Early Warning System

ADB-50201-001

Public-Private Partnerships Demonstration Program to Transform Delivery of Elderly Care Services

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Quick Facts

Countries	China
Specific Location	Yichang, Hubei
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	B
Voting Date	2016-12-12
Borrower	Government of People's Republic of China
Sectors	Education and Health, Technical Cooperation
Investment Type(s)	Loan
Investment Amount (USD)	$ 50.00 million
Project Cost (USD)	$ 128.40 million

Project Description

The proposed Asian Development Bank (ADB) assistance will be the first sovereign public-private partnerships (PPP)-related loan in the PRC that can potentially transform the delivery of social services by local governments. The PPP Demonstration Program (the program) will build capacity for developing, procuring, and managing transparent PPPs and finance a demonstration PPP for socially inclusive, efficient, and quality elderly care services (ECS) in one municipality (Yichang, Hubei). The program will serve as a demonstration for other local governments, and create more opportunities for ADB to finance inclusive and efficient service delivery in the PRC

The PRC government seeks a sound mechanism for the provision of integrated, community- and home-based ECS that can be replicated nationwide. The program is aligned to the PRC's 13th Five-Year Plan (2016 2020) which supports strengthening the ECS system in the PRC; and to government policies and priorities for introducing and expanding PPP in public services to bring efficiency, innovation, and quality that is affordable. Recent policy directives issued for the development of the ECS industry recognize the need to improve services and human resources; develop the ECS market; and outline responsibilities for local governments, and private and civil society stakeholders. The program is aligned with ADB's country partnership strategy (2016 2020) pillar on inclusive growth, the Midterm Review of Strategy 2020, the Operational Plan for Health (2015 2020), the PPP Operational Plan (2012 2020), and the Upper Middle Income Country Approach Paper. It also supports the programming priorities included in the Operational Directions for 2016.

The objectives of building local government capacity to apply appropriate laws and developing a demonstration ECS PPP requires the use of government systems within the national regulatory framework for PPPs, while providing incentives through results-based financing to support YMG to implement PPPs for ECS. To systematically build institutional capacity and create the best demonstration practice for application by other local governments, the program will (i) use national systems and PPP frameworks; (ii) focus on results and performance; (iii) take a risk-based approach; and (iv) be accompanied by appropriate capacity building to mitigate risk and ensure results. RBL is the appropriate approach to develop YMG's capacity to design, manage, and implement a true PPP in the ECS sector and to leverage ADB financing to introduce this innovative approach requiring a new way of working for local governments.

ADB's value added is in introducing international expertise and good practice models; supporting an honest dialogue between potential bidders and the local government that ensures transparency and credibility to design a quality PPP project that offers genuine value for money; generates a high level policy dialogue with the government, and translates national PPP policies into an actionable PPP approach. Most importantly, local governments, including Yichang, are currently ill-prepared to take on transformational PPP projects without such external support. ADB's support is timely, will introduce innovation, contribute to knowledge on local level PPPs, and have a high demonstration impact. ADB has already gained credibility with the PRC government for responding to its PPP agenda with an appropriate mix of policy dialogue, sharing of international experience, and proposing an innovative service delivery approach. These efforts have placed ADB as a lead partner in the area of PPP and local government delivery of ECS.

IMPACT

The expected impact of the program is the expansion of socially inclusive high quality ECS using PPPs, which is aligned with:

(i) Three-tiered EC system (home, community, and institutional) established. (Opinions on Promoting the Development of Senior Care Service Industry (PRC State Council Circular No. 35, 2013 and the PRC 13th Five-Year Plan 2016 2020, which has development of elderly care as one of 10 key areas of industrial focus); and

(ii) Local government financing channels, using PPP and other means reformed and diversified (State Council, 2014. Opinions on Innovative Investment Mechanism and Encouraging Social Investment in Key Sectors. Beijing).

Investment Description

- Asian Development Bank (ADB)

Government of People's Republic of China: US$ 55 Million
Private Sector: US$ 23.4 Million

Contact Information

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

Bank Documents

- Di Fang Zheng Fu Yang Lao Fu Wu Gong Gei Zhuan Xing Gong Si He Zuo Shi Fan Xiang Mu : Xiang Mu Shu [Original Source]
- Initial Poverty and Social Analysis
- Program Safeguard Systems Assessment
- Project Disclosure PDF
- Public-Private Partnerships Demonstration Program to Transform Delivery of Elderly Care Services in [Original Source]