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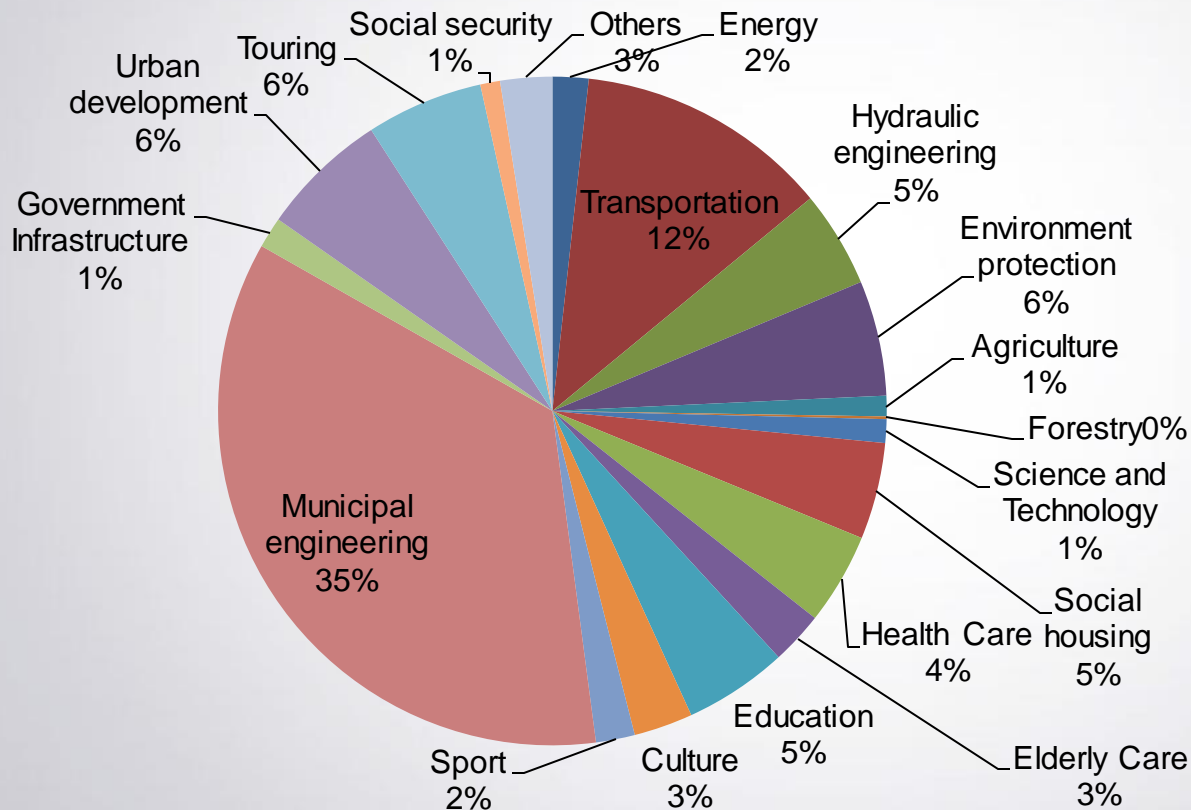
8 Dec. 2016



Development in Elderly Care in PRC and ADB's Involvement

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Alix Burrell, Senior PPP Specialist, OPPP

PPP Proposals by CPPPC



Number:
10685

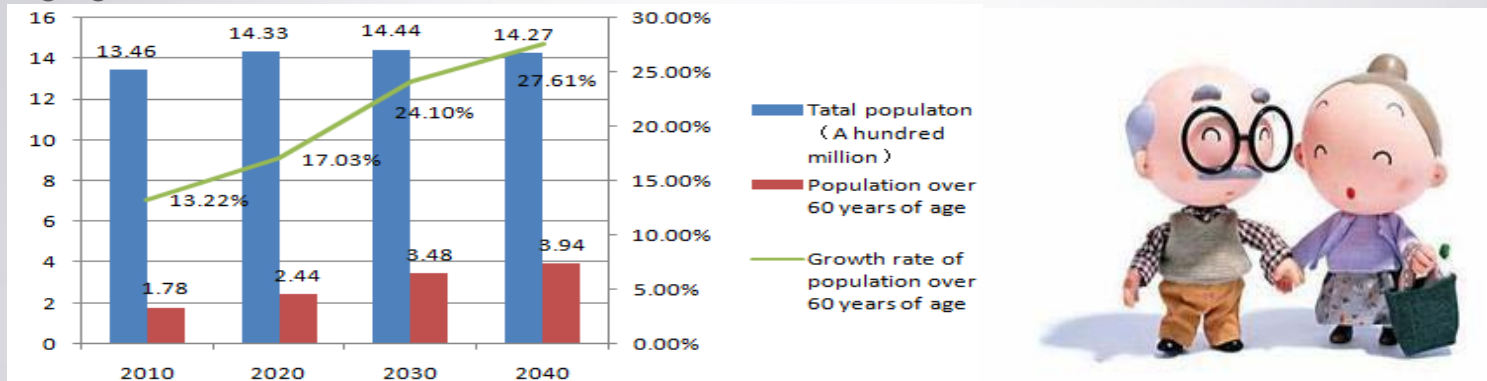


Cost estimates:
CNY 1.27 trillions

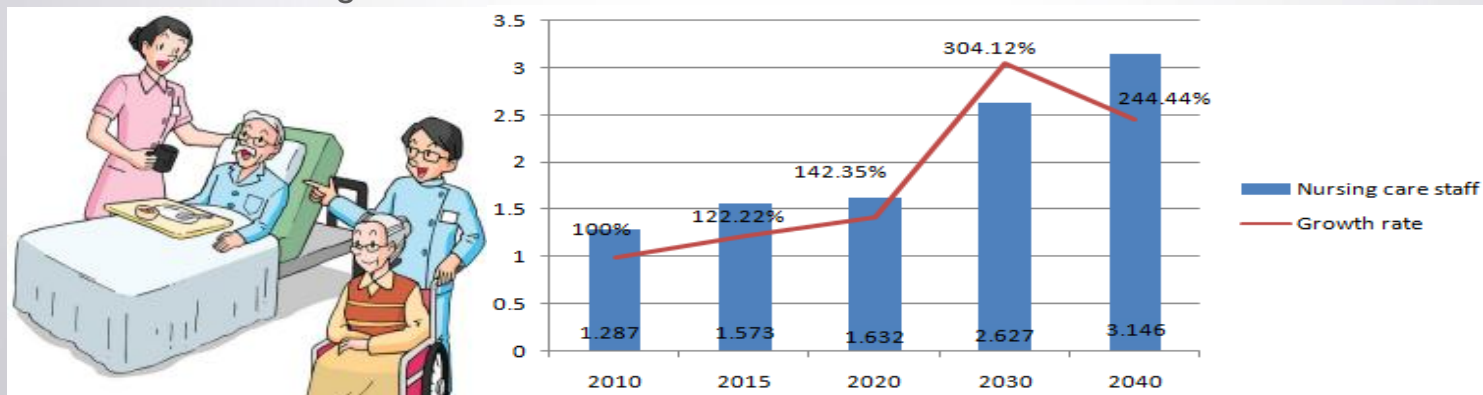
(as of 31 October 2016)

Demands for Elderly Care

Aging trend



Demands for nursing staff



Issues for PPPs in EC

Local governments' capacity of project identification, preparation and implementation are weak, being unable to develop PPP projects with high quality.

The performance evaluation system of social service is not effective or the existing performance indicators are not measurable and difficult to monitor.

Supporting policies are needed for financing and lands supply of the projects.

There are not many available qualified operators so the market is not fully competitive.



More PPP models which are acceptable and attractive to private sectors are needed to be explored while the involvement of private capital in the design of PPP models is limited.

Responsibilities and risks allocation between two parties are unclear.

Huge demands gap for nursing staff exists.

Rationale for Yichang EC PPP

Why PPP

PRC demand for demonstrative PPP models in social sectors

- Competitively and transparently bid PPPs
- Market players to deliver innovation and financing

Why ECS

Most pressing social service needing urgent response based on innovation, efficiency, affordability

- Complexity of demand profile (social preferences versus stark reality) requires innovative response
- Diverse services that are affordable and accessible – and that increase the latent demand

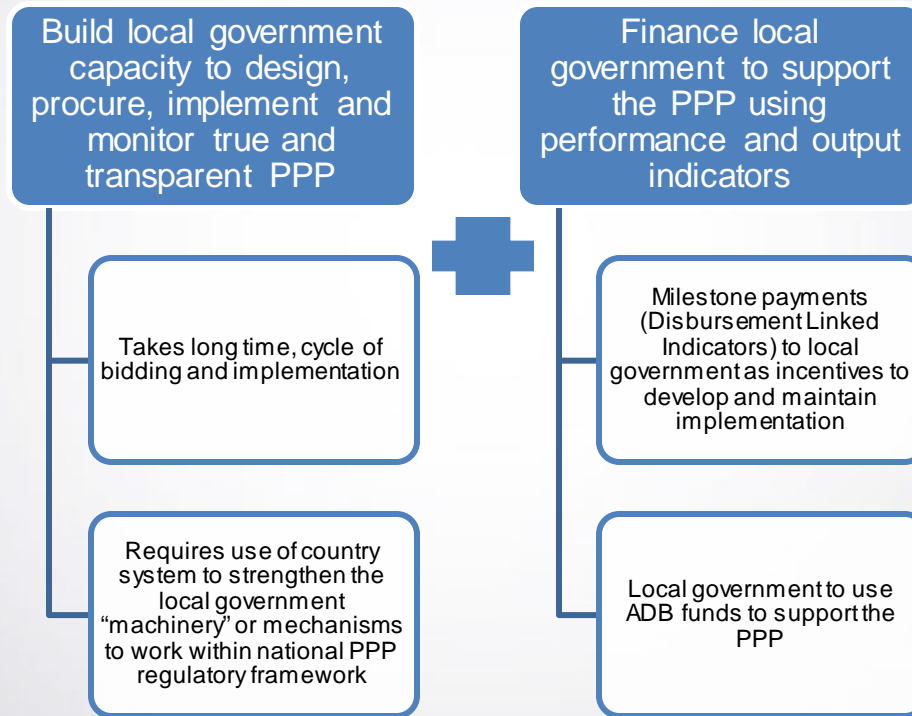
Why ADB

Support honest dialogue between market bidders and a local government

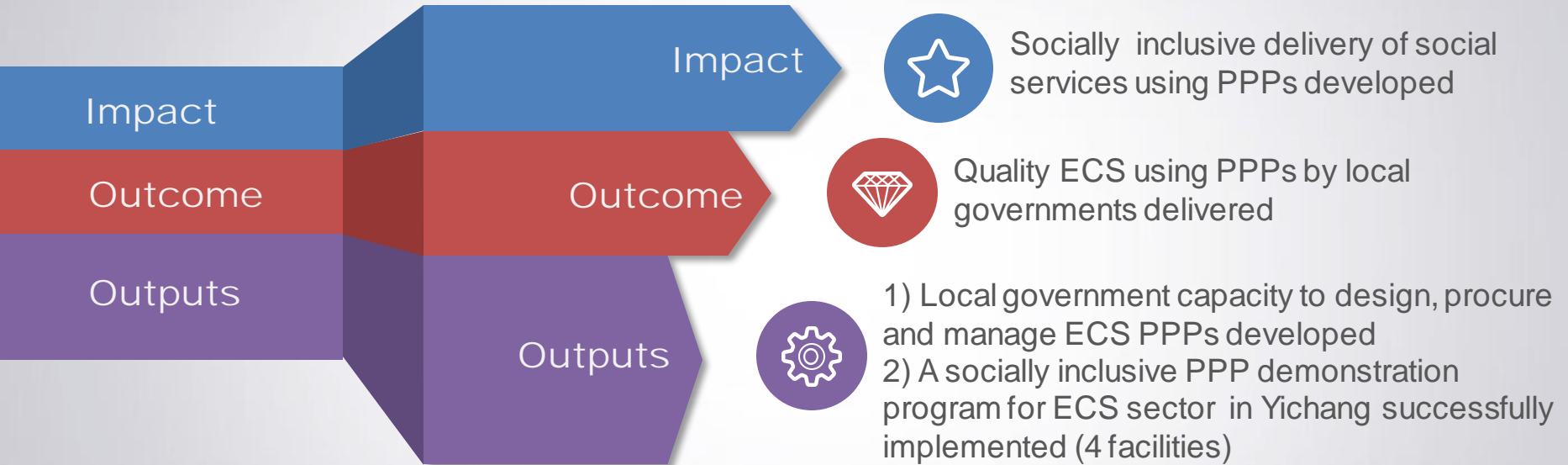
- Ensure transparency, credibility
- Bring in international experience



Approach for ADB Financing



Program Results



The program has a concise results framework based on PPP capacity building needs and Yichang's LTC Plan. Disbursement-linked indicators (DLIs) of the RBL program are based on the program's results framework and form the basis for disbursing ADB financing.

Disbursement Linked Indicators

Output 1

1

YMG's PMO capacity in PPP design, management, and effective service delivery built.

Output 2

2

ECS facilities with elderly and environmentally sustainable and inclusive design features constructed.

3

Number of elderly with access to integrated and inclusive ECS facilities increased

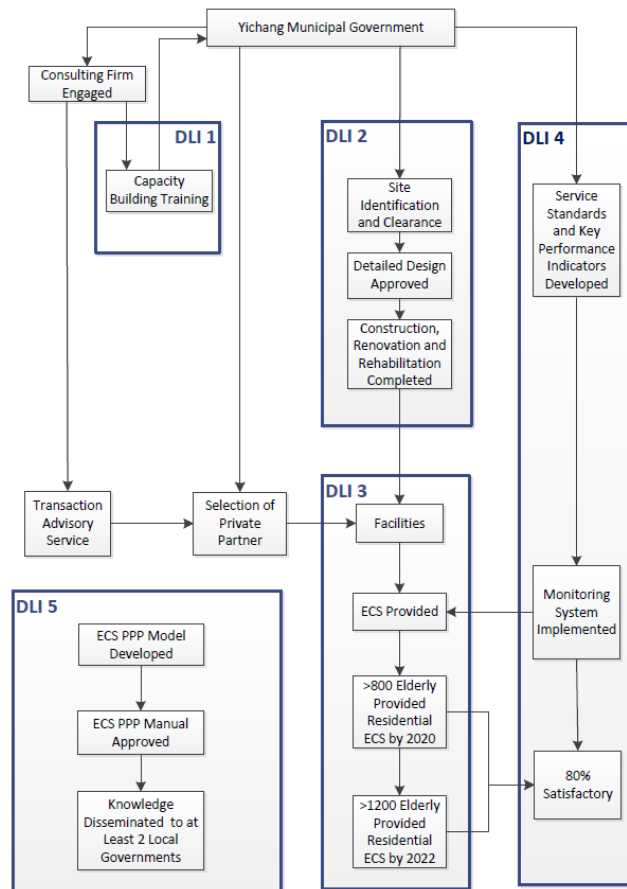
Outcome

4

Quality ECS provided through PPP

5

PPP Demonstration Achieved



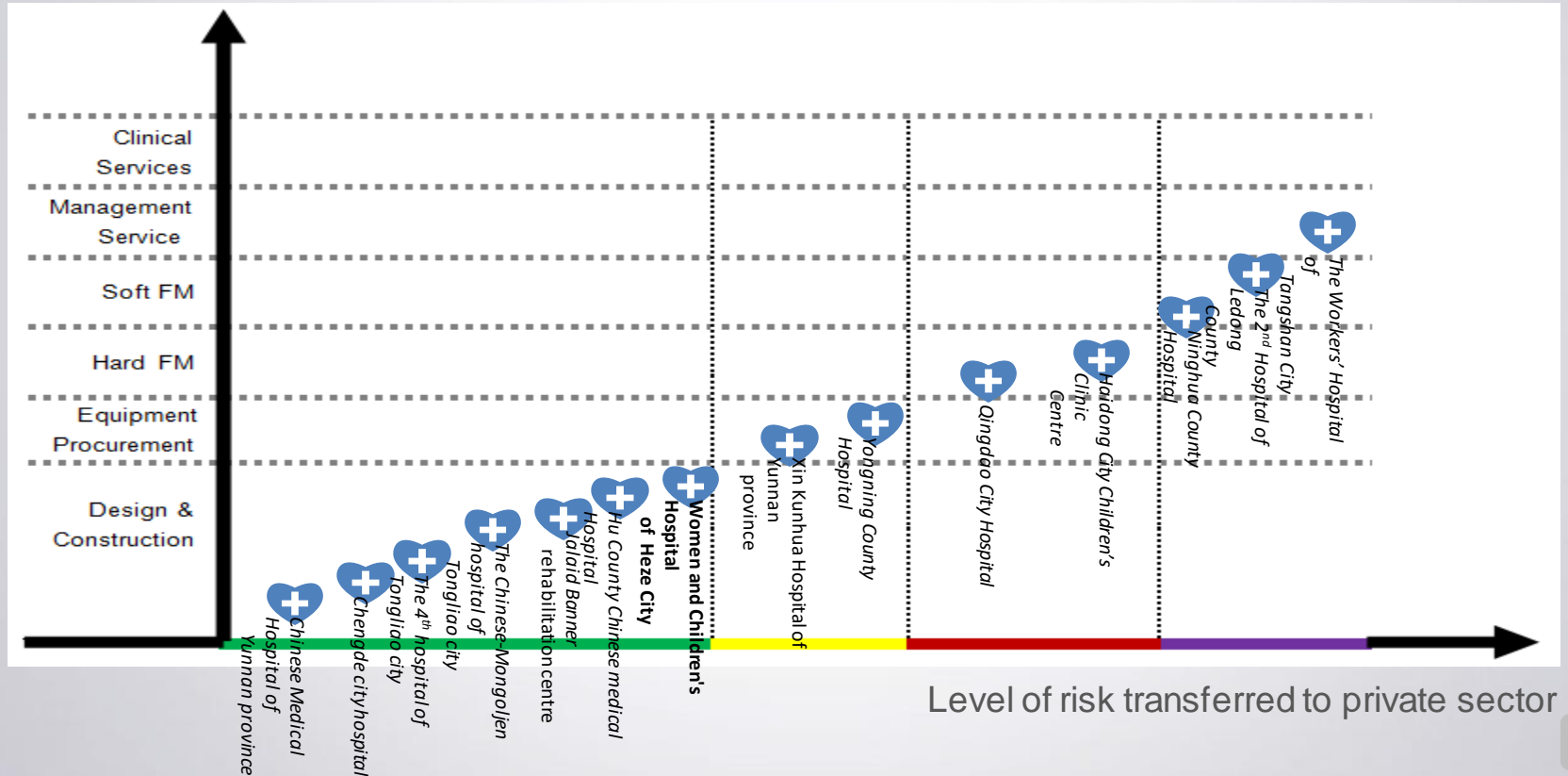
-----Cost Share for Inclusiveness-----

Categories	Land & environment	Housing & hardware	Service& software	Daily supplies
Very Poor (approx 5%)	Paid by Government	Paid by Government	Paid by Government	Government subsidies
Low income (approx 20%)	Paid by Government	Paid by Government	Paid by Government	Individual purchase
Middle income (approx 50%)	Paid by Government	Paid by Government	Cost on Private	Individual purchase
High income (approx 20%)	Paid by Government	Cost on Private	Cost on Private	Individual purchase
High end (approx 5%)	Cost on Private	Cost on Private	Cost on Private	Individual purchase

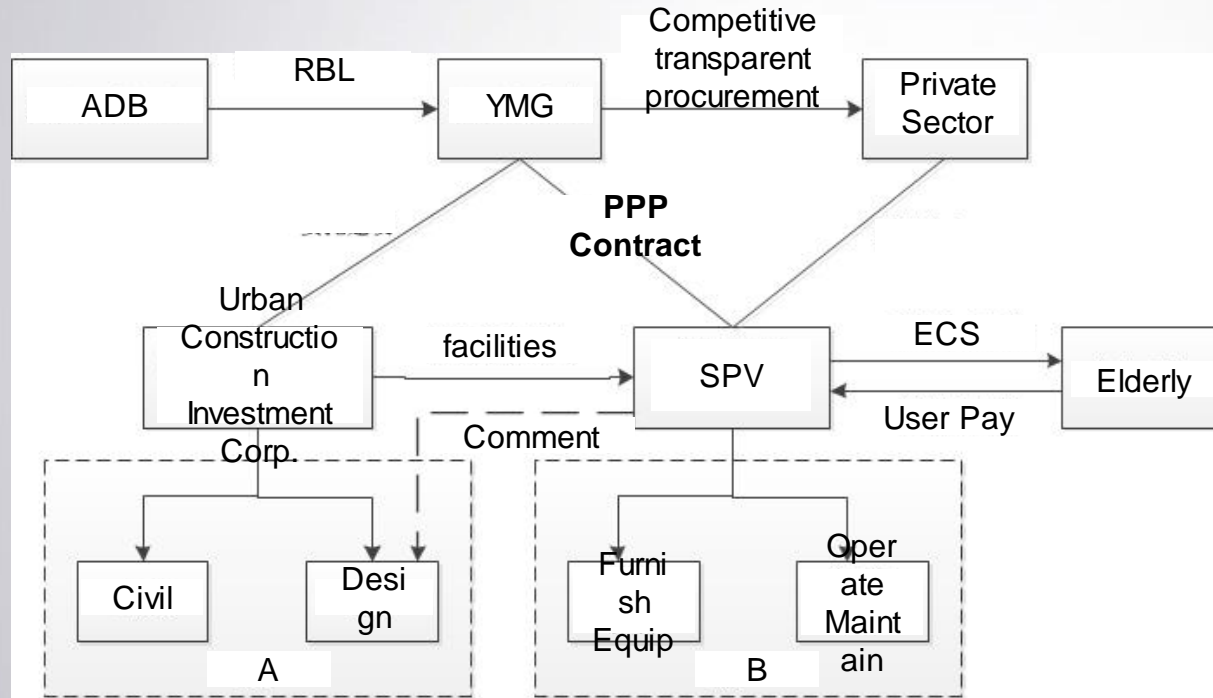
- Four key factors determine cost of elderly care services
- Projects targeted different users have different models for cost share
- Government must share cost and risks to ensure inclusiveness of elderly care services

Current Practices in PRC

Scope included in PPP contracts



----- Proposed PPP Structure -----



- Avoiding legal risks for lands and reducing cost for service provider ;
- Attractive for ECS operators rather than real estate developers or contractors;
- Proper risk allocation to ensure VFM ;
- Successful case in other sector exists – Beijing Subway Line 4 ;
- Easier to start for YMG then gradually strengthening capacity.

Government Capacity Building

Capacity for Sector Development Plan

- Long term EC development plan
- Identify priorities for public and potential for private

Capacity for develop and implement PPP

- Local PPP unit or leading team
- Successfully identify, prepare and implement PPPs
- Service standards
- Government subsidy models
- Contract implementation



Possibility for Introduce of International Supplier



Demonstrative PPP Models

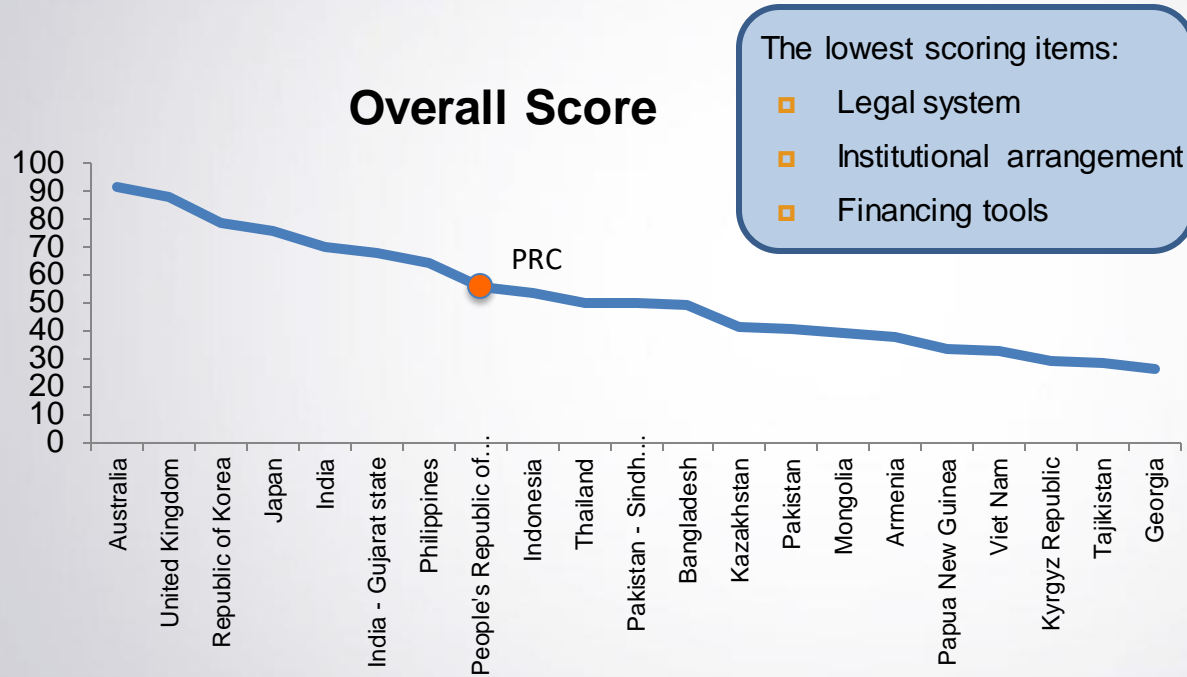
- ▣ Integrated institution, community and home-based EC system for middle and even low income people
- ▣ Integrated health care and elderly care
- ▣ Combining EC services and professional nursing staff training
- ▣ ...



more projects

Evaluating PPP Environment

- The overall score of the environment for PPP in Asia-Pacific



Overall Score	
Australia	91.8
United Kingdom	88.1
Republic of Korea	78.8
Japan	75.8
India	70.3
India - Gujarat state	68.0
Philippines	64.6
People's Republic of China	55.9
Indonesia	53.5
Thailand	50.4
Pakistan - Sindh province	49.9
Bangladesh	49.3
Kazakhstan	41.4
Pakistan	41.0
Mongolia	39.7
Armenia	38.0
Papua New Guinea	33.5
Viet Nam	33.1
Kyrgyz Republic	29.5
Tajikistan	28.7
Georgia	26.2

Source: Economist Intelligence Unit. 2014. Evaluating the Environment for Public-Private Partnership in Asia-Pacific: The 2014 Infrascope. Commission by ADB. (April 2015)

ADB's PPP Operation Plan

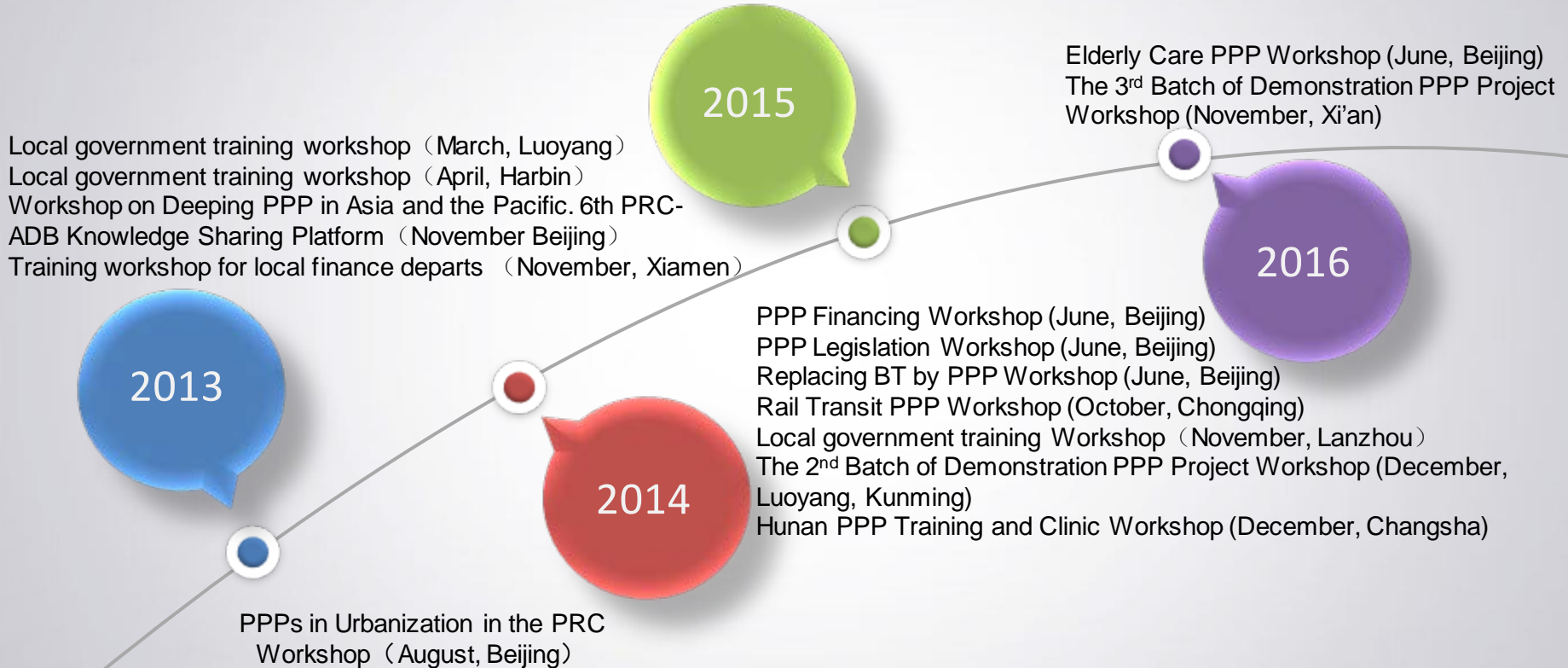
Pillar 1	Pillar 2	Pillar 3	Pillar 4
Advocacy and capacity development 倡导与能力建设	Fostering the enabling environment 构建制度政策框架	Project development 项目开发	Project financing 项目融资
<ul style="list-style-type: none"> • Hold awareness raising events and promote PPPs in the media ✓ • Develop the understanding among leaders ✓ • Conduct PPP training ✓ • Establish PPP knowledge centres ✓ 	<ul style="list-style-type: none"> • Conduct PPP readiness assessments • Develop local government PPP road maps • Update PPP laws and regulations ✓ • Establish PPP units to facilitate, guide, and help develop PPPs ✓ • Strengthen coordination within government 	<ul style="list-style-type: none"> • Integrate PPPs into public investment planning • Screen potential projects ✓ • Develop a PPP pipeline ✓ • Establish a PPP project cycle and procedures ✓ • Develop a PPP manual ✓ • Ensure sample PPP agreements that enhance bankability and protect governments ✓ • Identify and prepare pilot projects ✓ • Engage PPP advisors ✓ • Establish project development facilities 	<ul style="list-style-type: none"> • Provide essential public sector financial support eg, availability payments, viability gap funding ✓ • Establish PPP funds for essential government loans and guarantees



----- TAs for PPP (2013-2016) -----

- 01 TA-8505 Leadership in Public-Private Partnerships.
- 02 TA-8717 Preparing a Concession Law for Infrastructure and Public Services.
- 03 TA-8869 Financing Public-Private Partnerships.
- 04 TA-8940 Municipality-Level Public-Private Partnership Operational Framework for Chongqing.
- 05 TA 7313 SP2.11-PPP Capacity Building of the Chongqing Municipal Government.
- 06 TA 7313 SP 2.12-PPP Capacity Building in Gansu Province.
- 07 TA 7303 SP-Capacity Building in Public-Private Partnership Agreements.
- 08 TA-6428 Sample PPP Agreements.
- 09 TA 7862 SP1.24-Feasibility Study of PPP projects supporting Hunan and Chongqing.
- 10 TA 8103 Innovative Financing for Urban Infrastructure and Municipal Services in Harbin.
- 11 TA-8082 Promoting Private Investment for Social and Economic Development in Shaanxi Province.
- 12 TA 8780 SP 2.6- Promotion and Application of PPP Demonstration Projects in Social Sector

Capacity Building Provided by ADB





New TAs being Prepared

- Support Sichuan Finance Department to address the role of pension funds in PPP financing;
- Help the DRC evaluate the VFM of the PPP program;
- Collect international experience on PPP program transparency and implications, and improve information disclosure by drafting PPP Information Disclosure Guideline for CPPPC;
- Support NDRC to do post review of the first batch of BOT pilot projects in the PRC in 1990s including ADB's project Chengdu No.6 Water Plant;
- Help NDRC for study on Assessing and Prioritizing Mechanism for PPP Projects;
- Support CPPPC to optimize the current PPP Implementation Guidelines by studying the project development and approval procedures;
- Help Shandong Finance Department for a study on PPP projects performance assessment.



Thank you

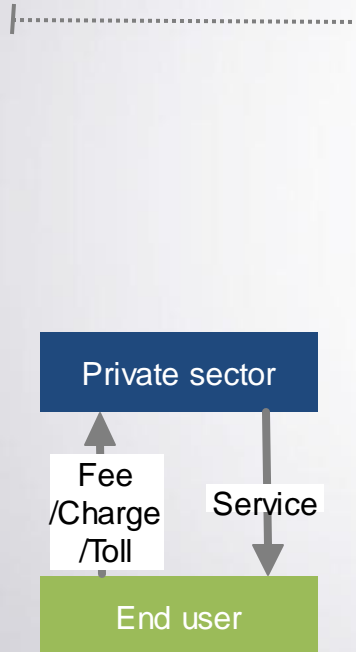


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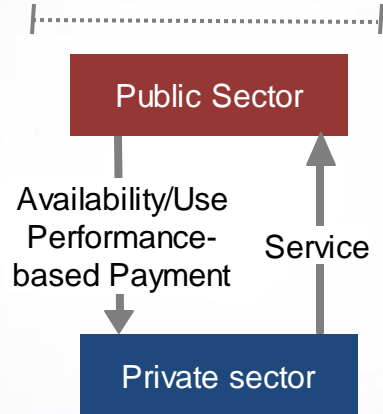
Three PPP Models

Appendices for Reference

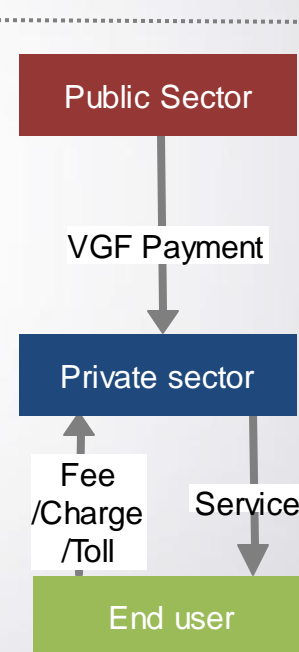
User Pay



Government Pay

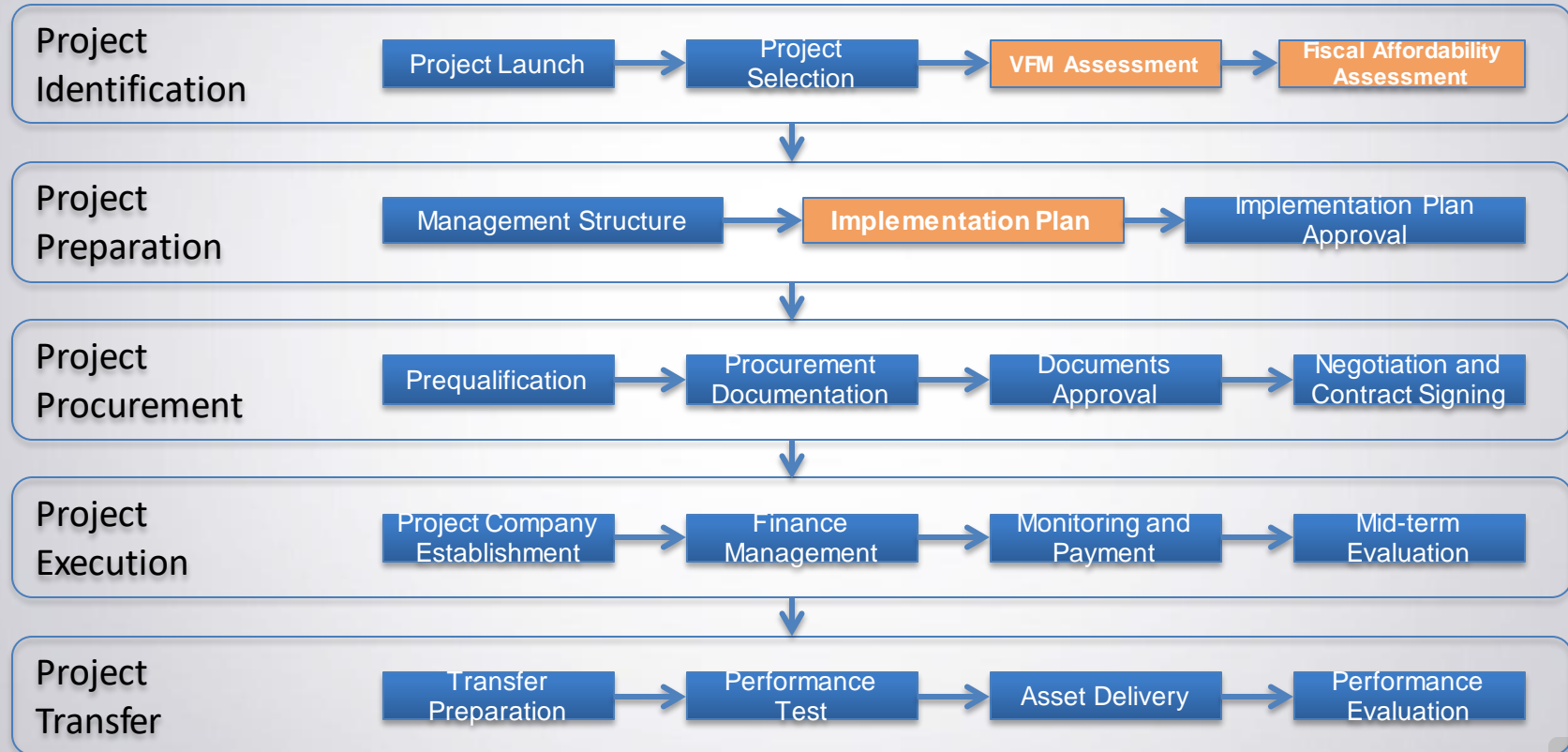


Viability Gap Funding (VGF)



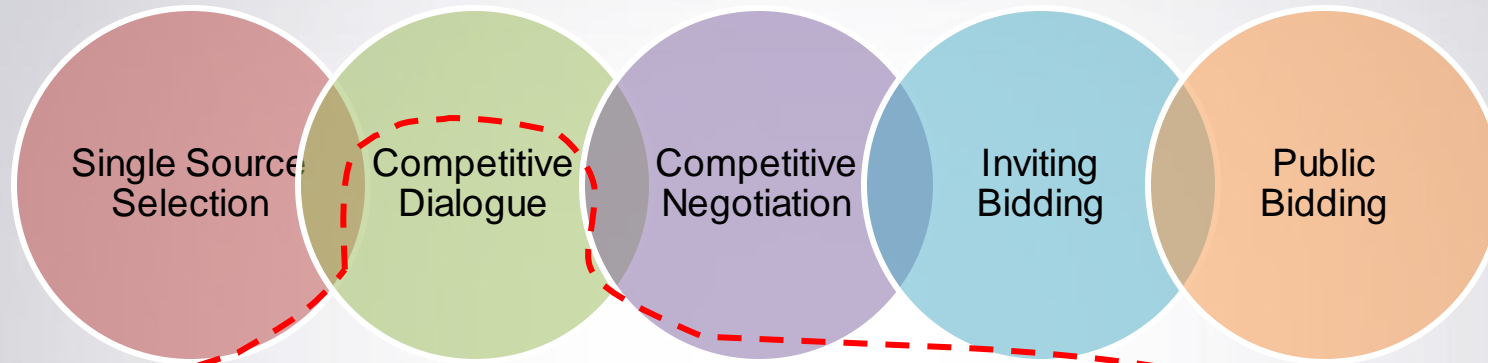
Implementation Procedure

Appendices for Reference



Procurement Methods

Appendices for Reference



Two stages evaluations:

1. Determine the final procurement scope. Evaluation committee can carry out multi rounds negotiation with potential investors. In the course of negotiation, except the indicated non-negotiable documents, the technical and service requirements, and draft contract may be revised.
2. Assess overall score based on the output of stage 1.

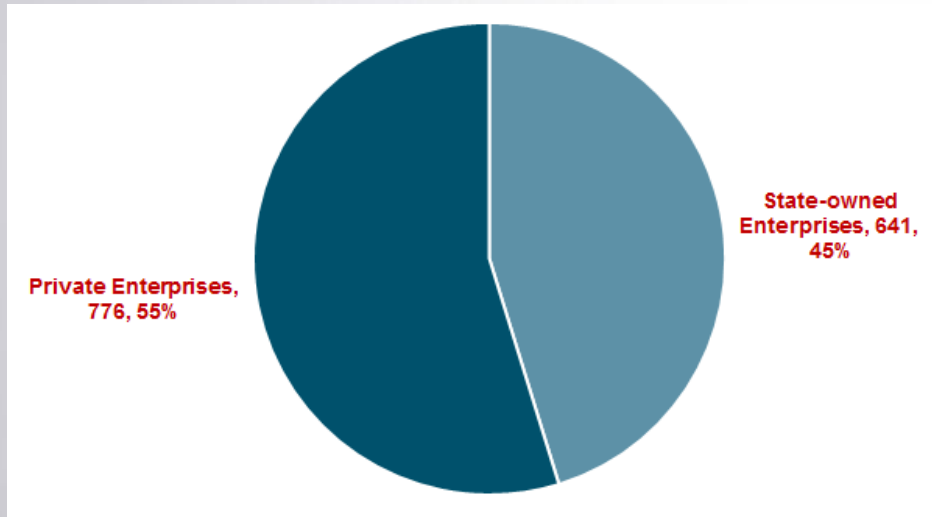
- **Interim Administration Measures for the Competitive Dialogue Procurement Methods of Government Procurement by MOF (2014) No.214:** Tailor made Competitive Dialogue for PPP projects.
- **Administration Measures for the Government Procurement Approach of Government and Social Capital Cooperation Project by MOF (2014) No.215:** Specification of five procurement methods for PPP projects.
- Currently no clear boundaries between the "Bidding and Tendering Law" and the "Government Procurement Law".

Performance of different enterprises

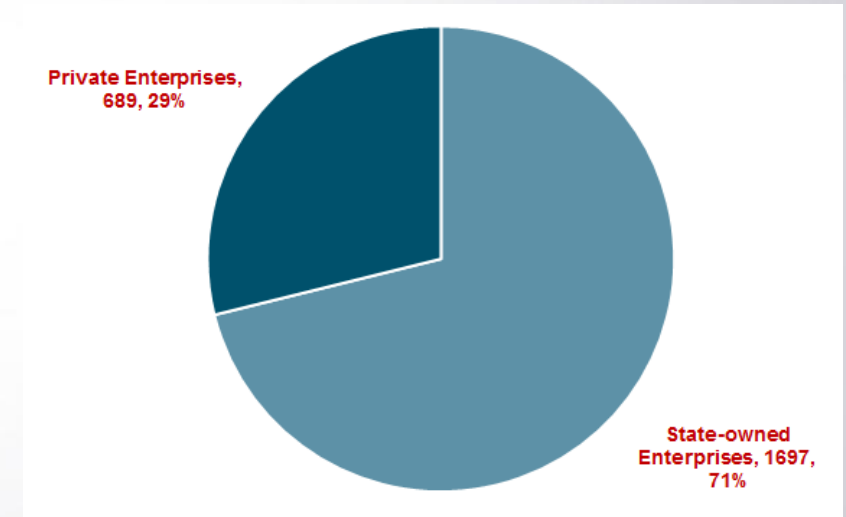
(From January 2014 to November 2016)

Appendices for Reference

Number of projects taken by different enterprises

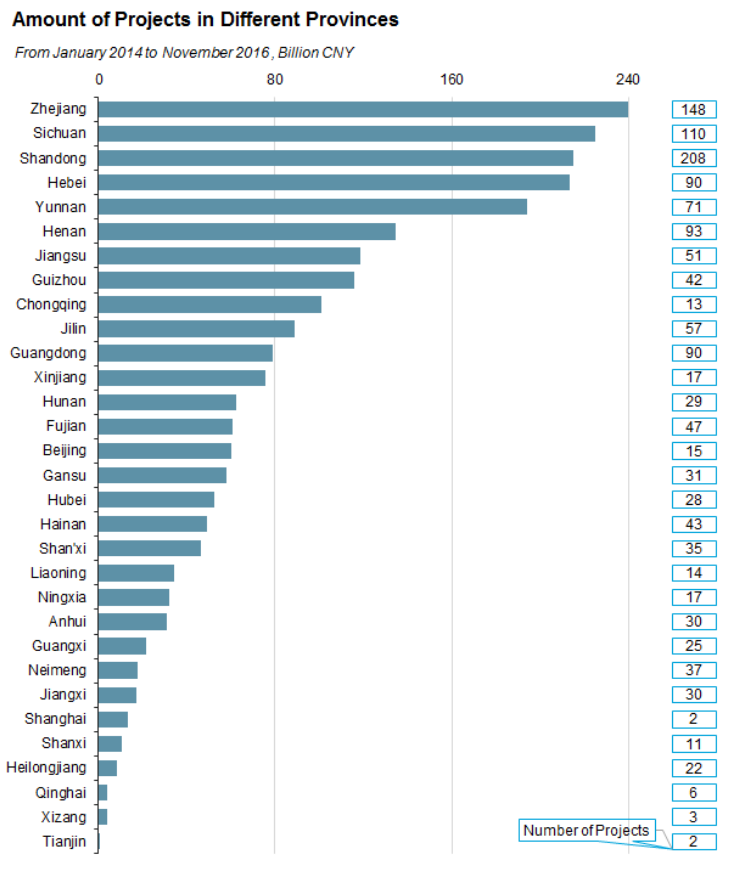


Amount of projects taken by different enterprises (billion)



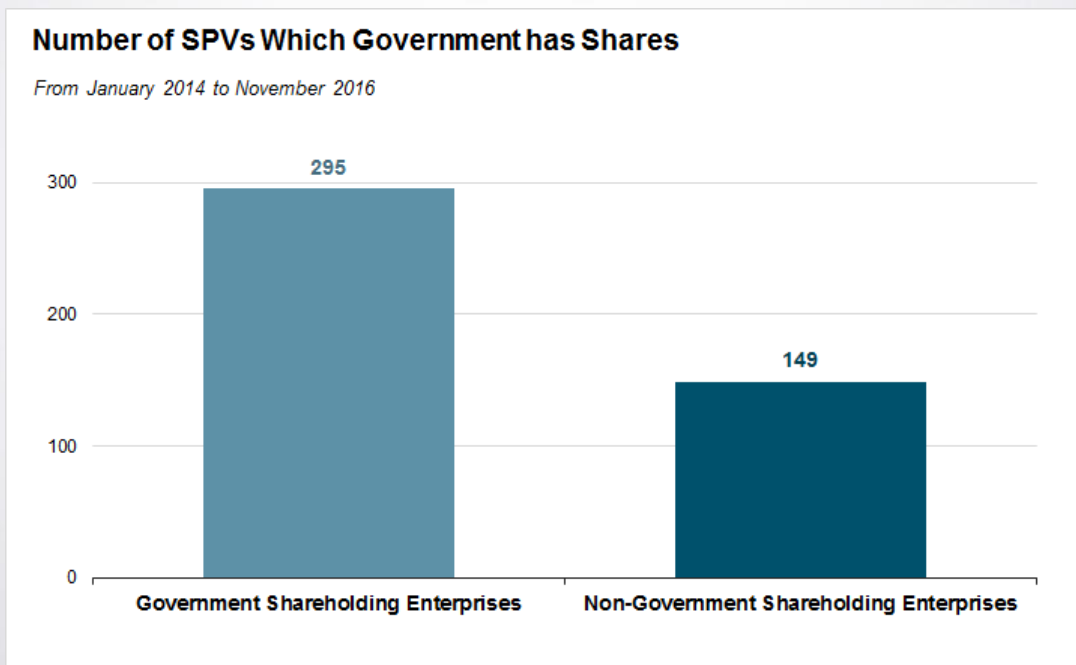
PPPs in Provinces

Appendices for Reference



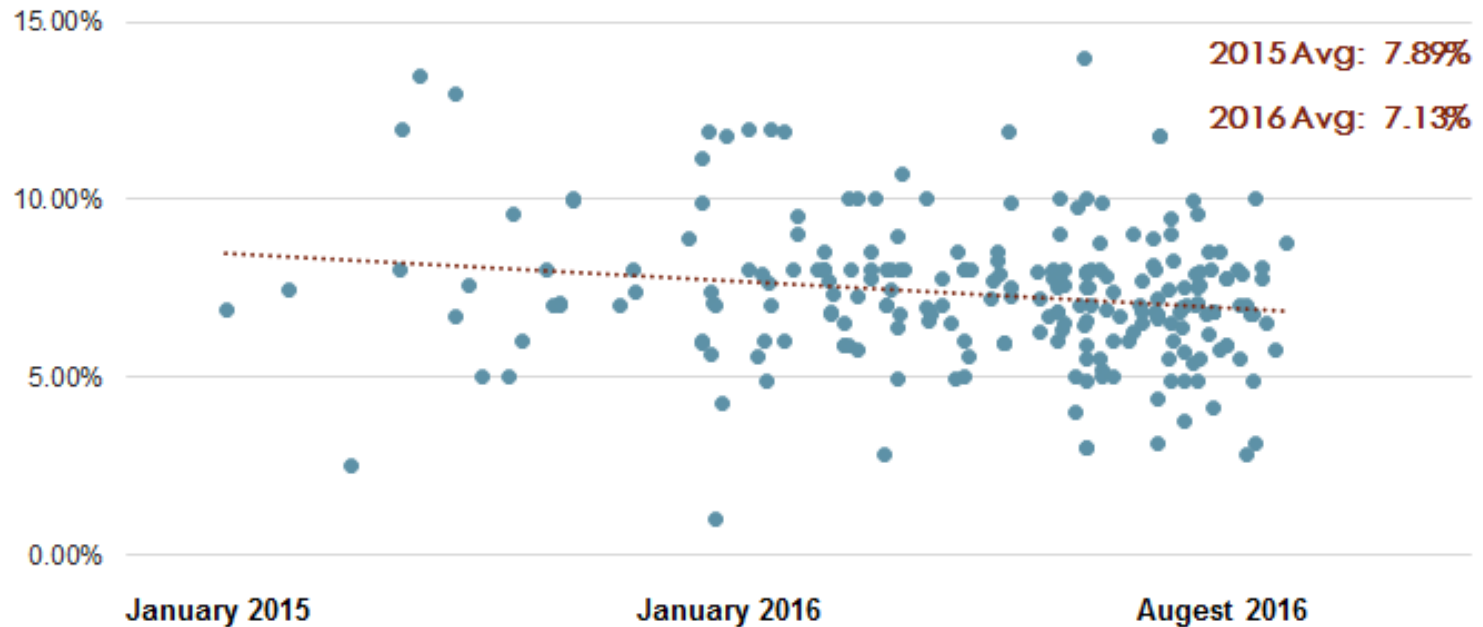
Government Share in SPV

Appendices for Reference



Rate of Return in Different Projects

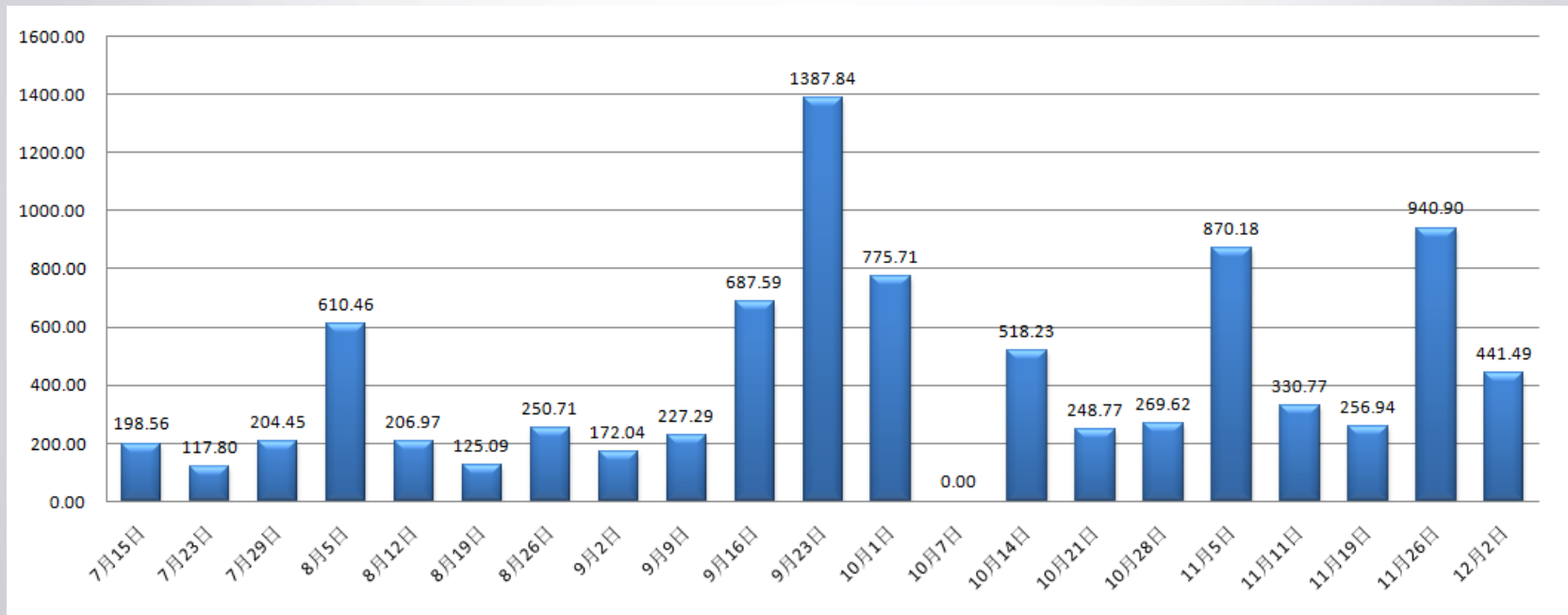
From January 2015 to August 2016



Deals by Week

(CNY 100 million)

Appendices for Reference



Knowledge Sharing by WeChat

Appendices for Reference



- Initiated by PRCM staff
- Operated by a group of volunteers on a rotation basis
- Became the most popular social media on PPP in the PRC involving a large PPP professional society
- Appreciated by Chinese government

507
新消息

1374
新增人数

94355
总用户数



PPPwiki

Professional Independent Sharing

趋势图

