

# Project Preparation and Approval Procedures in PRC

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# Management on Project Preparation and Implementation

Projects and Five-Year Plans

Program for ADB loans

Project review system

Line Ministries' involvement

Project leading group

Coordination

Policy bank, state bond and fiscal revenue  
support

Project feasibility study evaluation

Project completion report and evaluation

# Government Approval Procedures for Loan Project

Five-step Project Approval Procedure of PRC Government

Step 1

**Lending Program**  
By State Council

Step 2

**Project Proposal Approval**  
By PDRC

Step 3

**Feasibility Study Approval**  
By PDRC/NDRC

Step 4

**Foreign Capital Utilization Report Approval**  
By NDRC

Step 5

**Request for Loan Negotiation**  
By State Council

# Counterpart Fund Raising

- Minimum 50% domestic funding in requirement
- Sources mainly from:
  - a. Policy/commercial banks
  - b. National bond
  - c. Fiscal revenue
  - d. Self-raising
  - e. Labor contribution for rural sector and
  - f. Added-value of land around the project



## Sources of Funds for Fixed Investment in Infrastructure in PRC, 2006

Item	Total Fund (\$ b)	State Budget (%)	Domestic Loans (%)	Foreign Investment (%)	Self-raised funds (%)	Others (%)
Power	97.5	4.2	45.3	1.2	42.9	6.4
Water	8.5	9.5	19.9	4.0	59.0	7.6
Transport	139.4	12.8	30.8	2.7	44.9	8.8
Irrigation	94.3	12.8	22.7	1.0	55.2	8.3
<b>Total Investment in Infrastructure</b>	<b>387.6</b>	<b>16.0</b>	<b>28.5</b>	<b>2.1</b>	<b>46.5</b>	<b>6.9</b>

# Infrastructure Finance India & PRC

Financing of Infrastructure (%)		
	IND	PRC
Budget	43	16
Equity	21	54
<i>Of which Retained Earnings</i>	16	40
Debt	36	30

# Conclusion

1. Government's close attention and clear guidance to the utilization of ADB loan
2. Lending Program (Country Programming)
3. Strict approval by the governments
4. Intra-ministries cooperation
5. Coordinating system
6. National auditing and inspection system
7. Supervision by ADB

Thank You!



ADB