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ADB Headquarters, Manila, Philippines | 20-21 March 2013



# Strategy & Integration of Public-Private Partnerships

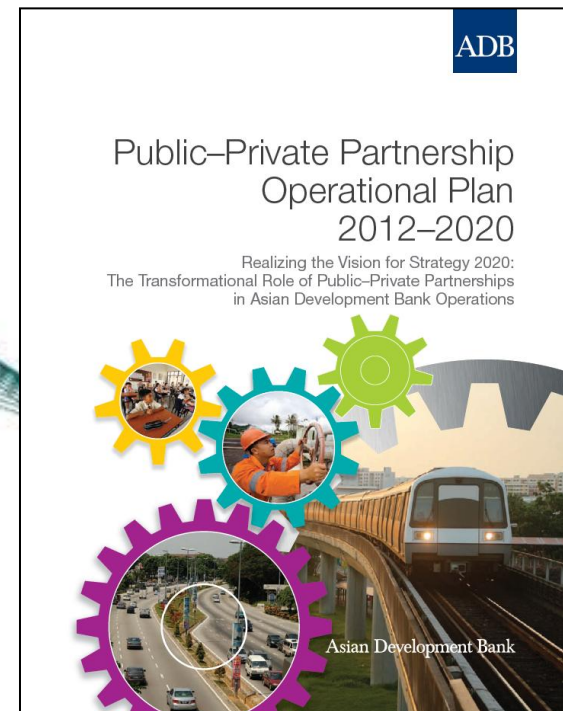
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# ADB PPP Operational Plan

Pillar 1	Pillar 2	Pillar 3	Pillar 4
<b>Advocacy and Capacity Development</b>	<b>Enabling environment</b>	<b>Project development</b>	<b>Project Finance</b>
<ul style="list-style-type: none"> <li>• Create awareness</li> <li>• Invoke leadership</li> <li>• Identify PPP potential in sector planning and the private sector development agenda</li> <li>• Develop capacity of Government and ADB staff</li> <li>• Enhance external knowledge management links</li> </ul>	<ul style="list-style-type: none"> <li>• Develop policy, legal, regulatory and institutional framework to facilitate, guide and manage the development of PPPs (country and sector specific)</li> </ul>	<ul style="list-style-type: none"> <li>• Align ADB project cycle to the PPP development process</li> <li>• Assist in the development of pathfinder projects</li> <li>• Provide support (including advisory support) throughout the process up to contract award/financial close which can come as expert support, toolkits, funding costs of transaction advisors, procurement support.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide credit enhancement products e.g. equity, long term debt, refinancing subordinate debt, cofinancing, guarantees, etc.</li> <li>• Establish credit guarantee facility</li> <li>• Provide public sector financial support through schemes such as viability gap funding, etc.</li> </ul>



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# Project Risks

- Political Risk
- Institutional Risk
- Regulatory Risk
- Contractual Risk
- Technological Risk
- Construction Risk
- Macroeconomic Risk
- Operational Risk
- Environmental Risk
- Change in Requirements Risk
- Demand Risk
- Other Risks



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# PPP Readiness

## 2011 Asia Infrascope and 2010 Latin America and Caribbean Infrascope, overview

	Nascent	Emerging	Developed	Mature
Score range	0-30	30-60	60-80	80-100
Asia-Pacific (and benchmark countries)	Mongolia	Bangladesh	Gujarat state	Australia
	Papua New Guinea	China	India	UK
	Vietnam	Indonesia	Japan	
		Kazakhstan	Korea, Rep.	
		Pakistan		
		Philippines		
		Thailand		
Latin America and the Caribbean	Argentina	Colombia	Brazil	
	Dominican Republic	Costa Rica	Chile	
	Ecuador	Guatemala	Peru	
	El Salvador	Mexico		
	Honduras	Panama		
	Jamaica	Uruguay		
	Nicaragua			
	Paraguay			
	Trinidad & Tobago			
	Venezuela			

Source: Economist Intelligence Unit



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# Integration into ADB Operations

Department	Planning			Implementation	Monitoring
	Pre-Country Partnership Strategy	Country Partnership Strategy	Country Operations Business Plan		
Regional Department	<p>Pre-CPS advocacy of PPP</p> <p>Consultations with DMCs on needs, resources, and available solutions</p> <p>PSP and PPP solutions are a priority</p>	<p>Codify PPP and PSP projects in DMCs for the CPS period</p> <p>Identify annual PPP projects (in consultation with regional department sector and PPP resources)</p> <p>Allocate department resources, plan budgets to reflect country needs</p> <p>Design PPP and PSP projects jointly between sector divisions and PPP experts</p> <p>PPP experts provide project concept support (preconcept paper) to regional department divisions and resident missions</p> <p>Conduct PDF design and negotiation with DMCs (joint consultation with regional department divisions, resident missions, and PPP experts)</p>		<p>PPP and sector experts provide support for project concept, design, and implementation</p> <p>Allocate PDF funding to specific projects</p> <p>Design anticipated project finance structure to alert need for cofinancing and/or PSOD participation</p> <p>Implement PPP project including up-front skill support and financing</p>	<p>Quality assurance and control, early intervention</p> <p>Consultations with DMCs on impacts and outcomes of projects</p> <p>Active participation in outcome monitoring included in project design</p> <p>Feedback from project completion reports</p>



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# Integration into ADB Operations

Department	Planning			Implementation	Monitoring
	Pre-Country Partnership Strategy	Country Partnership Strategy	Country Operations Business Plan		
PSOD	<p>Liaise with private sector investors and lenders to advise regional departments and DMCs of the current market requirements and preferences</p> <p>Advise on the market status of commercial lender, capital market, and information of terms available</p> <p>Ensure availability and applicability of risk management products</p>		<p>Examine projects being proposed by regional departments for potential PSOD and/or commercial financing</p> <p>Participate in supporting bidders on projects with no recourse to the sovereign financing</p>	<p>Ensure early identification of funding requirements and provision of direct investment and funding</p> <p>Arrange commercial cofinancing and guarantees for sovereign and nonsovereign financing</p>	<p>Monitor performance of PPP projects, commercial cofinancing, and the market in general</p>
PPP CoP	<p>Conduct knowledge management, brainstorming, sharing of latest developments and concept refinements on PPP</p>		<p>Regional department consultation with PPP CoP on PPP concepts, sharing experience to improve project design, early buy-in</p>	<p>Vet proposed projects as peers for design quality, impact, risks</p>	<p>Monitor performance and implementation of ADB PPP projects and PPP projects in general in Asia</p>
OCO	<p>Identify development finance institution and/or export credit agency views on DMC credits, information on terms available</p>			<p>Ensure early identification of funding requirements and opportunities for development finance institution cofinancing for sovereign financing</p>	
ORM	<p>Support regional departments as necessary in evaluating DMCs' risk management capability in implementing PPP</p>			<p>Assess risk of nonsovereign transactions</p>	<p>Provide support for nonsovereign account administration</p>

# Integration into ADB Operations

Department	Planning			Implementation	Monitoring
	Pre-Country Partnership Strategy	Country Partnership Strategy	Country Operations Business Plan		
OGC	<p>Assist regional departments in reviewing the regulatory and legal environment in the DMC in which PPP advisory activities are anticipated</p> <p>Support, as necessary, regional departments to propose and implement necessary reforms to improve the regulatory and legal environment for PPP in DMCs</p>			<p>Support PPP advisory teams in regional departments to prepare and review PPP contracts</p> <p>Assist regional departments and/or PSOD to draft and execute necessary legal contracts and agreements</p>	<p>Provide legal support to regional departments and/or PSOD if needed</p>
COSO	<p>Leverage experience in each DMC to identify areas where improvements could be made to facilitate better, more robust PPP activities</p>			<p>Provide inputs on proper procurement for PPP projects</p> <p>Advise project teams on means to support development of a robust enabling environment for procurement</p>	<p>Support monitoring of results of PPP processes to identify lessons and outcomes achieved, providing feedback to the planning, concept, and execution phases</p>
RSDD	<p>Support, as secretariat, PPP CoP's knowledge management on PPP models and performance worldwide and especially from other development finance institution projects in ADB DMCs</p>			<p>Ensure opportunities for knowledge dissemination</p>	<p>Gather feedback from ADB projects for knowledge management products and knowledge sharing</p>
SPD	<p>Use feedback from operating units on anticipated funding requirements</p>			<p>Monitor demand for financing products, quantum, and nature of funding support</p>	<p>Assess performance against targets in DMCs</p> <p>Anticipate budget requirements</p>
BPMSD	<p>Develop training programs to impart skills required for project finance and PPP with assistance of PPP CoP or PSOD</p> <p>Refine human resources development plans to assure a critical mass of appropriately skilled professionals in coordination with PPP CoP</p>				



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# Thank you

