Introduction to
Asia Pacific Project Preparation Facility (AP3F)

Cook Islands, August 2016
Office of Public-Private Partnership
Asian Development Bank
Office of Public-Private Partnership

Directly reporting to ADB’s President

Transaction Advisory Services
- Project Structuring for Public Sector Stakeholders
- Project Structuring for Private Sector Stakeholders

PPP Fund Management
- Asia Pacific Project Preparation Facility (AP3F) – a Trust Fund
- Technical Assistance Funds

PPP Coordination and Support
- Support to PPP Policy and regulatory/institutional framework in DMCs with ADB’s Regional Departments and their various facilities such as PSDI
- ADB’s internal coordination for PPP operations Bank-wide
OPPP Organizational Structure as of August 2016

- **President**
  - Takehiko NAKAO

- **OPPP Management**

  - **Managing Director General**
    - Juan MIRANDA

  - **Coordination & Support Team**
    - Inter-departmental Operational Coordination
    - Knowledge Management

  - **Operations & Resources Team**
    - Asia Pacific Project Preparation Facility (AP3F)
    - External Relations
    - PPP Market Research and Data Base

  - **Transaction Advisory Team 1**
    - Transaction Advisory for Public Sector Stakeholders

  - **Transaction Advisory Team 2**
    - Transaction Advisory for Private Sector Stakeholders
Introduction

- AP3F’s primary objective is to assist developing member countries’ (DMC) governments and their public sector agencies (DMC Agencies) prepare and structure infrastructure projects with private sector participation (including public–private partnership (PPP) modalities and bring them to the global market.

- AP3F’s size is about $73 million equivalent, with commitments from Japan ($40 million), Canada (CA$20 million), Australia (AU$10 million), and ADB ($10 million).

- AP3F assistance can take the form of:
  - Project preparation support,
  - Capacity-related assistance, including for the reform and improvement of policy, legislative, regulatory and institutional practices in DMCs, where this is linked or otherwise complementary to such infrastructure projects, and
  - Ongoing project performance assistance, including project monitoring and project restructuring.
Activities financed by AP3F
- Project Preparation and Structuring

AP3F resources are intended for:

- Due diligence and early stage preparation of projects, including but not limited to studies, specifications and reports dealing with the following aspects:
  - Technical,
  - Economic and financial,
  - Legal and regulatory,
  - Insurance,
  - Climate/environmental,
  - Geotechnical,
  - Social,
  - Institutional and governance,
  - Anticorruption and integrity,
  - Risk identification and risk mitigation,
  - Project management, and
  - Transaction structuring
Activities financed by AP3F
- Project Preparation and Structuring

AP3F resources are also intended for:

- Marketing, tendering and award of projects, including:
  - Preparing information memoranda and marketing materials to place transactions with corporate sponsors, institutional investors, and lenders;
  - Managing road shows;
  - Creating and overseeing data rooms and other channels for dissemination of project information to interested parties;
  - Preparing bid documents, financial models and draft contracts;
  - Managing the bidding process; and
  - Assisting with evaluations, negotiations, and awards.
Activities financed by AP3F
- Capacity Development and Policy Reform

AP3F resources can be used for:

- **Project-related assistance**, including:
  - Upstream legislative and regulatory reform,
  - Appropriate PPP project selection criteria,
  - Application design and planning support,
  - Staff training, and
  - Market and/or stakeholder awareness.
Activities financed by AP3F
- Monitoring, Evaluation and Restructuring

In addition, AP3F resources are intended for:

- Monitoring and evaluation of projects supported by AP3F and where requested by DMC agencies.
- Project restructuring – with the exception of project restructuring caused by a public sector default or political risk event.
Activities Supported by AP3F

For the government, AP3F assistance can be tailored to the stage of the project and the needs of the developing agency.

Capacity Building – integrated into every aspect of support process

- **Upstream Reform**
  - Create the enabling environment for the project

- **Due Diligence, Early Stage Preparation**
  - Conduct feasibility studies and assess commercial viability for the project

- **Marketing, Tendering, Award**
  - Assist on tender process to bring private sector participation to the project

- **Ongoing Assistance**
  - Monitoring and evaluation of projects post implementation
  - Project restructurings
Eligibility and Priorities

All ADB developing member countries’ public sector agencies may apply including central and local governments, as well as government agencies (including sub-sovereign and government-owned entities).

Target sectors include, but are not limited to:
- Energy (such as power generation, transmission and distribution),
- Transport (such as ports, airports, railways and roads),
- Urban development (such as water and waste management),
- Social infrastructure (such as healthcare and education)

Applications are prioritized in accordance with the following criteria:
- Demonstrates climate resilience through quality infrastructure,
- Positively impact poverty reduction,
- Enhances regional connectivity and economic integration,
- Involves new investments,
- Is in line with priorities by ADB’s developing member countries (and their Country Partnership Strategy)
- Provides opportunity for best practice in governance, procurement and/or contracting,
- Is first in kind in a given sector or country,
- Projects structured as concessions should also demonstrate:
  - Value for Money and potential for replication; and
  - Commercial viability and probability of reaching financial close.
AP3F’s Main Benefits

Public Sector

• Accelerate project preparation and development
• Achieve infrastructure objectives
• Ongoing project performance assistance
• Capacity development

Private Sector

• Create project investment opportunities by encouraging government counterparts to tap into AP3F
• Create business opportunities for consultants and contractors
Financing Arrangements

• AP3F support should in principle be provided on a cost-recoverable basis in the case of concession-type projects. Modalities include, but are not limited to:
  
  – Repayment of project preparation costs for concession-type projects upon project award (no cost-recovery will be sought in the case of project award to the original sponsor(s) of an unsolicited proposal), and
  – Termination payments to be made by the DMC Agency in appropriate circumstances.

• AP3F activities will be identified, designed, processed, approved, implemented, supervised and monitored in accordance with applicable ADB policies, procedures, and guidelines (including environmental, social, anti-corruption and procurement)
Application Process

Depending on countries, applications to ADB may be submitted, either through a focal ministry/agency, or directly from line ministries/agencies, or by private sector proponents via line ministries/agencies (in case of unsolicited offers).
AP3F Overview

**Asia Pacific Project Preparation Facility (AP3F)**

- **Financing Partners contributions**
- **Management**
- **Coordination with DMCs**

**DMC Public Sector Agencies / Ministries**

- **Project Preparation and Structuring**
  Prepare and structure infrastructure projects with private sector participation and bring them to the global market

- **Capacity Development and Policy reform**
  Reform and improvement of policy, legislative, regulatory and institutional practices in DMCs

- **Project Monitoring and Restructuring**
  Project monitoring and project restructuring

**Office of Public-Private Partnership**

**Regional Departments**

**Financing Partners**

- Japan
- Canada
- Australia

**Coordination with DMCs**

**Technical assistance and support**
Key Contacts in ADB

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