicative and will be updated and modified as required for each project for which the Office of Public–Private Partnership receives a transaction advisory services mandate. Estimates of person-months are indicated for the following experts, to be funded by this TA. The selection of consultants is contemplated to be on Fixed Based Selection or Quality and Cost Based Selection, subject to further deliberation by the project team.

2. **Technical advisor (approx. 28 person-months).** The technical advisor will be a firm and will have specific technical expertise relevant to the project and country needs. The technical advisor will include the following personnel and required minimum qualifications:

- (a) Lead international technical advisor – will have demonstrated knowledge and extensive experience, at least 15 years professional experience, of which at least 8 years in social sector management and/or advisory experience across international markets.
- (b) National technical resource – will have at least 10 years professional experience, of which at least 5 years in relevant social sector management and/or advisory experience in the relevant DMC.
- (c) Technical analyst – will have at least 3 years of professional experience in a technical advisory capacity.

3. Working under the overall guidance of ADB, the responsibilities of the technical advisor will include:

- (a) conduct technical and operational due diligence on the project prior to tendering;
- (b) develop feasibility studies and other relevant technical reports;
- (c) identify key technical issues and provide recommendations for resolution;
- (d) assist ADB in progressing the transaction structure;
- (e) provide technical and commercial advice for the project;
- (f) assist in drafting the technical specifications development and calibration of KPIs;
- (g) consider safeguard requirements in relation to project layout, design, or projected operational characteristics;
- (h) advise on all technical questions received from bidders and provide responses to be issued by DMC client or ADB, as appropriate;
- (i) assist DMC client agency as instructed (subject to confirmation by ADB) in conducting discussions and coordinate with the bidder;
- (j) assist ADB and coordinate with the legal advisor in preparing required modifications to project agreements and bid documents;
- (k) provide support, as necessary, during the procurement process and assist during bidder negotiation;

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<sup>5</sup> This TRTA will support social sector projects where OPPP is providing TAS across various DMCs, which require extensive experience and relevant expertise within a specific DMC. It is important for OPPP to maintain flexibility and discretion to consider suitably qualified consultants for every project in a specific DMC. As such, the consulting contracts will be separate as it would not be appropriate nor practical to use a framework agreement/framework contract.

- (l) attend to any other matter of a technical nature relating to the project, as instructed by ADB;
- (m) provide advice on similar technologies or business models used in other DMCs;
- (n) participate and support ADB during missions and meetings with the client, including;
- (o) liaise and coordinate with the legal advisor and domestic PPP expert, to support ADB and ensure seamless delivery of transaction advisory services; and
- (p) assist the team coordinator in submitting TA reports; and attend to all other matters of a technical nature relating to the transaction for which ADB is the mandated advisor.

4. **Legal advisor (approx. 39 person-months)**. The legal advisor will be a firm and will have specific technical expertise relevant to the project and country needs, having previous experience in the drafting of sector-specific concession agreements and other related project agreements, including in markets where no precedent for such documentation exists. The legal advisor will include the following personnel and required minimum qualifications:

- (a) Lead legal advisor – extensive experience, at least 10 years of professional legal experience, including at least 8 years advising on PPP transactions internationally with a track record of successfully closed deals, and experience in the relevant DMC is required.
- (b) International PPP legal expert – demonstrated expertise and extensive experience, at least 20 years professional experience, including 10 years. Advising on PPP transactions internationally, specifically government procurement agencies and having a track record of successfully closed deals, experience in the relevant DMC will be an advantage.
- (c) National Legal analyst – at least 3 years professional experience in being a team member advising on PPP transactions in the relevant DMC.

5. Working under the overall guidance of ADB, the responsibilities of the legal advisor will include:

- (a) conduct legal and fiscal due diligence on the project for benefit of the government and/or mandated advisor;
- (b) identify key legal issues and provide recommendations for resolution;
- (c) assist ADB in developing the transaction structure;
- (d) advise and assist the government and ADB in addressing all legal matters that arise during the bid process including negotiations with the bidder(s);
- (e) assist the government and ADB in proposing contractual drafts of the project agreements to reflect the final negotiated and agreed position;
- (f) provide support, as necessary, for the negotiation process;
- (g) provide the necessary assistance for TA reports;
- (h) participate and support ADB during missions and meetings with the client, including; and attend to all other matters of a legal nature relating to the transaction for which ADB is the mandated advisor; and
- (i) liaise and coordinate with the technical advisor, domestic PPP expert, to support ADB and ensure seamless delivery of transaction advisory services

6. **Domestic PPP advisor (approx. 40 person-months)**. The domestic PPP advisor will be a firm and will have specific PPP expertise in the relevant domestic market, advising on public–

private partnership transactions, including providing support during negotiations and the preparation of project agreements. The domestic PPP advisor will include the following personnel and required minimum qualifications.

- (a) Lead National PPP expert – extensive experience of at least 15 years professional experience, including 10 years of advising on PPPs transactions and government procurement agencies in the domestic market.
- (b) Project procurement advisor – extensive experience, at least 10 years professional experience, including at least 8 years advising on PPP transactions and managing PPP procurement and preparing the requisite analysis for statutory approval purposes.
- (c) PPP analyst – at least 5 years professional experience, including being a team member advising on PPP transactions in the relevant DMC.

7. Working under the overall guidance of ADB, the responsibilities of the domestic PPP advisor will include:

- (a) advise on and assist in preparing reports and analyses for statutory approval process based on specific country PPP requirements;
- (b) assist in drafting bid documents (including evaluation criteria) and assist in finalizing project agreements to reflect the final negotiated and agreed positions;
- (c) conduct of market sounding and promoting the project and where appropriate, conduct briefings for civil society organizations (CSO)<sup>6</sup>;
- (d) assist in the PPP tender process including the data room, as may be required;
- (e) provide support, as necessary and advise on transaction structure, commercial and domestic PPP procurement matters;
- (f) conduct financial due diligence and market analysis;
- (g) prepare financial models, and conduct analysis required to support the tendering process, including value for money, financial and economic viability assessment;
- (h) assist the team coordinator in submitting TA reports;
- (i) provide inputs to the Strategic Procurement Plan, where ADB financing is utilized;
- (j) provide a review and evaluation of the preferred bidder's updated financial model;
- (k) provide advice on business models used in other DMCs and provide case studies, as may be required;
- (l) participate and support ADB during missions and meetings with the client;
- (m) liaise and coordinate with the technical advisor and legal advisor to support ADB and ensure seamless delivery of transaction advisory services; and
- (n) attend to all other matters of a commercial and domestic PPP procurement nature relating to the transaction for which the transaction advisor is ADB.

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<sup>6</sup> CSOs are expected to be actively involved in social sector projects and may be involved in the market scan, as deemed appropriate.