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ADB Transaction Advisory Services



**OFFICE OF MARKETS DEVELOPMENT
AND PUBLIC-PRIVATE PARTNERSHIP**
Developing Markets, transforming lives



OMDP enhances the role of the Asian Development Bank in supporting and enabling governments of its developing member countries **to secure greater private investment and foster dynamic private sector-led growth** across Asia and the Pacific.

[WEBSITE](#)

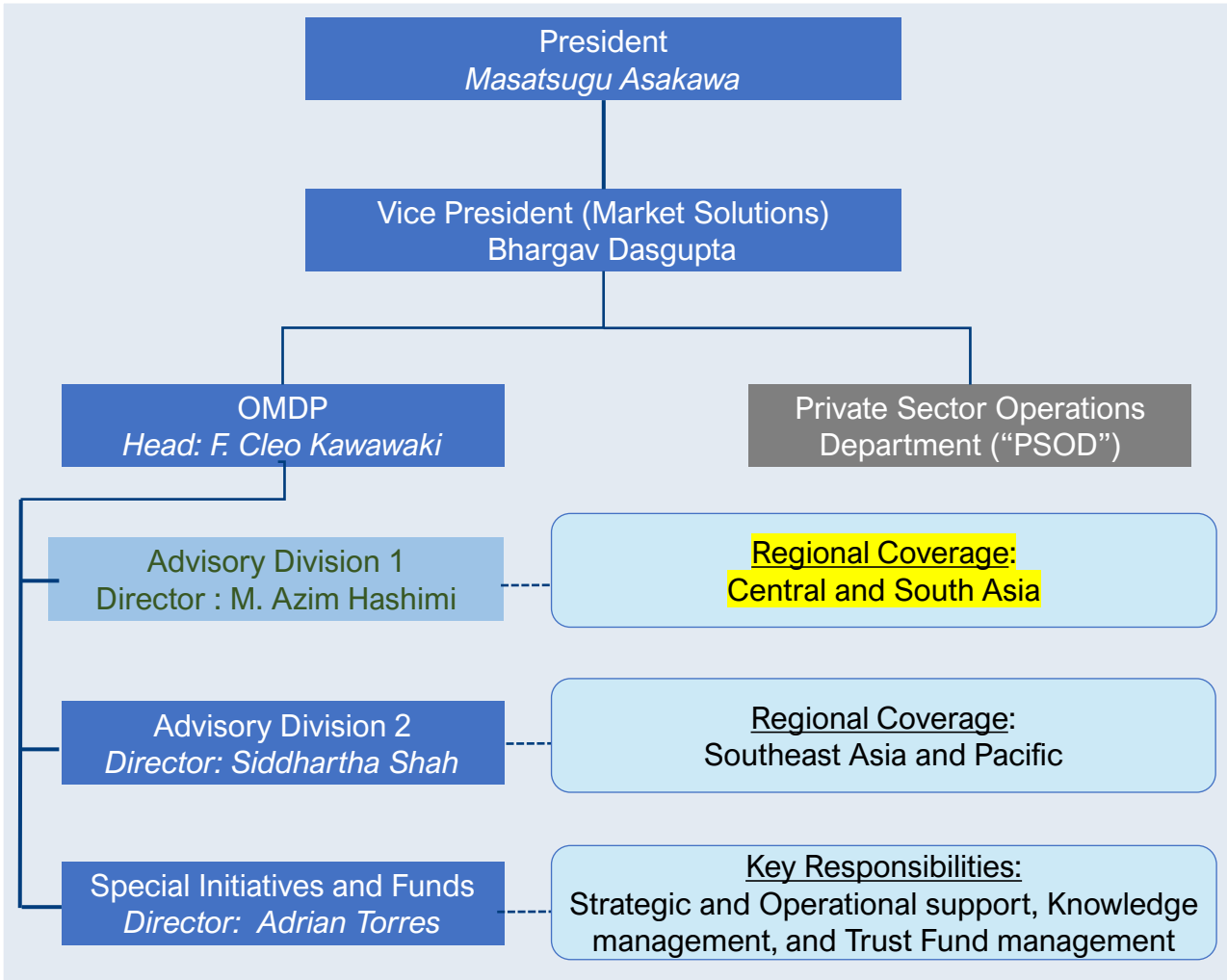
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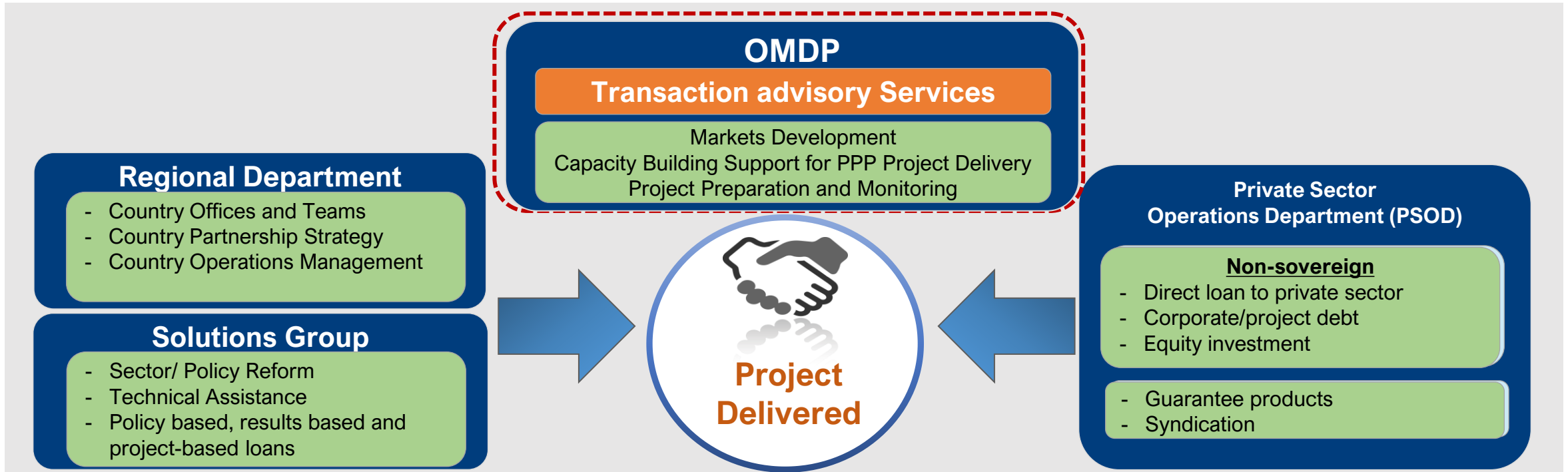
OMDP at a Glance

<h3>Mission</h3>	<ul style="list-style-type: none"> OMDP was established in 2014 to enhance the role of ADB in structuring bankable PPP projects to mobilize greater private investment
<h3>Talent</h3>	<ul style="list-style-type: none"> OMDP currently consists of around 40 professionals based in Manila supported by regional coordinators in DMCs. Diversified career background such as project finance, investment banking, financial advisory, project sponsors, accountants, and engineers.
<h3>Experience</h3>	<ul style="list-style-type: none"> Our present portfolio includes all sectors such as health, education, power, renewable, LNG, road, airport, railway, waste, water, and ICT in more than 20 countries.
<h3>Service</h3>	<ul style="list-style-type: none"> Given its strong human resource capacity OMDP, working with the sovereign and non-sovereign team provides end-to-end transaction advisory service from project definition stage up to project monitoring. OMDP also provides capacity building support throughout the engagement process.

Organization Chart



One ADB Solution to Project Delivery

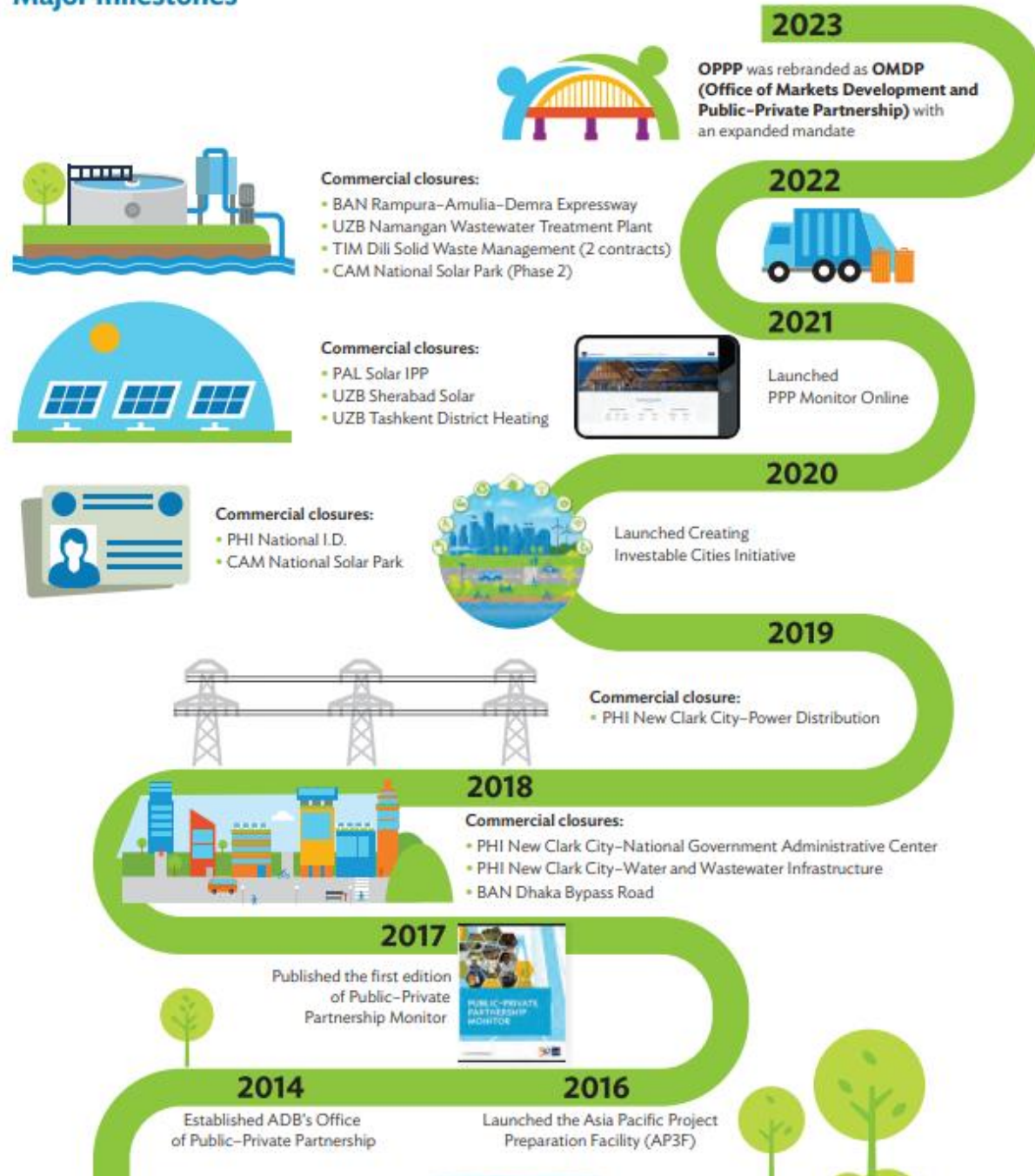


One ADB Approach –

- **OMDP:** For development of PPP projects, OMDP carry out project selection activity, feasibility study, drafting of concession agreement, etc. For select projects and upon request of government and private sector, OMDP advises the client on bankability issues, tender and financial closing.
- **Sovereign (Solutions Group and Regional Department):** Provides government and government-owned entities technical assistance for capacity building, sector and policy reforms and loans under various modalities. Based on counter-indemnity of sovereign, lends to a project or implementation agency.
- **PSOD:** As a non-sovereign lending arm of ADB, PSOD finances PPP project through project and/or corporate loan and invests in equity for qualified projects. PSOD also provides political risk and credit enhancement guarantees and offer syndication services.

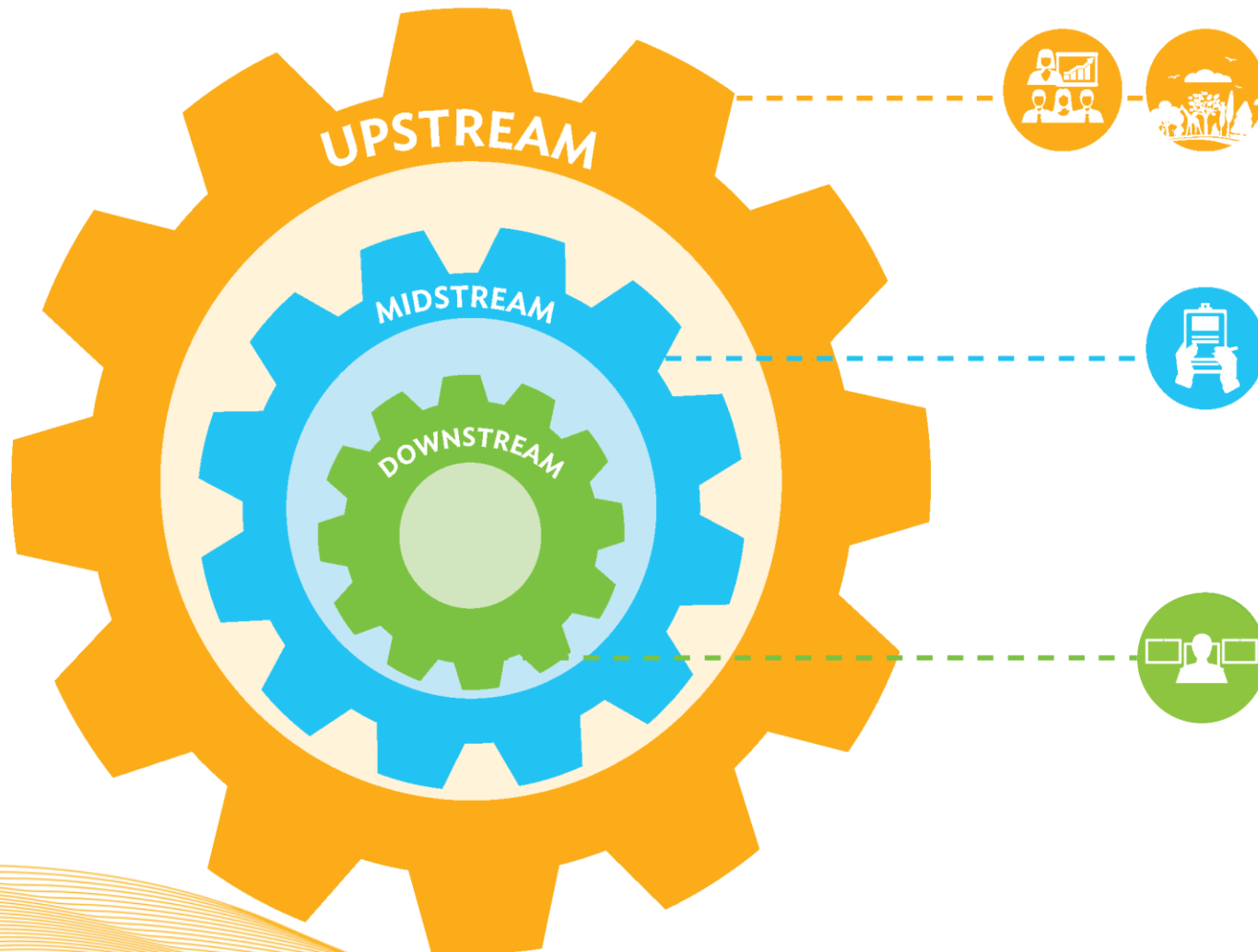
History of ADB's PPP Operations

Major milestones



Emerging Trends in PPP Projects

- Why PPP's
- PPP's in new sectors such as health, education, solid waste
- Procurement of a product (electricity, water etc.) or service (health services) vs a project
- Competitively tendered vs bilaterally negotiated
- Nature based Solutions



Upstream

Capacity Building Enabling Environment

Raise awareness, enhance governmental entities capacity, establish policies and frameworks, identify potential projects, and provide support to facilitate PPP development

Midstream

Project Preparation and TAS

Assist in designing and preparing bankable PPP projects through **transaction advisory services** and continuously share knowledge sharing and support to enhance the enabling environment for private sector investment

Downstream

Project Monitoring

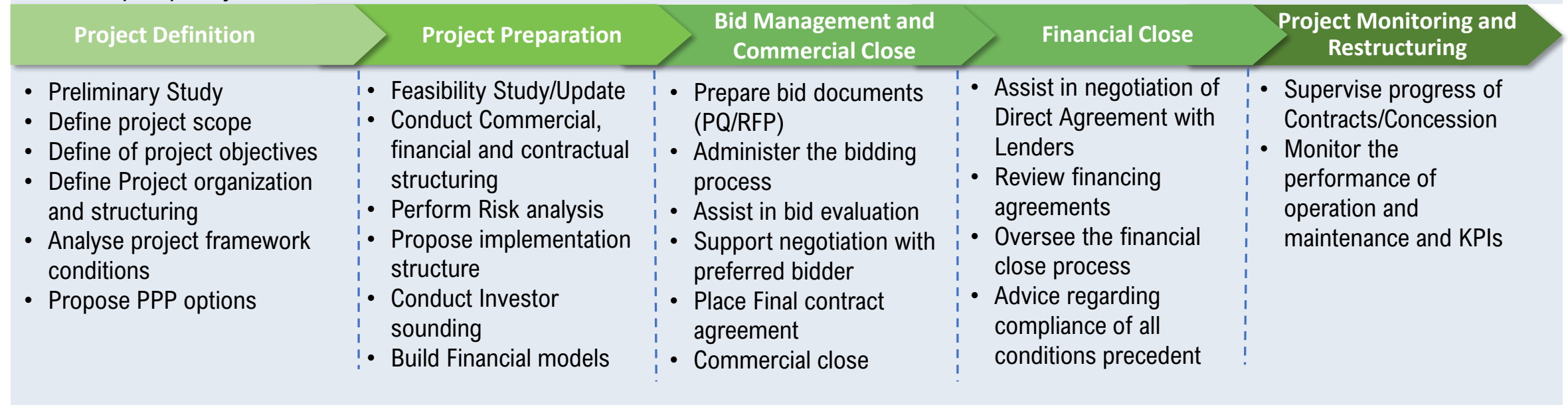
Provide post-commercial close support for contract management and project monitoring to ensure successful implementation of the PPP projects we advise.

Transaction Advisory Services (TAS)

- OMDP can support clients for the end-to-end process for successful implementation of a project
- Clients can utilize the funding from trust funds such as Asia Pacific Project Preparation Facility (**AP3F**) and Global Infrastructure Facility (**GIF**) to cover cost of consultants for project development and/or monitoring
- In terms of TAS, ADB seeks cost recovery plus fees for the services provided and the fees can be back ended i.e. can be paid upon successful tender process for a project. Our clients may choose to pay directly or make the winning bidder pay the fees

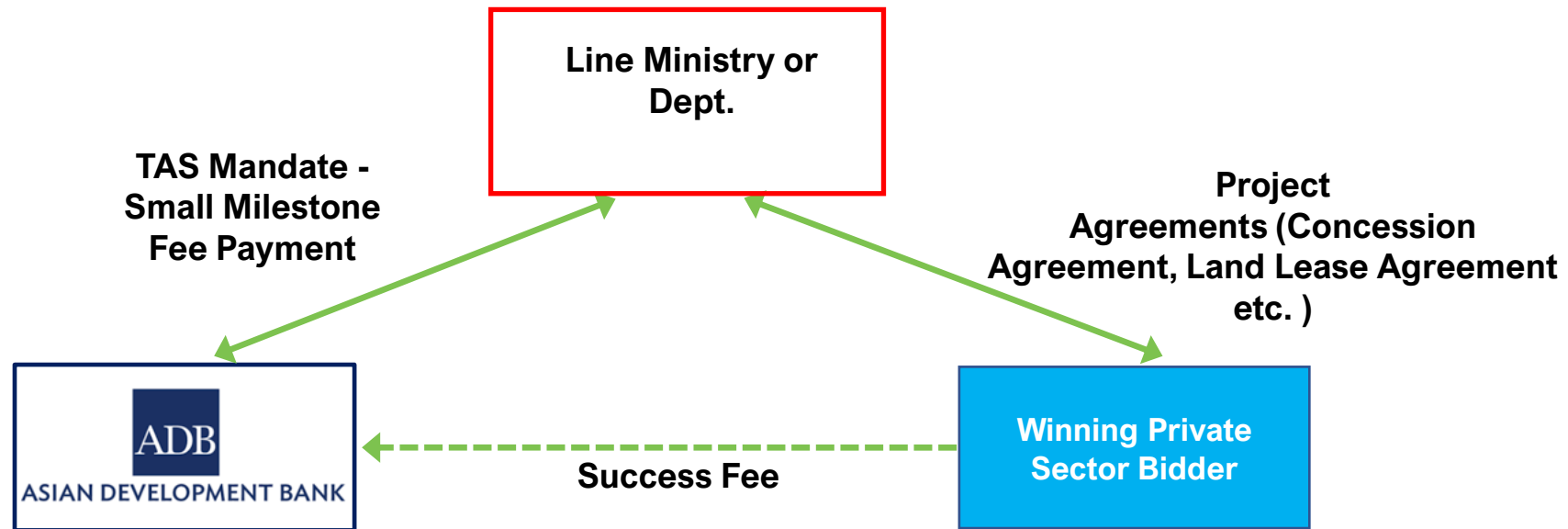
Capacity Building and Enabling Environment

- Identify PPP potential in sector planning and the private sector development agenda
- Develop capacity of Government/Governmental entities
- Develop policy, legal, regulatory and institutional framework for PPPs



Typical TAS Engagement

- ADB signs a TAS mandate predominantly on a success fee model where the private sector winning bidder will pay a success fee to ADB on a cost recovery basis for the provision of TAS
- Scope of ADB's services as transaction advisor includes capacity building, project definition support to examine the identified PPP solution and review the existing data and studies, and project preparation to develop the RFP and Concession Agreement and provide tendering support for the Project on a success fee basis



TAS Mandate – Indicative Scope

1 Project preparation

- ▶ Feasibility assessment (technical, commercial, financial and carbon markets)
- ▶ Legal and regulatory analysis

2 Tender preparation

- ▶ Drafting of customized tender and project documents (RFP and Concession Agreement)
- ▶ Market Sounding with potential investors

3 Tender process and award

- ▶ Request for Qualification (RFQ)
- ▶ Request for Proposal (RFP)
- ▶ Response to bidders during tender process
- ▶ Proposal review
- ▶ Negotiation and contract award
- ▶ Signing of concession documents (commercial close)

4 Financial Close

- ▶ Signing of financing agreements

5 Monitoring Support

- ▶ Monitoring the progress of:
 - ▶ Construction
 - ▶ Commissioning and testing

TAS Mandate – Indicative Timelines

Key milestone	Indicative Time (month)*
PROJECT PREPARATION	
Signing of TAS mandate	T
Analysis of existing information	T + 1
Conduct Feasibility Study and market sounding with bidders	T + 6
Design a bankable project structure, confirm legal, technical and financial parameters and drafting of concession agreement and tender documents	T + 8
TENDERING	
RFP issued	T + 8
Bidders Conference/s	T + 9
RFP submission by bidders	T + 12
Preferred bidder announcement	T + 14
Commercial Close (PPP Agreement Signing)	T + 16
Financial Close	T + 24

Our Value Addition

- 1. Value Addition:** Leveraging ADB's regional and in-country experience, TAS will ensure a balanced concession agreement that includes fair risk allocation, transparent bidding processes to maximize competition, mobilization of carbon credit revenues*, and innovative mechanisms for managing delays and performance risks, all while doing best efforts to stay within the approved budget and timeline.
- 2. Ensuring Financial Viability:** Financial viability will be secured through a well-structured transaction that identifies, defines, and fairly allocates risks between Government and private party/bidder within the concession agreement. This will be supported by a reasonable user fee structure, viability gap funding (VGF), stringent cost control, and project monitoring to maintain financial discipline.
- 3. Long-Lasting Benefits to the Public:** A well-designed solid waste management system, facilitated by ADB's TAS, will deliver enhanced service quality, improved environmental outcomes, and sustainable public health benefits, ensuring that communities enjoy cleaner, more livable cities for years to come.



* Subject to confirmation of additionality check and carbon market demand

Achievements 2016-2023

Achievements 2016-2023



Supported more than **70+** PPP projects

Mobilized **\$2 billion** in private capital



All new projects go through climate and gender filter

Over **60%** of active projects focus on climate operations



Supported **8** sectors and **23** countries



Achieved **14** commercial closures

More than **80%** of the projects have gender action plans



Select examples of TAS mandates and MOUs across Asia Pacific

Uzbekistan

- 1GW Solar PV Program
- Namangan Wastewater Treatment Project
- Tashkent District Heating
- Sergeli Schools PPP Project

Kazakhstan

- Karaganda University Hospital
- Hydro power project program

China

- Hezhou Elderly Care Facility: integrated with ADB sovereign loan

Philippines

- National ID Program
- Cebu waste collection and management project
- New Clark City: National Broadband
- New Clark City: Urban Transport
- North-South Commuter Railway
- Metro Manila Subway Project

Pakistan

- Lower Spat Gah Hydropower
- West Karachi Wastewater Treatment
- TP4 Wastewater Treatment

Timor Leste

- Dili Solid Waste Management
- Solar PPP Project
- National ID Project

Bangladesh

- Rampura-Amulia-Demra Toll Road (Dhaka)
- MOU with the Ministry of Health and Family Welfare on TAS for potential PPP projects

Palau

- Solar PV IPP

Cambodia

- National Solar Park Program integrated with ADB sovereign loan

Papua New Guinea

- Jacksons International Airport (Port Moresby)

Indonesia

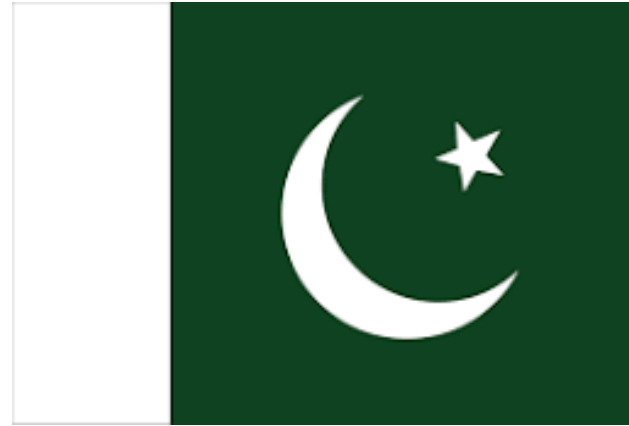
- South Tangerang Waste Management
- Denpasar Street Lighting PPP
- MOU with the Ministry of Transportation for project identification

Background

- ▶ Given the acute water shortage in the city of Karachi of almost 550 million imperial gallons per day [MIGD] (almost 50% of city's demand, the Government of the province of Sindh (GoS) in Pakistan has identified the wastewater treatment and water re-use 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 project in PPP mode in Karachi. Several projects in the pipeline 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.

Projects

- ▶ 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;
- ▶ KWSB will regulate and monitor all KPI's as per the concession agreement to be signed with the winning bidder. Project commercial structure is based on an end to end utility model (market risk based) and ADB is advising KWSB on structuring and tendering of West Karachi and TP4 WWTP Projects.



OMDP's Support

Ongoing

- **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

West Karachi – KWSB has received an unsolicited proposal for the 50 MIGD project and ADB is advising KWSB on the structuring and competitive tendering of the project via Swiss Challenge process. Three bidders from Japan, People's Republic of China and the United Arab Emirates have been qualified under the qualification process.

TP4 – 180 MIGD project will be a solicited bid where ADB is currently in process of signing the advisory mandate with KWSB to provide project preparation and transaction advisory.

Next Steps

Tender Process Ongoing for West Karachi WWTP with bids due in September 2024

Tender for TP4 to be launched in Q1 2025 with commercial close expected in Q4 2025

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