

# ADB Support for PPPs

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# ADB's PPP Operational Plan

<b>Pillar 1 Advocacy and capacity development</b>	<b>Pillar 2 Fostering the enabling environment</b>	<b>Pillar 3 Project development</b>	<b>Pillar 4 Project financing</b>
Create awareness, encourage leadership, identify the potential of PPPs, develop capacity	Help develop the policy, legal, regulatory, and institutional framework	Provide expert support, tool kits, funding costs of transaction advisors, or procurement support	Provide tailored financial support eg guarantees, equity, loans, viability gap funding
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# Strategic directions

- Help develop and demonstrate best practice approaches to PPPs
- Address the high demand for public services arising from urbanization
- Assist innovation in government financing

# Our value-added

- A deep understanding of key sectors and urbanization
- Experience and knowledge of PPPs in the PRC and internationally
- Extensive experience with the PRC's finance sector and public finances

# Our approach

- Provide a package of support based on high quality, 'pathfinder' PPPs
- Support a 'learning by doing' approach
- Provide early, concrete action

# A holistic approach



# Transaction advisory services

- To help complete well prepared, pathfinder PPPs
- To ensure that PPP contracts are 'investment grade' and that projects are bankable
- Our preference is to recover non-ADB costs from winning bidders



# Financial support

- Targeted financial support may be available for transformational PPPs
- ADB funds would be used to establish the creditworthiness of a PPP and leverage private investment



# Loan Products

- 1. Investment loan** with a performance-based contract
- 2. Loans to financial intermediaries** for onlending, at the financial intermediary's risk, to final borrowers
- 3. Policy-based lending**, to support reforms and improve policies. It provides budget support to governments to address development financing needs.
- 4. Results-based lending**, to support governments in designing and implementing government-owned sector programs. Disbursement is linked directly with the achievement of program results.
- 5. Partial credit guarantee** to cover credit risks associated with a borrower's inability to fulfill its debt service and repayment obligations on time.
- 6. A range of other products** are available for private investors eg loans, equity investments

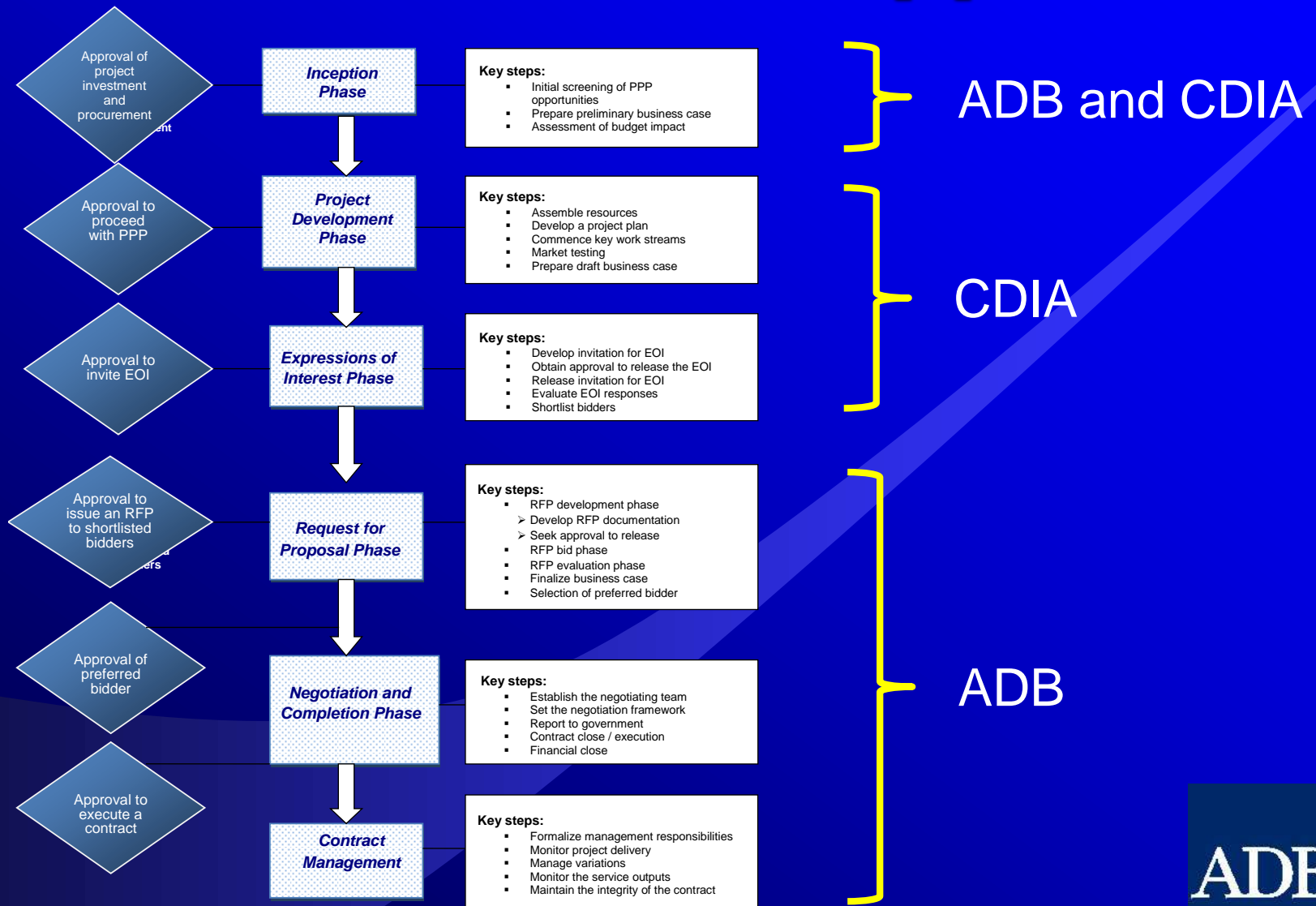
# PPP Incentive Scheme

- A set-aside for all members of \$500 million in additional Ordinary Capital Resources (OCR) for 2015
- A \$100m PPP could provide up to \$70m in OCR
- Additional technical assistance for transaction advisory services

# Demonstration cities

- An initiative that will help adapt projects to the PPP approach
- Initial projects will be simple and low risk
- Used as test cases for streamlining and adapting systems to PPPs
- To be rolled out to other cities

# ADB and CDIA support



# For More Information

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