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ADB Office of Public-Private Partnership (OPPP)

Preparing Bankable Infrastructure Projects in Asia Pacific

29 September 2021

Presented by
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BUSINESS
OPPORTUNITIES

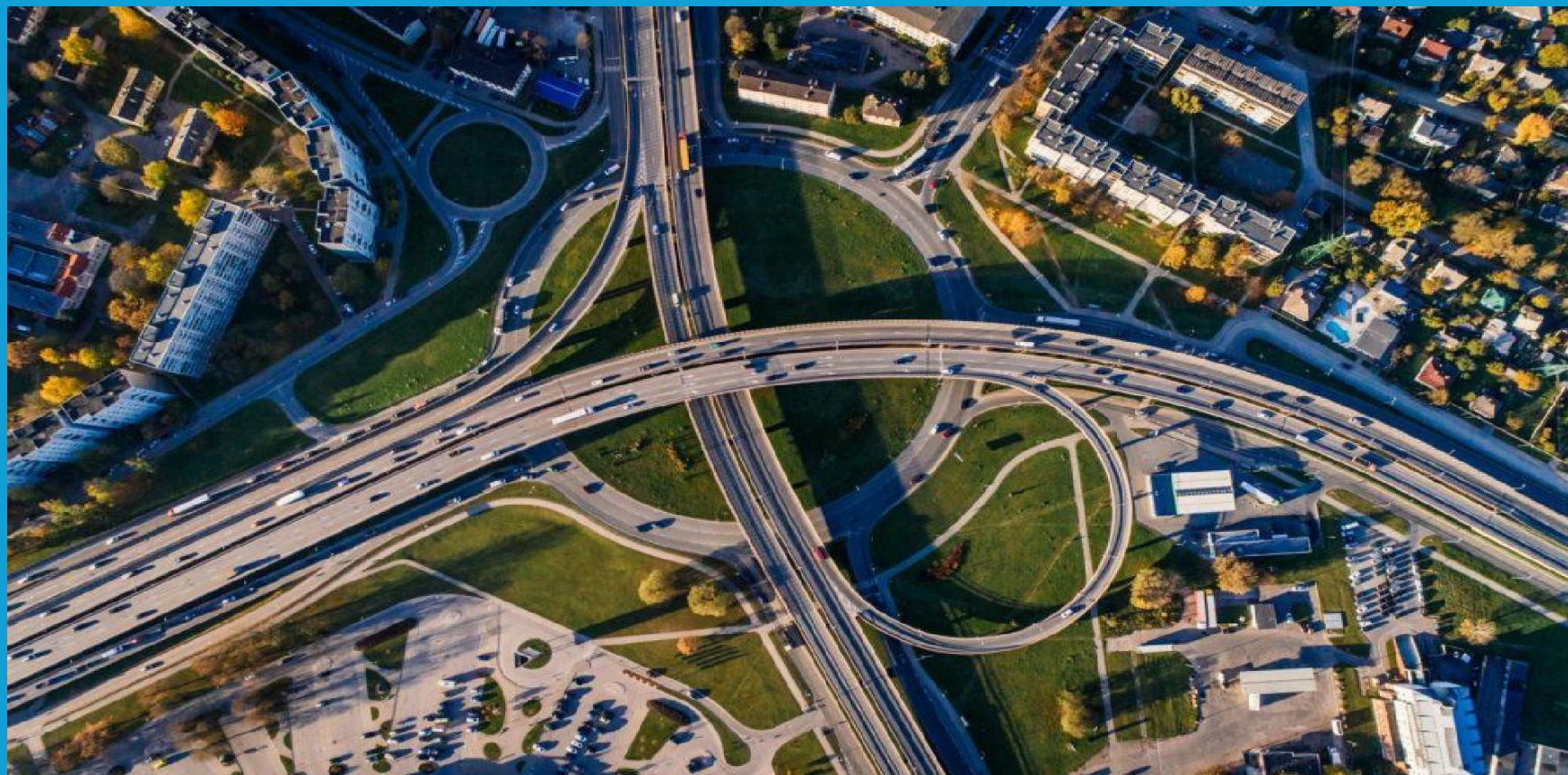


Contents

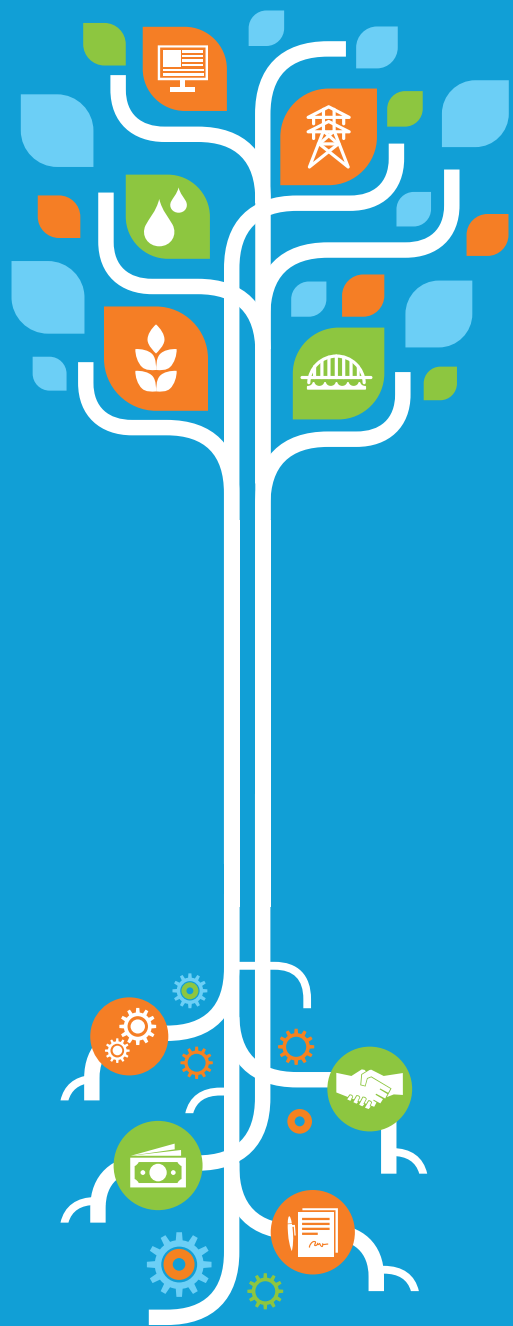
1. Introduction to ADB's Office of Public Private Partnership
2. Snapshot of TAS mandates across various DMCs
3. PPP Opportunities in Selected Sectors across Asia

ADB's Approach to PPPs

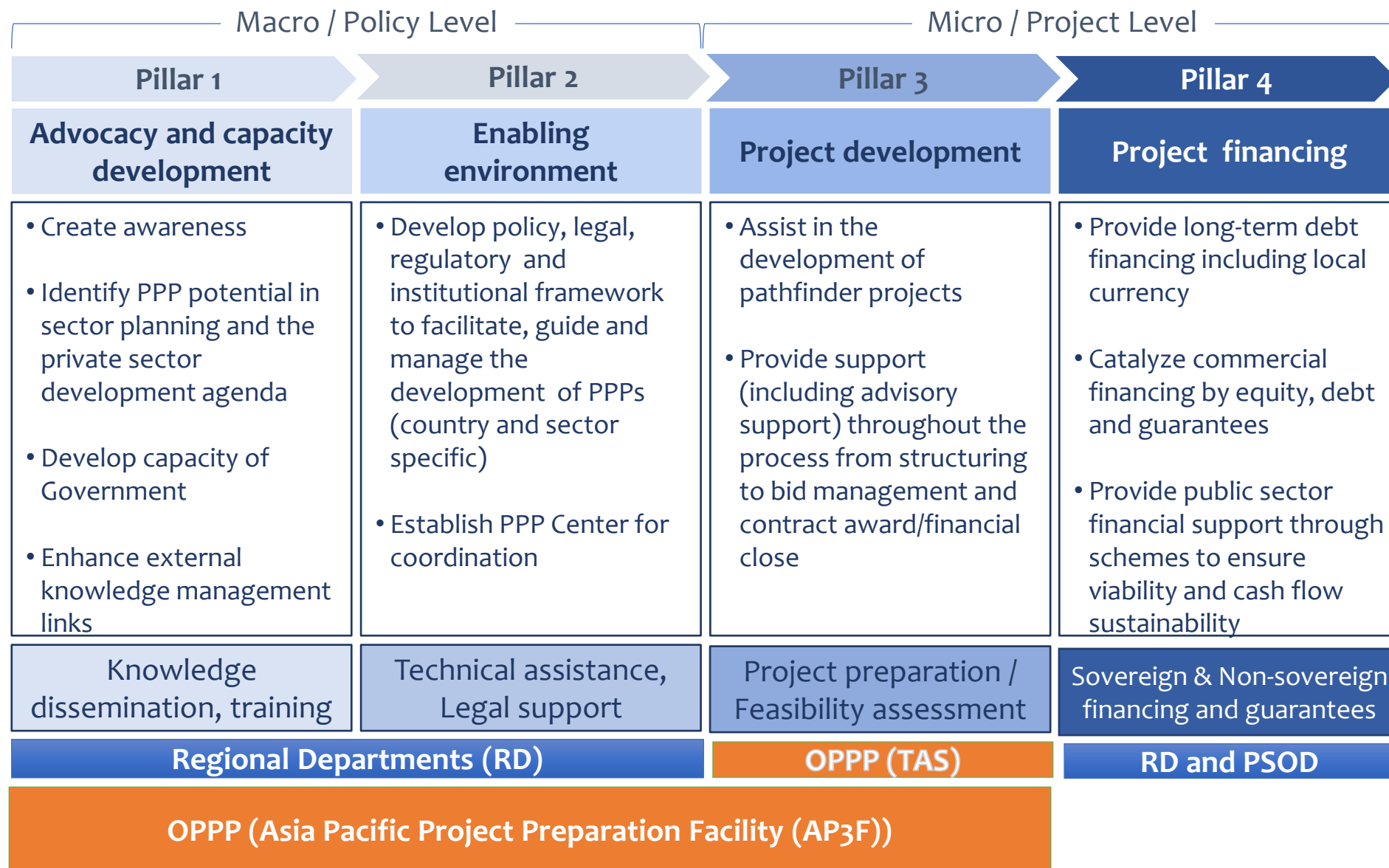
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ADB's PPP Strategy and Extent of OPPP Activities





Completed TAS mandates and AP3F Applications

As of Sep 2021, OP3P has closed several TAS mandates across sectors and completed capacity building, project definition support through AP3F across AsiaPacific

TAS
TAS & AP3F
AP3F

	Region	Country	Project	Type of Support	Completion Date
1	Central and West Asia	Kazakhstan	Astana Wastewater Treatment Plant	AP3F Project Definition	Dec 2018
2	Central and West Asia	Kazakhstan	Energy Efficiency	AP3F Capacity Building	Aug 2019
3	Central and West Asia	Uzbekistan	Sherabad Solar IPP	TAS & AP3F	Aug 2021*
4	Central and West Asia	Uzbekistan	Tashkent and Bekabad Solid Waste Management	AP3F – Project Definition	Jun 2020
5	South Asia	Bhutan	Ministry of Finance	AP3F Project Definition	Aug 2019
6	South Asia	Bangladesh	Dhaka Road Bypass	TAS & AP3F	Dec 2018
7	South Asia	Bangladesh	Petronet LNG Terminal (Phase 1)	AP3F Capacity Building	May 2018
8	South Asia	Bangladesh	PPP Certification Program, PPP Authority	AP3F Capacity Building	Apr 2020
9	Pacific	Solomon Islands	PPP Center of Excellence	AP3F Capacity Building	Jan 2019
10	Pacific	Solomon Islands	Tine Hydro	AP3F Capacity Building	Sep 2019
11	Pacific	Samoa	Review of power tariffs	AP3F Capacity Building	Jul 2018
12	Pacific	Samoa	Outsourcing for Electric Power Corporation	AP3F Project Definition	Aug 2019
13	Pacific	Samoa	Development of a PPP Program	AP3F Capacity Building	Jun 2021

**Ongoing support till financial closure*

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Completed TAS mandates and AP3F Applications

As of Sep 2021, OP3P has closed several TAS mandates across sectors and completed capacity building, project definition support through AP3F across AsiaPacific

TAS
TAS & AP3F
AP3F

	Region	Country	Project	Type of Support	Completion Date
14	Pacific	Cook Islands	Ministry of Infrastructure	AP3F Capacity Building	Dec 2018
15	Pacific	Palau	Solar IPP	TAS & AP3F	Apr 2021*
16	Southeast Asia	Viet Nam	Ho Chi Minh City Ring Road (Phase 1)	TAS	Dec 2018
17	Southeast Asia	Thailand	Thai Marine Department	AP3F Capacity Building	Jan 2019
18	Southeast Asia	Philippines	New Clark City NGAC	TAS	Feb 2018
19	Southeast Asia	Philippines	New Clark City Water	TAS	Dec 2018
20	Southeast Asia	Philippines	New Clark City Power Distribution	TAS	Apr 2019
21	Southeast Asia	Philippines	National ID Program	TAS	Sep 2020
22	Southeast Asia	Philippines	PPP Center	AP3F Capacity Building	Jul 2020
23	Southeast Asia	Timor Leste	Tibar Bay Port	AP3F Capacity Building	Aug 2018
24	Southeast Asia	Cambodia	National Solar Park (Phase 1)	TAS	Jul 2020
25	Southeast Asia	Cambodia	Phnom Penh Logistics Complex	AP3F Project Definition	Nov 2019

**Ongoing support till financial closure*

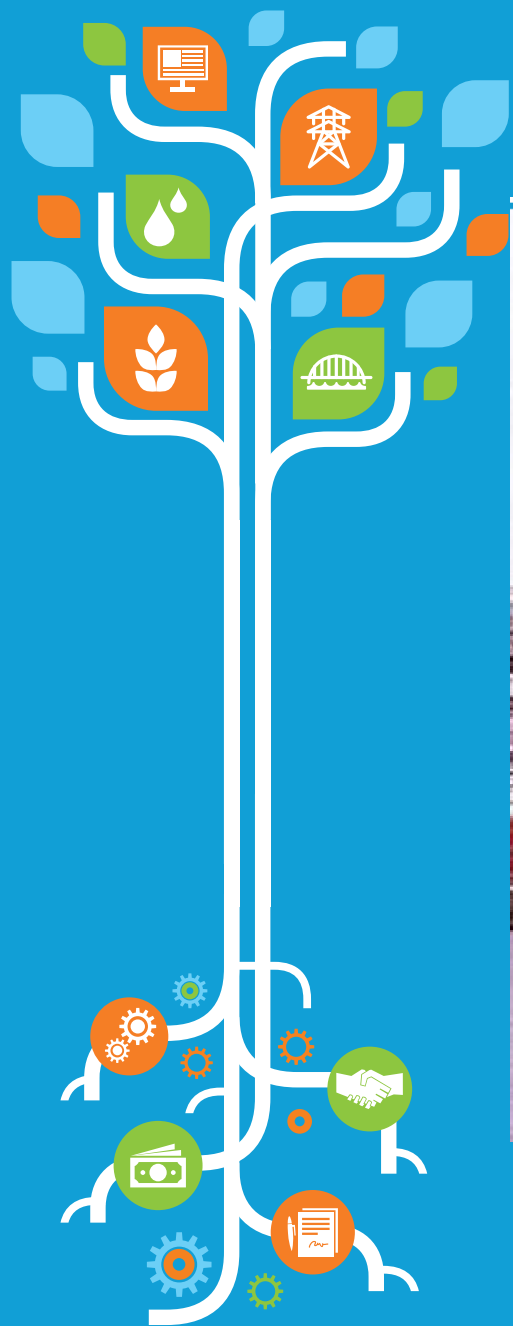
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PPP Opportunities

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BUSINESS
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Uzbekistan: Power

1 GW Solar Program in PPP mode

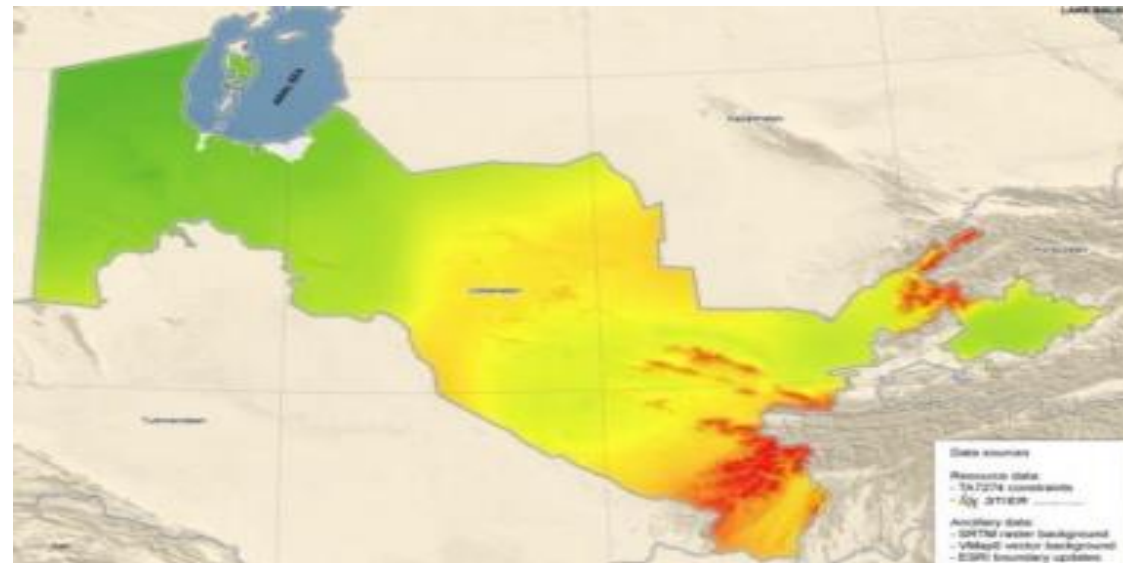
Award expected (Phase 1) / RFQ expected (Phase 2)

Background

- ▶ ADB is advising the Govt. of Uzbekistan (Ministry of Energy, Ministry of Investment and Foreign Trade, and the PPP Development Agency of Uzbekistan) on the development of a 1GW Solar Program to be developed in PPP mode.
- ▶ The first project to be developed under the Solar Program is located in the Sherabad district of Surkhandarya region with a total power capacity of 456.6 Mwac including a new 220kV substation and a 52km transmission line to connect to the Surkhan 220kV substation. The project is expected to achieve commercial closure imminently with a highly competitive tariff of 1.6144 US cents/kWh for the solar farm and 0.1901 US cents/kWh for the electric facilities.

The Project

- ▶ The second project Guzar Solar 300MW solar PV IPP Guzar district of Kashkadarya region is to be awarded through competitive tendering. The project is supported by the technical assistance from ADB's Asia Pacific Project Preparation Facility (AP3F). Template documents (Power purchase agreement & Government support agreement) developed for the first project will be used for second project as well.



OPPP's Support

- **Project Preparation**
 - Feasibility Study, Project Structuring
- **Tender support: Support during the tender process including**
 - Preparation of tender documents
 - Preparation of bid evaluation criteria
 - Legal review of technical and financial proposals
- **Support during post-bid negotiations including:**
 - Negotiations with winning bidder
 - Finalization of contracts
 - Support commercial award and financial closure

Current Status of Implementation

- Government approvals currently under process to launch RFQ

Next Steps

- RFQ for Guzar Project expected to be launched in the Q4 2021

Pakistan: Wastewater Treatment

Karachi Wastewater Treatment Projects (TP1 and TP 4)

RFQ expected to be launched soon

Background

- ▶ The Government of the province of Sindh (GoS) in Pakistan has identified the wastewater treatment and water reuse sector as a priority for public private partnership (PPP) in the province. In this context, the Karachi Water and Sewerage Board (KWSB) has approved a program to develop several wastewater treatment projects in PPP mode in Karachi.
- ▶ There are several projects in the pipeline including of varying capacity and scope and the main aim is to reuse wastewater for industrial and agricultural use in order to alleviate water shortage in the city.

Project

- ▶ The private sector will undertake design and construction of the projects and sell the treated water for industrial and agricultural use to consumers for a period of 25-30 years.
- ▶ Strong support from GoS will be provided via viability gap funding (VGF) and minimum revenue guarantee (MRG) for initial years.
- ▶ ADB is advising KWSB on structuring and tendering of TP1 project and has recently signed the mandate for TP4.

OPPP's Support

- **Project Preparation**
 - Pre-Feasibility and Project Structuring
- **Tender support: Support during the tender process including**
 - Preparation of tender documents
 - Preparation of bid evaluation criteria
 - Legal review of technical and financial proposals
- **Support during post-bid negotiations including:**
 - Negotiations with winning bidder
 - Finalization of contracts
 - Support commercial award



Current Status of Implementation

- TP4 will be a solicited bid with RFQ launch expected in Q4 2021 where ADB provides transaction advisory services including project preparation support.
- KWSB has received an unsolicited proposal for the TP1 project and ADB is advising on the structuring and competitive tendering of the project.

Next Steps

- Expected Tender Process
- TP4 RFQ Launch – Q4 2021
- TP1 RFQ Launch – Q1 2022

Kazakhstan: Healthcare

300 bed Karaganda University Hospital

Background

► ADB is providing transaction advisory support to the Government of Kazakhstan (GoK) for structuring and delivering the Karaganda University Hospital PPP.

► Hospital PPP is a part of the Ministry of Healthcare (MOH) Strategic Plan for 2020-2025 that envisages a pipeline of 14 greenfield hospital PPPs across the country, including four teaching hospitals.

► Karaganda Medical University founded in 1950, is the Country's second largest medical university and located in Karaganda; country's largest industrial city famous for coal mines, ferrous and non-ferrous industry, heat power and machine engineering.

► Located 200 km South of NurSultan (formerly Astana), Karaganda is country's fourth most populous city (2017 est. pop. 500,000+)

The Project

► Design, Build, Finance, Operate and Maintain a 300-bed university hospital structured under the Infrastructure Model/Limited Service Facility Management PPP modality.

► Structured on Availability Payments and based on already market tried and tested \$680m Almaty Ring Road PPP-Concession Law (2006),

► Concession Law allows application of foreign exchange risk compensation, termination payment, international arbitration and direct agreement with lenders.



RFQ expected

OPPP's Support

- **Project Preparation**
 - Feasibility Study, Project Structuring
- **Tender support: Support during the tender process including**
 - Preparation of tender documents
 - Preparation of bid evaluation criteria
 - Legal review of technical and financial proposals
- **Support during post-bid negotiations including:**
 - Negotiations with winning bidder
 - Finalization of contracts
 - Support commercial award

Current Status of Implementation

- ADB was working on legislative support to the Government of Kazakhstan in introducing the Infrastructure PPP model.
- Currently, ADB is updating project/tender documentation following legislative amendments.
- The documentation will go through intergovernmental approvals, including Ministries of health, economy and finance.

Next Steps

- Expected Tender Process Launch – Q1 2022

Philippines: Transport

O&M Concessions for North South Commuter Rail & Metro Manila Subway Project

RFQ expected

Background

- ▶ The North South Commuter Railway ('NSCR') is a 147km line sub-urban rail network connecting New Clark City in the north to Calamba in the south of Luzon. When completed, it will contribute to reducing travel time between Metro Manila & Clark from 2-3 hours (by bus) to less than 1 hour (by rail)
- ▶ The Metro Manila Subway Project (MMSP) covers 30km in Metro Manila and is the first mass underground transport system in the Philippines.
- ▶ The Projects are innovative "Hybrid PPPs" where the construction and development is sovereign funded through loans with ADB and JICA, while the operations and maintenance (O&M) will be tendered to the private sector through long-term concession agreements (CA).

Projects

- ▶ Separate tenders for each of the O&M concessionaires for NSCR and MMSP; single stage tender (eligibility + tech and fin proposals)
- ▶ The Projects are supported by Availability Payments
- ▶ The Concession Agreement provides risk allocation for (i) interface risks between Build and O&M and (ii) interoperability of the two lines

OPPP's Support

- **Project Preparation** including provision of advice on technical requirements, risk allocation & structuring of the O&M contract;
- **Tender & Award support: Support during the tender process** including preparation of tender documents, evaluation & selection of winning bidder, and finalization of O&M concession agreement
- **Additional Support** provided for **capacity building** including development of contract implementation and monitoring capabilities.

Project Status

- Submitted for Government Approval for tender launch
- Finalization of the CAs in progress
- Target launch of O&M tenders ~ 1H2022
- Projects award – 2H2022



One ADB Approach

OPPP worked together with South-east Asia regional department (SERD) of ADB to implement the Project. Part of the rail infrastructure is financed by a SERD loan.

PRC: Elderly Care

Guangxi Elderly Care Facility

PQ expected Q4

Background

► Guangxi Zhuang Autonomous Region (GZAR) has recognized the importance of integrated elderly care and health care services to respond to its rapidly aging population and issued a related policy in 2016 on the implementation of elderly care and health care integration, and for enhancing the involvement of the private sector.

► Guangxi Elderly Care Facility (“the Project”) is the development of an elderly care facility in Hezhou City of GZAR, which will be procured as a PPP.

The Project

► The project will be tendered under the Public Build Private Operate (PBPO) modality, where the private sector will be responsible for Operations and Maintenance (O&M); providing the furniture and equipment and operating the internal clinic for basic medical care.

► The government will construct a 450-bed capacity elderly care facility, which will predominantly focus on providing long-term care at the post-acute stage; and provision of non-elderly care services (e.g. cleaning, facilities management). Contemplated care mix is as follows:

- 70% - Full-disabled;
- 20% - Semi-disabled;
- 5% - Dementia; and
- 5% - Light physical needs (Activity of Daily Living).



ADB's Support

- ADB sovereign loan to finance approximately 50% of capex
- Transaction Advisory Services

OPPP's Support

- Project Preparation
- Review of Feasibility Study
- Procurement Option Analysis
- Transaction Structuring
- Tender support: Support during the tender process including marketing and tender award

Current Status of Implementation

- On-going preparation for statutory approvals; and
- Finalization of project brief for the last round of market sounding.

Next Steps

- Target approval for the Implementation Plan by government in late Oct 2021; and
- Target project launch within Q4 2021.

Azerbaijan: Construction and O&M

Student Accommodation in Baku

RFQ expected

Background

► ADB has provided technical assistance to the Ministry of Education and Ministry of Economy in Azerbaijan in developing and implementing a pilot student accommodation PPP project in the capital city, Baku (the “Project”).

► Lack of quality student accommodation in Baku has been perceived by local universities as a major impediment to sustainable growth in student enrolments in Azerbaijan, especially for international students and regional students from outside of Baku.

The Project

► The Project scope is expected to include design, build finance, operation and maintenance of a purpose-built student accommodation (PBSA) facility in central Baku with capacity for [1,000] residents.

► This project will be implemented by the Ministry of Economy under technical assistance of ADB.



Current Status of Implementation

- Pre-FS has been approved by Ministry of Education and Ministry of Economy for implementation
- Market sounding completed in Apr 2021
- Ongoing assessment of suitable payment models

Next Steps

- Expected Tender Launch by Jan-2022

Uzbekistan: Education

Schools PPP Project in Tashkent Region

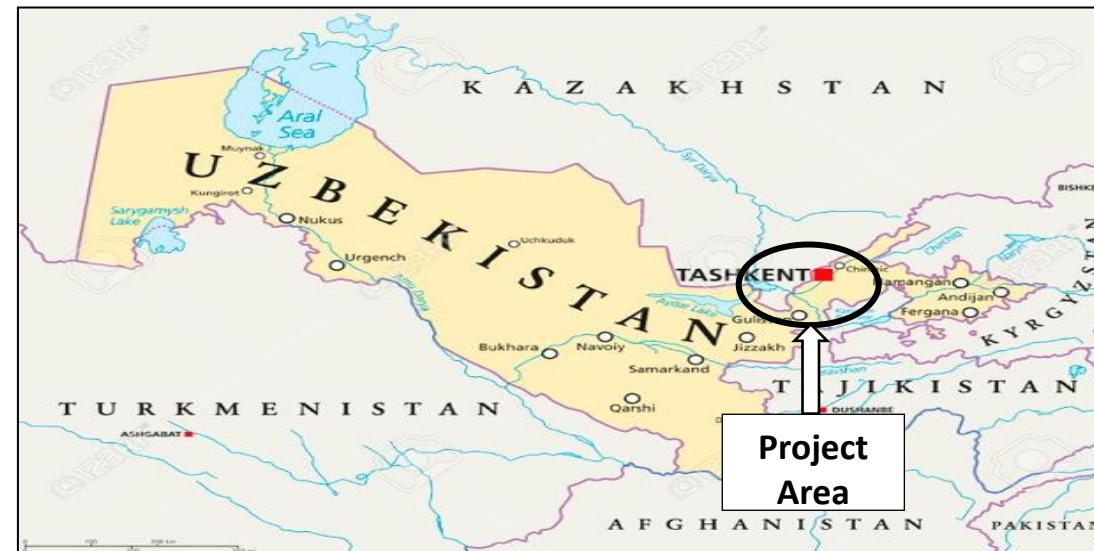
RFQ expected

Background

- ▶ ADB is working with Ministry of Public Education, to develop schools covering grades 1 – 11, which include primary and secondary education levels, on the basis of PPP modality.
- ▶ The 16 schools PPP project in Tashkent region will be developed from the private sector through competitive tendering. The project is supported by the technical assistance from ADB's Asia Pacific Project Preparation Facility.
- ▶ The Project aims to support the government's strategy of revamping general primary and secondary education, wherein students will have 11 years of compulsory education and multiple pathways to enter the labor market or higher education.

The Project

- ▶ The Project scope includes design, build finance, and maintenance of public schools in Tashkent region. The scope of the private partner includes facilities management and maintenance, while provision of education services will be retained by public sector.
- ▶ This project will be implemented by the Ministry of Public Education along with the PPP Development Agency of Uzbekistan with ADB being the sole Transaction Advisor.



OPPP's Support

- **Project Preparation**
 - Feasibility Study, Project Structuring
- **Tender support: Support during the tender process including**
 - Preparation of tender documents
 - Preparation of bid evaluation criteria
 - Legal review of technical and financial proposals
- **Support during post-bid negotiations including:**
 - Negotiations with winning bidder
 - Finalization of contracts
 - Support commercial award

Current Status of Implementation

- Government approvals currently under process for site allocation
- Technical Pre-Feasibility has been completed

Next Steps

- Subsequent to the site allocation, government cabinet to approve the project to proceed with the competitive tender.
- Expected Tender Process Launch – Q1 2022

Indonesia: Waste Management

South Tangerang Waste Treatment PPP Project

FBC under preparation

Background

- ▶ Indonesia is facing a rapidly growing volume of Municipal Solid Waste (MSW) generation especially in urban areas.
- ▶ Currently, most MSW are dumped in open, landfill sites with a few exceptions. (e.g. 100 ton per day pilot incinerator in Jakarta).
- ▶ To combat the issue, the Government of Indonesia has issued several presidential regulations as a catalyst to achieving its long-term goal of improving waste management.
- ▶ Namely, The Presidential Regulation No.35/18 that determines 12 cities including South Tangerang to build new Waste to Energy (“WtE”) projects which will receive preferential tariff and central government budgetary support

The Project

- ▶ The South Tangerang Waste Treatment Project (“Project”) is to design, build, finance, operate and maintain a new waste treatment facility in the city of South Tangerang.
- ▶ The facility is expected to treat 800 tons of waste per day. The latest cost estimate in the Outline Business Case is \$120 million
- ▶ The project concession period assumes a 3-year construction period followed by 20 years of operation



OPPP's Transaction Advisory Mandate

- **Assistance in developing the Final Business Case** based on the Outline Business Case finalized by Korea Environmental Industry & Technology Institute (KEITI) and accepted by MOF;
- **Assistance throughout the tender process** from preparation of the tender documents and Concession Agreement until finalizing the evaluation report to select preferred bidder;
- **Assist** the government contracting authority's (GCA) negotiation to conclude signing of the concession agreement with the preferred bidder, **achieving commercial close**; and
- **Assist** GCA to deliver against their Conditions Precedents **to achieve financial close** and support during the preparation and approval process including adequacy of the required guarantee amount from the SPC;
- **Capacity building support** to the GCA and key project stakeholders to ensure the project is supported through tender process;.

Current Status of Implementation

- Ongoing assessment to confirm land availability

Next Steps

- Complete Final Business Case (FBC) after confirmation of land availability

Uzbekistan: Solid Waste Management

Tashkent Integrated SWM PPP Project

Project scoping to be completed

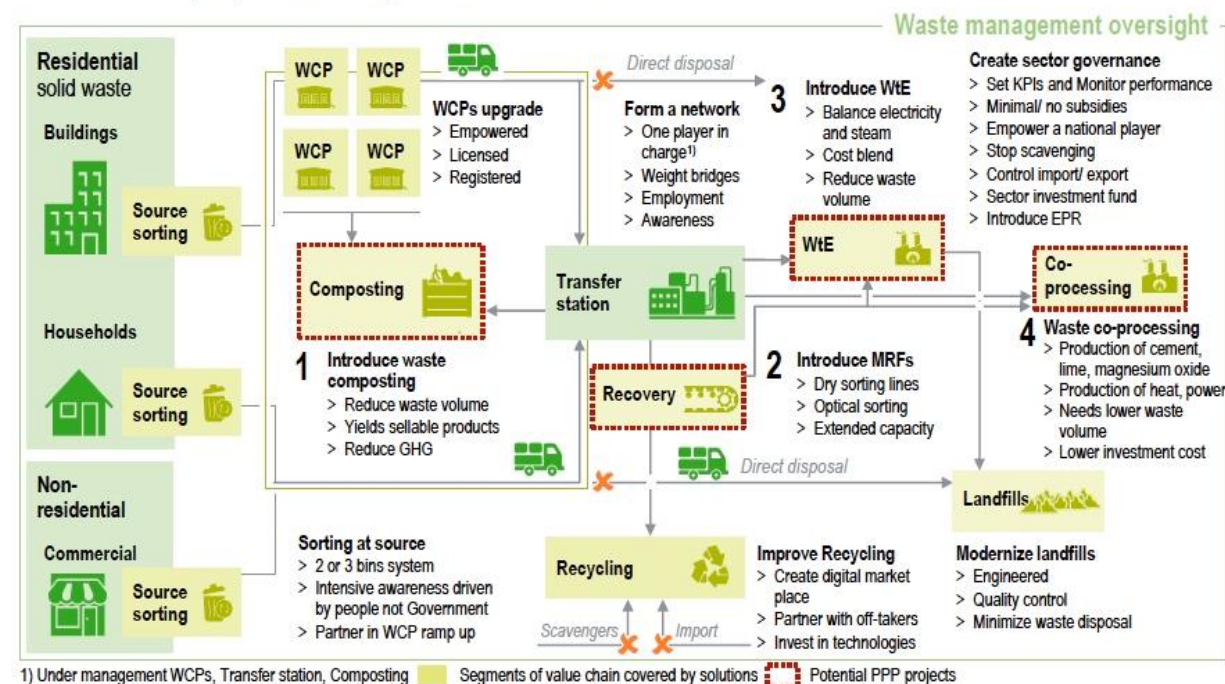
Background

- ▶ ADB has been supporting Uzbekistan's State Committee for Ecology and Environmental Protection (SCEEP), the Tashkent City Municipality (TCM), Tashkent's SWM company Maxsutrans and the PPP Development Agency (PPFDA) through Technical Assistance from AP3F and GIF to identify PPP opportunities in Tashkent and other cities.
- ▶ The studies commissioned by ADB in 2020 have identified a number of areas where efficiency of SWM services could be significantly enhanced through the deployment of PPP structures, including incineration / WTE (in particular to reduce landfill transfers which are currently very high and unsustainable in the medium term)

The Project

- ▶ The final Project scope is still to be defined but is likely to combine a number of the individual PPP solutions identified by ADB in 2020
- ▶ The final Project scope is likely to include incineration facility at its core with additional items including potentially recycling, composting and other SWM services
- ▶ TCM is expected to act as Public Partner and Project preparation and tender process will be coordinated by PPPDA

Overview of proposed integrated SWM solutions

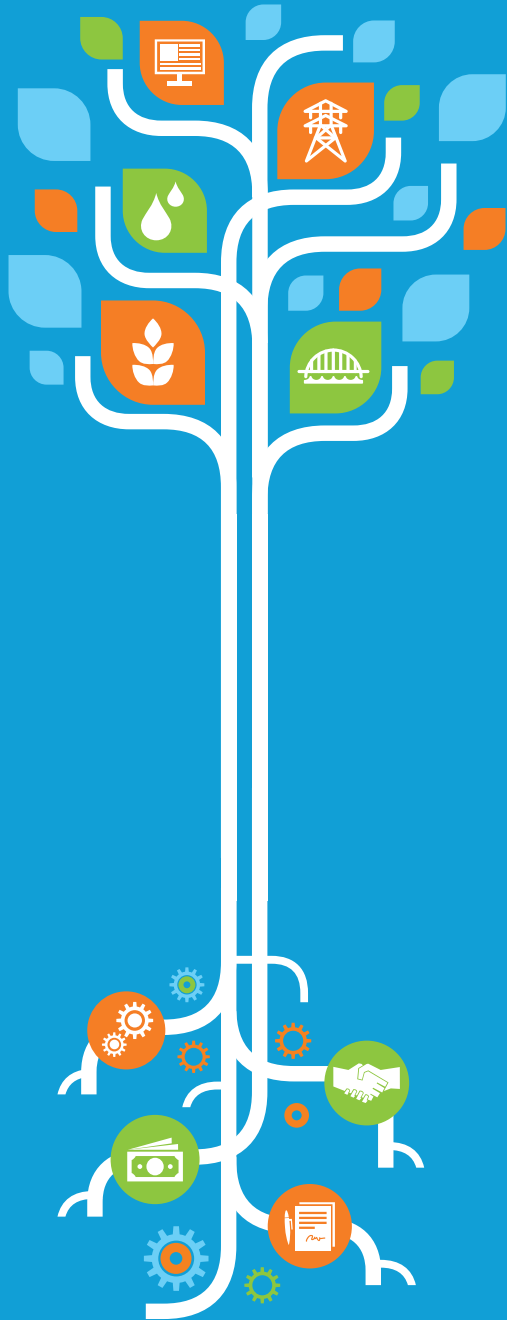


OPPP's Support

- **Technical Assistance:**
 - Project Identification
 - Project Scoping
- **Project Preparation (planned)**
 - Feasibility Study, Project Structuring
- **Tender support: Support during the tender process including (planned)**

Current Status of Implementation & Next Steps

- AP3F Technical assistance for Project scoping, preparation and tender support in process



THANK YOU!

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TAS Mandates Under Implementation

As of Sep 2021, OP3P is working on several TAS mandates and AP3F applications across AsiaPacific

TAS

TAS & AP3F

AP3F

	Region	Country	Project	Type of Support
1	Central and West Asia	Afghanistan	Dahla Dam Hydropower	AP3F – Capacity Building; Project Definition
2	Central and West Asia	Azerbaijan	Student accommodation in Baku	AP3F – Project Preparation
3	Central and West Asia	Azerbaijan	PPP Development Center	AP3F – Capacity Building
4	Central and West Asia	Kazakhstan	Karaganda University Hospital	TAS
5	Central and West Asia	Pakistan	Hydropower Project in Khyber Pakhtunkhwa	TAS
6	Central and West Asia	Pakistan	Wastewater Treatment Plant (TP 1 and 4)	TAS
7	Central and West Asia	Uzbekistan	PPP Development Authority	AP3F – Capacity Building
8	Central and West Asia	Uzbekistan	Sherabad Solar IPP	TAS & AP3F
9	Central and West Asia	Uzbekistan	Guzar Solar IPP	TAS & AP3F
10	Central and West Asia	Uzbekistan	Tashkent District Heating	TAS & AP3F
11	Central and West Asia	Uzbekistan	Tashkent Region School	TAS & AP3F
12	Central and West Asia	Uzbekistan	2 Cities Water Supply and Sanitation	TAS & AP3F

TAS Mandates Under Implementation

As of Sep 2021, OP3P is working on several TAS mandates and AP3F applications across AsiaPacific

TAS

TAS & AP3F

AP3F

	Region	Country	Project	Type of Support
13	East Asia	PRC	Guangxi Elderly Care Facility	TAS
14	South Asia	Bangladesh	Rampura-Amulia-Demra Toll Road	TAS
15	South Asia	Bangladesh	Dhaka Bypass Road	AP3F – Project Monitoring
16	Pacific	Palau	Solar PV IPP	TAS & AP3F
17	Pacific	Papua New Guinea	Jacksons International Airport	TAS & AP3F
18	Pacific	Samoa	Ministry of Public Enterprises	AP3F – Capacity Building
19	Southeast Asia	Cambodia	National Solar Park (Phase 2)	TAS
20	Southeast Asia	Indonesia	BAPPENAS	AP3F – Capacity Building*
21	Southeast Asia	Indonesia	South Tangerang Waste Management	TAS & AP3F
22	Southeast Asia	Myanmar	Road Concession Restructuring	AP3F – Project Preparation
23	Southeast Asia	Myanmar	Ministry of Transportation and Communication	AP3F – Capacity Building

**Project Definition support already completed*

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TAS Mandates Under Implementation

As of Sep 2021, OP3P is working on several TAS mandates and AP3F applications across AsiaPacific

TAS

TAS & AP3F

AP3F

	Region	Country	Project	Type of Support
24	Southeast Asia	Philippines	Batangas LNG	TAS
25	Southeast Asia	Philippines	New Clark City (Transport)	TAS
26	Southeast Asia	Philippines	New Clark City (ICT)	TAS
27	Southeast Asia	Philippines	North-South Commuter Railway	TAS
28	Southeast Asia	Philippines	Metro Manila Subway Project	TAS
29	Southeast Asia	Philippines	Vaccine Self-Reliance	AP3F – Project Definition
30	Southeast Asia	Philippines	New Clark City (NGAC, Water, Power)	AP3F – Project Monitoring
31	Southeast Asia	Viet Nam	Ministry of Planning and Investment, and Ministry of Construction	AP3F – Capacity Building
32	Southeast Asia	Viet Nam	West Saigon Wastewater Treatment	AP3F – Project Definition
33	Southeast Asia	Viet Nam	Solar IPP Auction	AP3F – Capacity Building
34	Southeast Asia	Timor Leste	Dili Solid Waste Management	TAS & AP3F
35	Southeast Asia	Timor Leste	Tibar Bay Port PPP	AP3F – Project Monitoring