

# Asian Development Bank & People's Republic of China

## FACT SHEET

**Table 1. People's Republic of China: 2014 Approved Loans, Grants, and Technical Assistance (\$ million)**

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
1,490.00	330.00	20.28	5.09	1,845.37

Note: Grants and technical assistance include cofinancing.

**Table 2. People's Republic of China: Cumulative Lending, Grant, and Technical Assistance Approvals<sup>a, b</sup>**

Sector	No.	Total Amount (\$ million) <sup>c</sup>	% <sup>c</sup>
Agriculture, Natural Resources, and Rural Development	201	3,591.01	11.18
Education	23	161.05	0.50
Energy	170	4,631.12	14.42
Finance	84	757.67	2.36
Health	16	8.72	0.03
Industry and Trade	51	698.60	2.18
Multisector	40	535.14	1.67
Public Sector Management	111	59.89	0.19
Transport	242	17,196.33	53.55
Water and Other Urban Infrastructure and Services	107	4,473.24	13.93
<b>Total</b>	<b>1,045</b>	<b>32,112.77</b>	<b>100.00</b>

<sup>a</sup> Grants and technical assistance include cofinancing.

<sup>b</sup> Includes sovereign and nonsovereign loans and technical assistance.

<sup>c</sup> Total may not add up because of rounding.

**Table 3. People's Republic of China: Cumulative Nonsovereign Financing by Product**

Number of Projects	Amount (\$ million)
39	2,224.79
Loans	2,224.79
Equity Investments	404.30
Guarantees	107.00
B Loans <sup>a</sup>	2,370.70
<b>Total</b>	<b>5,106.79</b>

<sup>a</sup> Includes US\$ and local currency complementary loans.

The Asian Development Bank (ADB) has been working with the People's Republic of China (PRC) since 1986. With loans totaling \$31.58 billion, the PRC is ADB's second-largest borrower.

Following 3 decades of exceptional economic growth, the PRC is now regarded as an upper middle-income country.

The PRC will focus on improving quality and efficiency, and give even greater priority to shifting the growth model and adjusting the structure of development. Development challenges include promoting economic development, protecting the environment, tackling regional disparity, and allowing the market to determine resource allocation. The PRC is aiming to, among others, deepen its public finance reform, improve the financial market, promote state-owned enterprises reform, and encourage greater private sector participation.

With a focus on innovation and value addition, ADB has combined its support for infrastructure with areas such as technical and vocational education and training (TVET), provision of municipal services, and environmental improvement. ADB is also promoting key drivers of change under its long-term strategic framework, *Strategy 2020*, including knowledge solutions, private sector development, good governance and capacity development, and gender equity.

Cumulative disbursements to the PRC for lending and grants financed by ordinary capital resources and other special funds amounted to \$22.42 billion.

### ADB-Supported Projects and Programs

In 2014, ADB assistance to the PRC totaled \$1.49 billion, comprising 11 loan projects across four priority sectors: natural resources, energy, transport, and urban and social infrastructure and services.

A loan of \$100 million was provided to develop water resources and improve water security in Guangdong Province. The project will provide reliable water supply to about 1.23 million inhabitants of Chaonan District in Shantou, by integrating urban-rural water supply systems and reducing water losses. ADB also provided major technical assistance to the Ministry of Water Resources in conducting a water assessment for the PRC, aimed at strengthening water management and improving water governance.

A new energy project of \$150 million will establish energy-efficient district heating systems for Hohhot in the Inner Mongolia Autonomous Region. The project will demonstrate the ability of large-scale natural gas and wind-based systems to provide low-emissions heating in a rapidly expanding city with a severely cold climate.

ADB continues to support sustainability in the transport sector. New projects approved in 2014 totaled \$692.55 million. This investment will help improve the energy efficiency of rail connections across the PRC; develop inland water transport in Anhui Province; introduce an urban public transport system in Ji'an, Jiangxi; and support road network development in Pu'er, Yunnan. Technical assistance projects support low-carbon transport in Ningxia Hui Autonomous Region, and promote logistics development in rural areas.

**Table 4. People's Republic of China: Project Success Rates**

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2005	100.00	1
2006	100.00	1
2007	100.00	2
2008	100.00	6
2009	100.00	4
2010	100.00	5
2011	100.00	5
2012	80.00	5
2013	100.00	7
2014	100.00	4
<b>Total</b>	<b>97.50</b>	<b>40</b>

Note: "Year" refers to the circulation year of the project completion report (PCR). Compared with the numbers in previous years' fact sheets, the success rates reported here are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample size, the success rate does not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2014.

**Table 5. People's Republic of China: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2013–2014**

	2013 (\$ million)		2014 (\$ million)	
	2013 (\$ million)	2014 (\$ million)	2013 (\$ million)	2014 (\$ million)
Number of Ongoing Loans (as of 31 Dec 2014)	79			
Contract Awards/Commitments <sup>a,b</sup>	964.0	1,332.5		
Disbursements <sup>a</sup>	1,059.2	1,303.2		
Number of Ongoing Grants (as of 31 Dec 2014) <sup>c</sup>	3			
Contract Awards/Commitments <sup>a,b</sup>	4.5	0.3		
Disbursements <sup>a</sup>	0.3	4.6		
Actual Problem Projects (%)	6			

Note: Totals may not add up because of rounding.

<sup>a</sup> Includes closed loans/grants that had contract awards or disbursements during the year.

<sup>b</sup> Excludes policy-based lending/grants.

<sup>c</sup> Includes only Asian Development Fund and other ADB special funds.

Development of social services is emerging as a new focus for the PRC. ADB financed five projects amounting to \$550 million to support sustainable urban and social development of cities and towns, and to improve the quality of TVET. Technical assistance projects also support efficient land use, elderly care services, and the promotion of employment opportunities for university graduates.

Knowledge sharing also remains a key focus of ADB operations in the PRC, with 54 knowledge products and services developed, and 64 knowledge-sharing activities organized in 2014. In 2014, support for the preparation of the PRC's 13th Five-Year Plan was ADB's key knowledge assistance.

## Nonsovereign Operations

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector projects in the form of direct loans, equity investments, guarantees, B loans, and trade finance. Since its inception, ADB has approved \$5.11 billion in financing for 39 nonsovereign projects in the PRC. Total outstanding balances and commitments of ADB's nonsovereign transactions in the country as of 31 December 2014 was \$1.57 billion, representing 19.8% of ADB's total nonsovereign portfolio.

ADB's Trade Finance Program (TFP) fills market gaps by providing guarantees and loans to partner banks in support of trade. The TFP has done 10,000 transactions supporting over \$20 billion in trade since 2009. The TFP

works with six banks from the PRC and has supported 976 export transactions from the PRC valued at \$780 million to countries such as Bangladesh, Pakistan, Sri Lanka, and Viet Nam. The transactions helped create economic growth and jobs in the PRC, including among small and medium-sized enterprises (SMEs). The TFP has supported 881 SMEs from the PRC and has mobilized over \$450 million in cofinancing to support exports from the PRC. This cofinancing helps leverage ADB resources and brings more support for the PRC's SME exports, growth, and job creation.

## Cofinancing

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, other concessional financing, and commercial financing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's TFP.

By the end of 2014, cumulative direct value-added (DVA) official cofinancing for the PRC amounted to \$598.1 million for 29 investment projects and \$49.7 million for 100 technical assistance projects. Cumulative DVA commercial cofinancing for the PRC amounted to \$2.70 billion for 24 investment projects.

In 2014, the PRC received grant cofinancing from the Global Environment Facility of \$2.6 million for the Jiangxi Fuzhou Urban Integrated Infrastructure Improvement and \$2.6 million for the Jiangxi Ji'an Sustainable Urban Transport; and the Shanghai Pudong Development Bank provided loan cofinancing of \$162.4 million to the Low-Carbon District Heating Project in Hohhot in Inner Mongolia Autonomous Region.

**Table 6. People's Republic of China: Projects Cofinanced, 1 January 2010–31 December 2014**

Cofinancing	No. of Projects	Amount (\$ million)
Projects <sup>a</sup>	22	1,922.61
Grants	7	30.30
Official loans	3	303.36
Commercial cofinancing	12	1,588.95
Technical Assistance Grants	32	15.81

<sup>a</sup> A project with more than one source of cofinancing is counted once.

A summary of projects with cofinancing from 1 January 2010 to 31 December 2014 is available at [www.adb.org/countries/prc/cofinancing](http://www.adb.org/countries/prc/cofinancing)

## Partnerships

The relationship between the PRC and ADB continues to evolve.

As a donor to the Asian Development Fund, the PRC has already provided \$87.5 million of \$110 million committed for 2005–2016. To support ADB's goals to reduce poverty and promote regional cooperation, the PRC established a Poverty Reduction and Regional Cooperation Fund, through an initial contribution of \$20 million in 2005, and a replenishment of \$20 million in 2012.

The PRC is involved in the ADB Institute's knowledge-sharing program with the Inter-American Development Bank and Latin America. The PRC has also worked with

ADB, and countries in the [Central Asia Regional Economic Cooperation \(CAREC\) Program](#), to establish the physical base of the CAREC Institute, which was opened in March 2015. An East Asia regional cooperation strategy is being formulated to maximize the synergy of regional programs, and to push forward infrastructure connectivity.

To promote South–South cooperation, the PRC and ADB established the [Regional Knowledge Sharing Initiative](#) in 2012.

## Procurement

### Share of ADB’s Procurement Contracts

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries, and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts were awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Procurement contracts for goods, works, and related services under loan and grant operations totaled \$6.59 billion in 2013 and \$8.58 billion in 2014. Cumulative procurement, as of 31 December 2014, was \$135.21 billion.

Procurement contracts for consulting services under loan, grant, and technical assistance operations totaled \$511.13 million in 2013 and \$555.30 million in 2014. Cumulative procurement, as of 31 December 2014, was \$9.98 billion.

Table 7. **People’s Republic of China’s Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects**

Item	2013		2014		Cumulative (as of 31 Dec 2014)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	1,379.26	20.93	1,750.38	20.39	22,690.52	16.78
Consulting Services	20.23	3.96	17.84	3.21	129.33	1.30
<b>Total Procurement</b>	<b>1,399.50</b>	<b>19.71</b>	<b>1,768.22</b>	<b>19.35</b>	<b>22,819.85</b>	<b>15.72</b>

### Goods, Works, and Related Services

From 1 January 1966 to 31 December 2014, contractors and suppliers were involved in 194,667 contracts for goods, works, and related services under ADB loan and grant projects worth \$135.21 billion. During the same period, 9,312 contracts were awarded to contractors and suppliers from the PRC worth \$22.69 billion.

Table 8. **Top 5 Contractors/Suppliers from the People’s Republic of China Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2010–31 December 2014**

Contractor/Supplier	Sector	Contract Amount (\$ million)
Sinohydro Corporation Limited	ANR, ENE, TRA	365.70
China Road and Bridge Corporation	TRA	362.05
Xinjiang Beixin Road and Bridge Group Co., Ltd.	TRA	220.03
China Harbour Engineering Company Ltd.	TRA	218.03
China Railway Materials I/E Co., Ltd.	ANR, TRA	207.98
Others		6,695.68
<b>Total</b>		<b>8,069.47</b>

ANR = Agriculture, Natural Resources, and Rural Development; ENE = Energy; TRA = Transport.

## Consulting Services

From 1 January 1966 to 31 December 2014, consultants were involved in 45,584 contracts for consulting services under ADB loan, grant, and technical assistance projects worth \$9.98 billion. During the same period, 1,988 contracts were awarded to consultants from the PRC worth \$129.33 million.

Table 9. **Top 5 Consultants from the People’s Republic of China Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2010–31 December 2014**

Consultant	Sector	Contract Amount (\$ million)
Easen International Co. Ltd.	ANR, ENE, TRA, WUS	5.31
Energy & Environmental Development Research Center	ANR, ENE, MUL, TRA	5.19
ESD China Limited	ANR, ENE, HLT, WUS	5.13
Shanghai Electric Group Co. Ltd.	ENE	4.47
CECEP Consulting Co., Ltd.	ENE, FIN	2.34
Individual consultant/s		20.23
Others		32.16
<b>Total</b>		<b>74.83</b>

ANR = Agriculture, Natural Resources, and Rural Development; ENE = Energy; FIN = Finance; HLT = Health; MUL = Multisector; TRA = Transport; WUS = Water and Other Urban Infrastructure and Services.

## Operational Challenges

ADB’s [Midterm Review \(MTR\) of Strategy 2020](#) has paved the way for improved ADB operations in the PRC. Business processes have been further simplified, with greater authority delegated to the [PRC Resident Mission](#), allowing for greater institutional efficiency and responsiveness. The [MTR of Strategy 2020 Action Plan](#) emphasizes the need to capitalize on ADB’s development impact through expedient resource transfer and timely implementation of projects. At the country portfolio review mission, ADB and the PRC agreed to strengthen project readiness, make counterpart funds readily available, obtain timely land approvals, and to update and implement safeguard measures. To optimize implementation efficiency, ADB will continue to provide support for the timely completion of detailed designs prior to loan approvals, the use of retroactive financing, and the use of advance contracting.

ADB and the PRC also recognize the need for sound financial management systems to be in place at the provincial and municipal levels, to ensure accountable use of funds.

## Future Directions

The country partnership strategy (CPS), 2011–2015 for the PRC is guided by Strategy 2020, and is aligned with the PRC’s goals of socially inclusive development, environmental protection, and market-driven development. The CPS also reflects the PRC’s status as a rapidly growing middle-income country, with emphasis on innovation and value addition, and South–South knowledge cooperation that underpins the partnership between ADB and the PRC. Preparation of a new CPS, 2016–2020 started in 2014, with ADB formulating a set of recommendations for the PRC’s 13th Five-Year Plan, 2016–2020. The new CPS, which is expected to be in place

in early 2016, will be guided by the PRC's five-year plan and ADB's MTR of Strategy 2020.

ADB's 2015–2017 lending pipeline for the PRC totals \$3.99 billion, of which about 28% will support urban development, water supply, and sanitation; 23% transport; 38% agriculture and natural resources; and 12% energy. In 2015, provisional resource allocation is \$8.90 million for capacity development and policy and advisory technical assistance, and \$3.20 million for project preparation.

Under the ADB–PRC Knowledge Partnership, a more strategic approach will be taken to knowledge work, particularly the need to provide “just in time” knowledge for a country facing development challenges that require fast responses. Moreover, ADB will support South–South knowledge cooperation to promote knowledge exchange, dissemination, and coordination between the PRC and other developing member countries.

## About the People's Republic of China and ADB

### ADB Membership

Joined 1986

### Shareholding and Voting Power

Number of shares held:	684,000 (6.473% of total shares)
Votes:	723,430 (5.477% of total membership, 8.411% of total regional membership)
Overall capital subscription:	\$9.91 billion
Paid-in capital subscription:	\$495.51 million

### Contributions to Special Funds Resources

The People's Republic of China (PRC) has contributed to the Asian Development Fund (ADF), which is ADB's window for concessional lending to its borrowing members, and to the Technical Assistance Special Fund (TASF), which provides grants to borrowing members to help prepare projects and undertake technical or policy studies.

Contributions to the ADF (committed):	\$101.64 million
Contributions to the TASF (committed):	\$9.96 million

### ADB Governor

**The Honorable Jiwei Lou**, Minister, Ministry of Finance of the People's Republic of China, is the Governor for the PRC in ADB.

### ADB Alternate Governor

**Yaobin Shi**, Vice Finance Minister, Ministry of Finance of the People's Republic of China, is the Alternate Governor for the PRC in ADB.

### ADB Director and Alternate Director

**Zhongjing Wang** is the Director and **Wenxing Pan** is the Alternate Director representing the PRC on the ADB Board of Directors.

### ADB Director's Advisors

**Xue Hu** and **Zheng He** are the advisors to the Director for the PRC.

### PRC Resident Mission

**Hamid L. Sharif** is the ADB Country Director for the PRC. The PRC Resident Mission was opened in 2000, and provides the primary operational link for activities between ADB and the government, the private sector, civil society stakeholders, and development partners. The resident mission engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting as a knowledge base on development issues in the PRC.

The PRC government agency handling ADB affairs is the Ministry of Finance.

### About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2014, lending volume was \$12.92 billion (113 projects), with TA at \$158.88 million (256 projects) and grant-financed projects at \$405.34 million (17 projects). In addition, \$9.24 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2010 to 31 December 2014, ADB's annual lending volume averaged \$12.10 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$697.97 million and \$156.69 million in TA over the same period. As of 31 December 2014, the cumulative totals excluding cofinancing were \$216.21 billion in loans for 2,729 projects in 44 countries, \$6.87 billion in 256 grants, and \$3.75 billion in TA grants, including regional TA grants.

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### Useful ADB websites

Asian Development Bank  
[www.adb.org](http://www.adb.org)

ADB website in Chinese  
[cn.adb.org](http://cn.adb.org)

Asian Development Outlook  
[www.adb.org/publications/series/asian-development-outlook](http://www.adb.org/publications/series/asian-development-outlook)

Annual Report  
[www.adb.org/documents/series/adb-annual-reports](http://www.adb.org/documents/series/adb-annual-reports)

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