

PPP Development In China

China Public Private Partnerships Center

November 30, 2016 Seoul, Korea

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Part One

Part 1 *PPP—An Important Measure for Comprehensive Reforms in China*

 Background

 An Institutional Reform

 Features

Background

◆ Comprehensive Reforms, innovation - Modern national governance

- Rule of Law (government operates within the function and power authorized by LAW)
- Let MARKET play the DECISIVE role in resource allocation (government operates with limited and proper function and power)
- Make top-level design to ensure integrity, systematism and synergy of the reforms (government operates efficiently)

◆ Supply-side Structural Reform

-institutional and technological innovations

- Improve production factors' mobility
- Increase efficiency of resource allocation
- raise the “total factor productivity”
- Enforce the significantly amended *Budget Law*, which strictly regulates local governments' borrowing and financing activities. limit government debts.

Anything that can be properly done by market should be left to market.

PPP: An Institutional Reform in China

National-Level

propel the modernization of national GOVERNANCE system and capacity



Government-Level

push REFORMs of

- administrative system
- fiscal system
- public/governmental investment and financing system



Project-Level

realize VFM(Value for Money) with PPPs approach



PPP in China: partnerships of government and social capital/corporate partners/enterprises

Importance

- ◆ Provide new market to enterprises , transform government functions
- ◆ Increase and improve public service delivery
- ◆ promote fair cooperation via contract and fair competition via transparency
- ◆ Release innovation capacity of enterprises
- ◆ Leverage more market resources with less public input

Return Mechanism

- ◆ User-Pay
- ◆ Government-Pay
- ◆ Viability Gap Funding

Scope

- ◆ Economic infrastructure
- ◆ Social infrastructure
- ◆ Government infrastructure

Totally 18 sectors + others

Social Capital/Corporate Partner

- ◆ SOEs
- ◆ Private enterprises
- ◆ Mixed-ownership enterprises
- ◆ Foreign enterprises

Part Two

Part 2 *China PPP Strategy*

 Regulatory Framework Setting

 Institutional Building

 Projects Demonstrating

Value for Money



Regulatory
Framework

Institutional
Building

Demonstration
Projects

Public/Government, Market, Stakeholders

Regulatory Framework

Law

- Budget Law (amended)
- Government Procurement Act (amended) & its Enforcement Regulation
- PPP Regulation (under drafting)

Policy

- **STATE COUNCIL**
- Guide on Provincial Government Debt Management
- Guide on Promoting PPP in Public Service
- **MOF**
- Notice on Promoting PPP
- Notice on PPP Fiscal Management

Guideline

- PPP Project Operating Guideline
- PPP Contract Guideline
- PPP Project Procurement Guideline
- PPP VFM Assessment Guideline
- PPP Fiscal Affordability Assessment Guideline

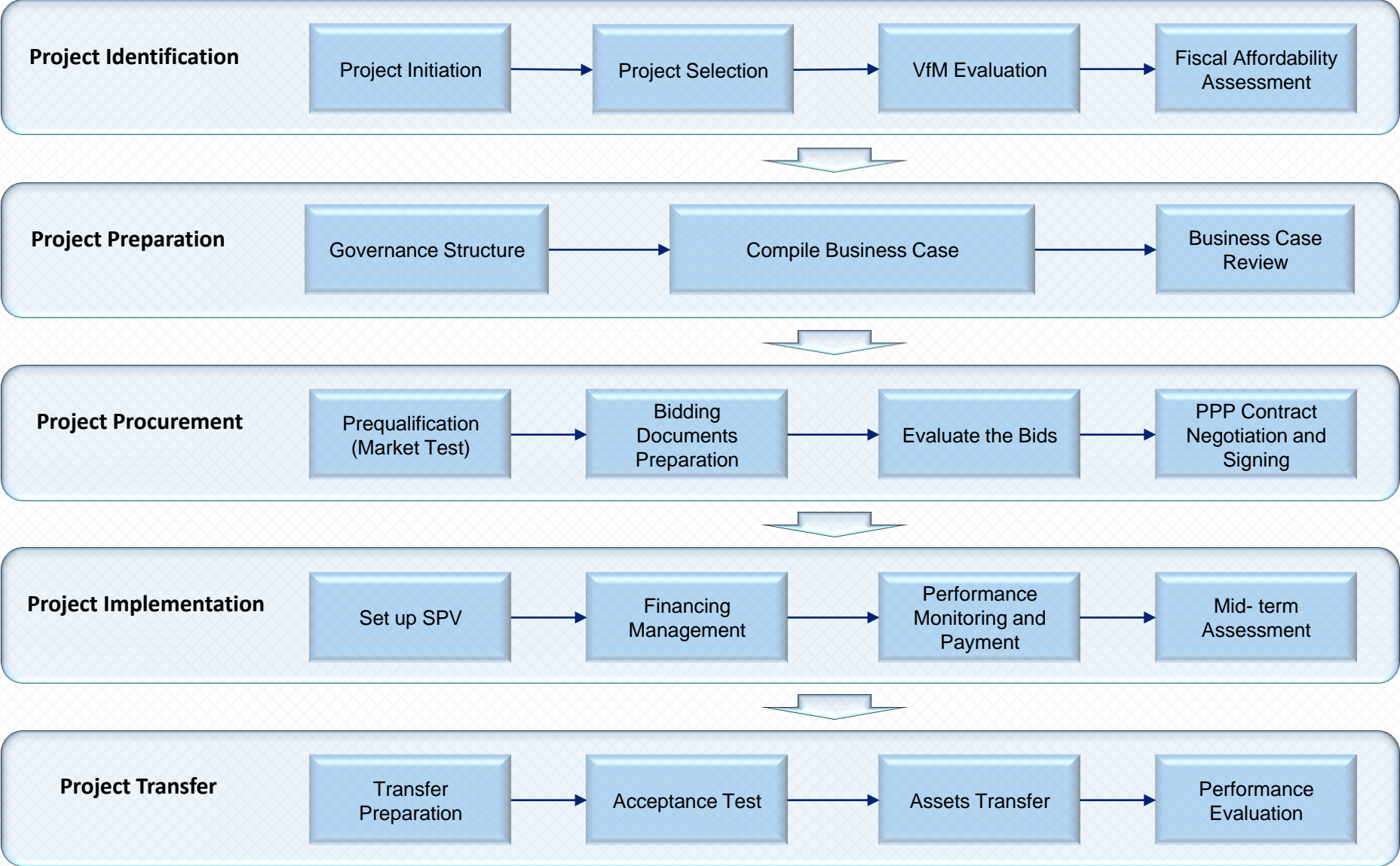
Contract

- PPP Contract Guideline
- PPP Contract Case Study
- Standard PPP Contracts For Various Sectors (being formulated)

Criterion

- PPP Project Identification Criteria (Economy, Techniques, Finance, etc.)
- Output Criteria
- Performance – based Payment Criteria

PPP Project Operating Guideline



Institutional Building

Transform government function, streamline administration , use power properly, provide better governmental service to market

MOF take lead and line ministries take part in, with smooth collaboration and coordination; local same

dedicated PPP units/centers at all levels

Build up on-line PPP information system/database

Foster PPP consultancy service, play the third-party's professional role effectively

Raise social responsibility of social capital /corporate partners

MOF Demonstration Projects



Roles of demonstration

- ◆ Find out examples and lighthouse projects, Play of guidance, training and benchmark roles of them
- ◆ Explore replicable and amplifiable PPP models

Total demonstration
Projects **745**

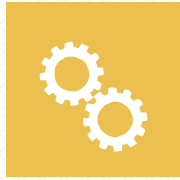
Total Investment

280 billion USD

Projects with PPP
contract signed: **331**

Investment: **110 billion USD**

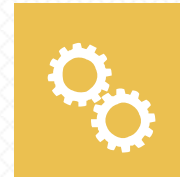
MOF Demonstration Projects



First 2 Batches

The first 2 batches selected in 2014 and 2015: 229 projects, 110 billion USD, in 30 provinces/cities and 13 sectors.

132 projects with PPP contracts signed, total investment 50 billion USD (as of Oct. 31, 2016)



The 3rd Batch selected in 2016

516 projects with 170 billion USD investment distributed in 34 provinces/cities and in 18 sectors.

199 projects with PPP contracts signed, total investment 60 billion USD (as of Oct. 31, 2016)

Green and low-carbon projects

40%

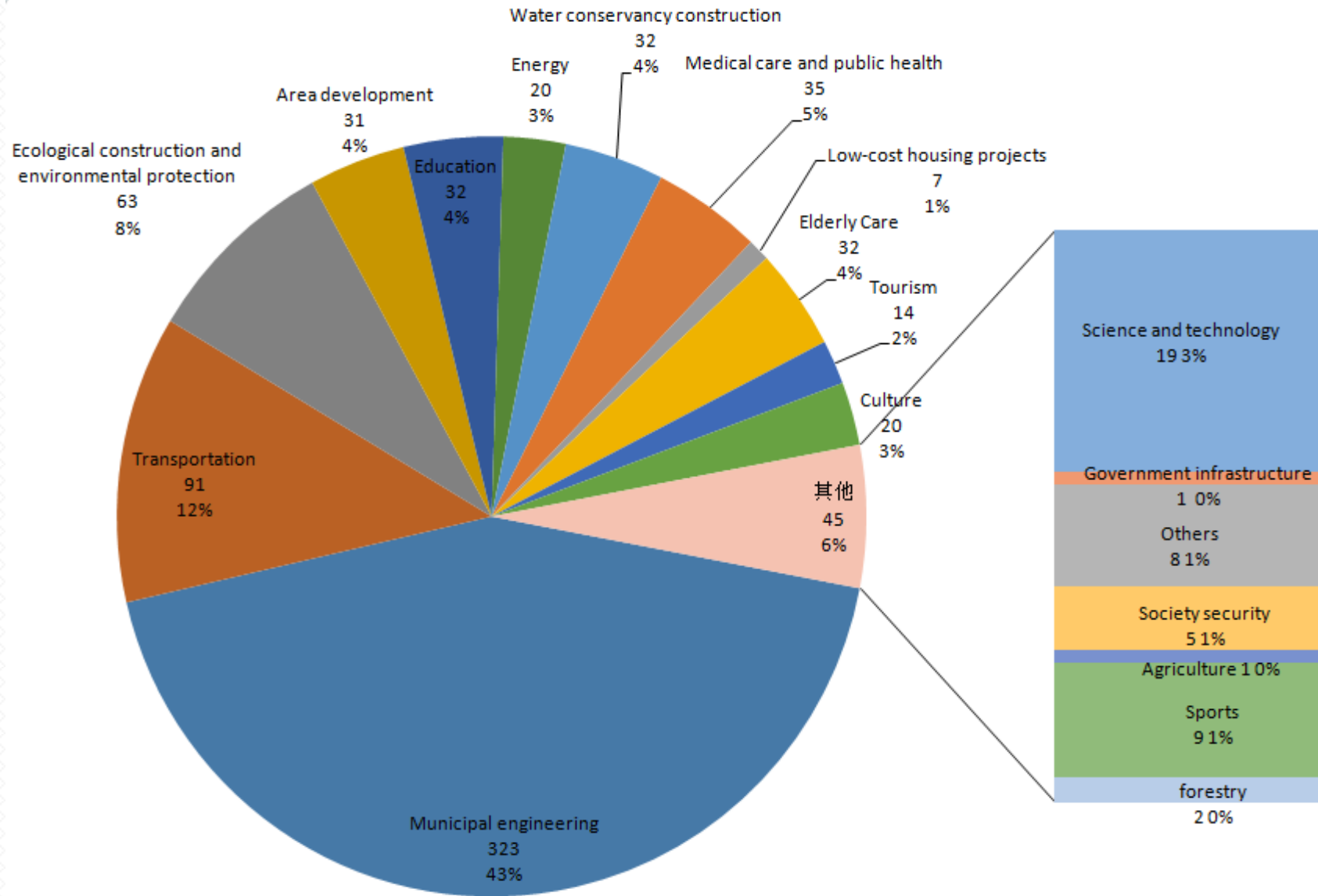
Social infrastructure projects

19%

MOF Demonstration Projects Provincial Distribution



MOF Demonstration Projects Sectoral Distribution



Part Three

Part 3 *China PPP Market*

Market Overview



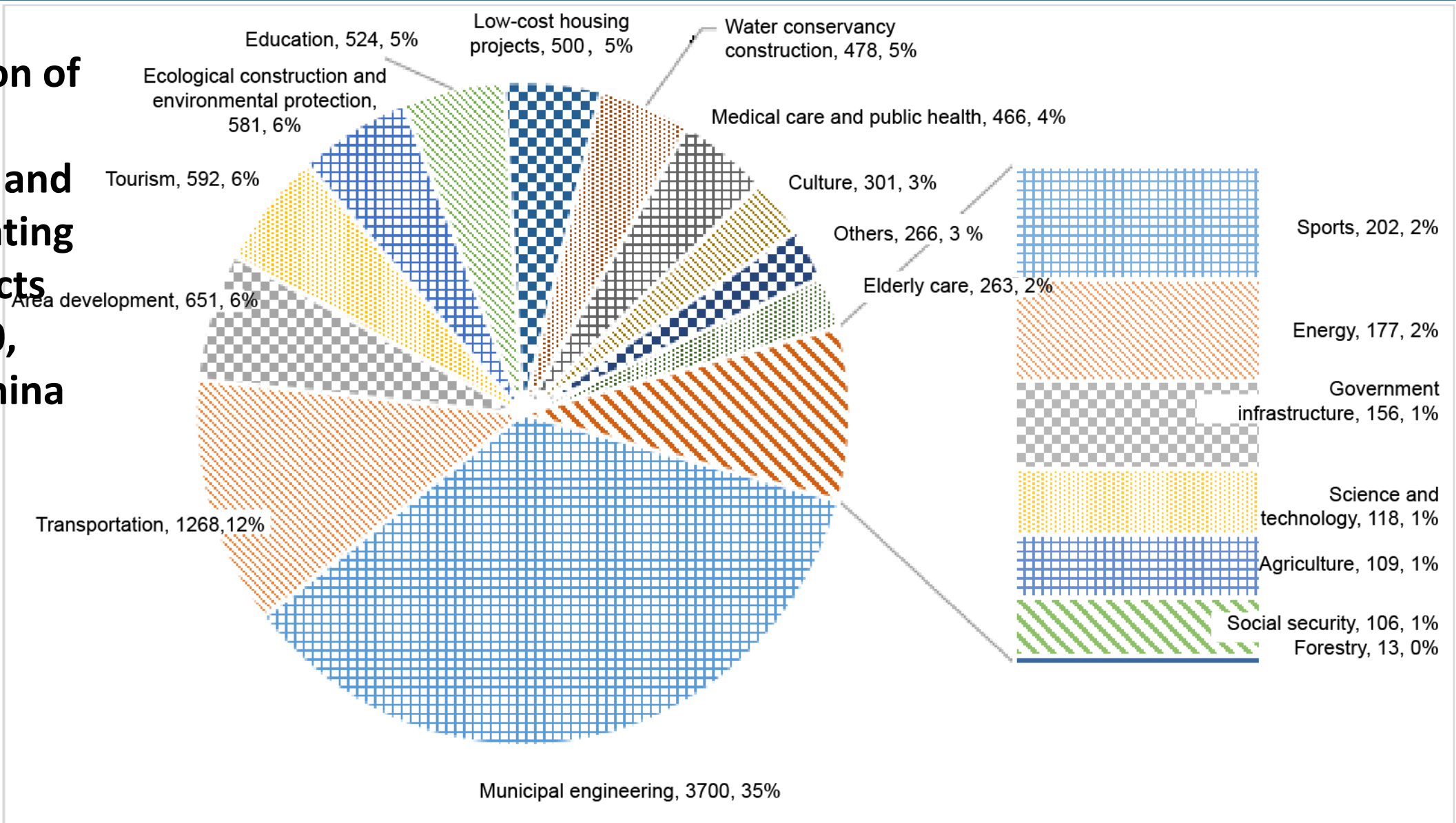
Total Projects: 10471
potential, procuring or implemented

Total Investment: 1.8 trillion USD

◆ 946 projects with PPP contracts signed , total investment **220 billion USD**

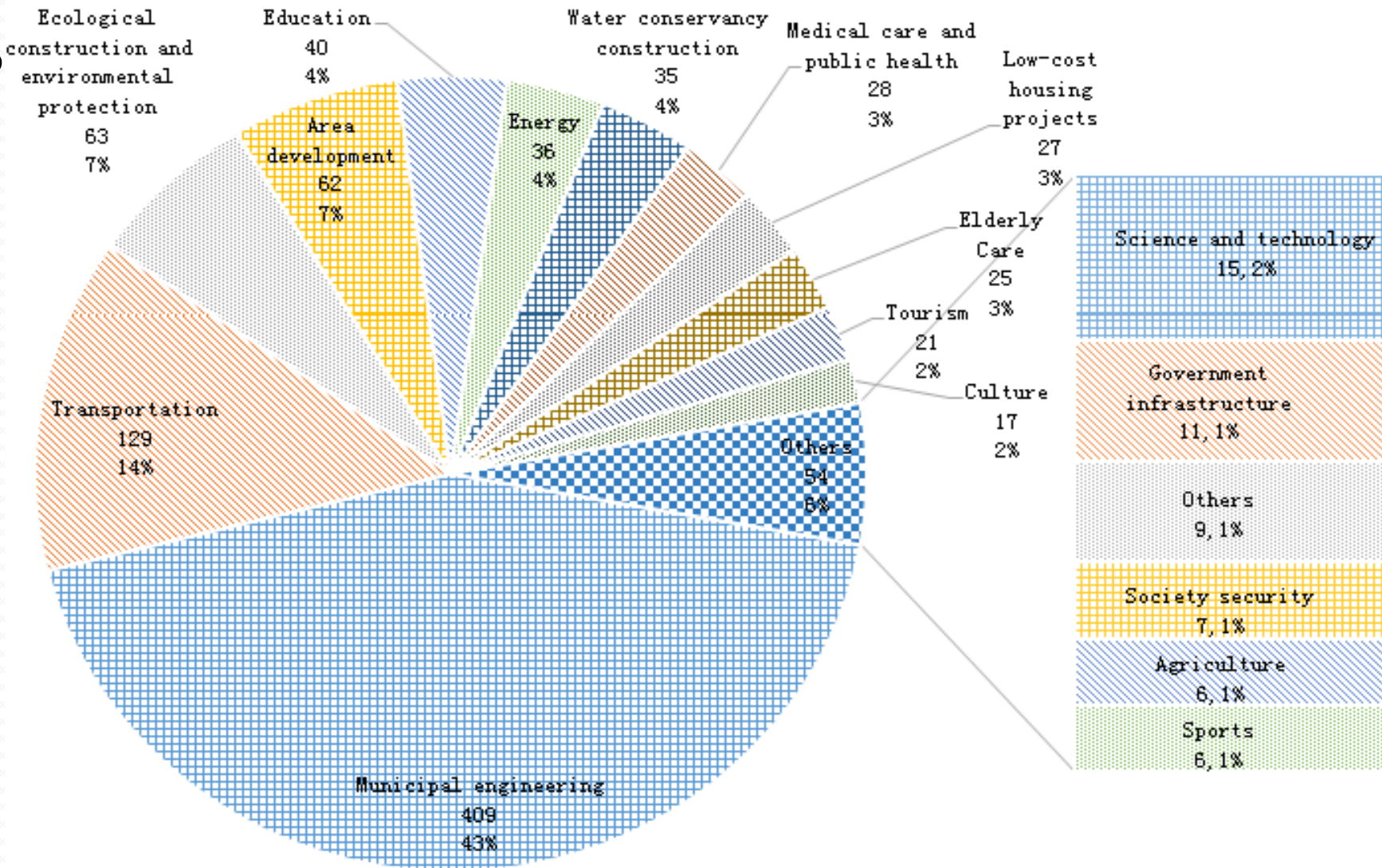
◆ 2,422 green and low-carbon projects , **350 billion USD**

Sectoral distribution of potential, procuring and implementing PPP projects by Sep. 30, 2016 in China



Sectoral distribution of projects with PPP contracts signed by Sep. 30, 2016

Total : 946 Projects
Total Investment: 220 billion USD



English Website:

<http://www.cppppc.org/en/index.jhtml>



The screenshot shows the main homepage of the CPPPC website. At the top, there is a navigation menu with categories like ABOUT, NEWS, POLICIES, PROJECTS, COOPERATION, BUSINESS, and KNOWLEDGE. A search bar and language selector (中文 | EN) are also present. The main content area features several sections:

- China PPP Map (Data)**: A map of China with provinces color-coded, highlighted with a red box. It includes QR codes for WeChat and Webpage.
- News**: A list of recent news items, including 'China PPP Map' AP... and 'Opening Speech at Workshop on PPP Development in China'.
- Policies**: A list of policy updates, such as 'Circular on Issuing the Guidelines...' and 'Opinions of the State Council on S...'.
- Demonstration Projects**: A list of project highlights, including 'Xingyuan Environme...' and 'PPP Experience and Implications of...'.
- Knowledge**: A section for accounting and financial information, with a 'Coming Soon' message and a link to the Chinese version.

 At the bottom, there are logos for partner organizations: World Bank Group, Asian Development Bank, Asian Infrastructure Investment Bank, Global Infrastructure Facility, and Global Infrastructure Hub.

This screenshot shows the 'National PPP Comprehensive Information Platform Project Database' website. The header includes the CPPPC logo and the text 'National PPP Comprehensive Information Platform Project Database' with a 'Last Updated: 2016-10-31' timestamp. A 'Quarterly Report' button is highlighted with a red box. Below the header is a map of China with provinces labeled. To the right of the map is a vertical navigation menu listing various sectors:

- National
- Energy
- Transportation
- Water Resource
- Environment
- Agriculture
- Forestry
- Technology
- Affordable Housing
- Health Care
- Elder Care
- Education
- Culture
- Sports
- Municipal Engineering

 A red arrow points from the 'Quarterly Report' button to a list of quarterly reports at the bottom of the page. The list includes:

- Quarterly Report on the Project Library of the National PPP Integrated Information Platform (No.4) - 11 nov:2016
- Quarterly Report on the Project Library of the National PPP Integrated Information Platform (No.3) - 07 nov:2016
- Quarterly Report of the Project Library of the National PPP Integrated Information Platform (No.2) - 04 nov:2016
- Quarterly Report on the Project Library of the National PPP Integrated Information Platform (No.1) - 02 nov:2016

 At the bottom, there is a footer with '4 records 1/1 pages' and navigation links.

Achievements

01

Break monopoly; open market; release enterprises' vigours

02

build standard and transparent PPP market from the start based on international experiences

03

Introduce PPP into more sectors, expanding the market

04

PPP becomes one of the key drivers and measures for China's comprehensive reform and development under "new normal".

China is becoming one of the **biggest** regional PPP markets.

Challenges

01

The significance of PPP reform is not well understood and realized: some local governments still regard PPP merely as a financing tool.

02

The percentage of PPP projects with PPP contract signed is relatively low: private enterprises participation ratio is relatively low.

03

There is certain gap between lots of PPP projects and the best PPP practice.

04

Market environment needs to be enhanced.



◆PPP Regulatory System

Construction;

◆Market Credibility Building;

◆Enhance the capability of

the private enterprises.



◆Form an unified, standard, transparent and open PPP market;

◆Exchange experiences with foreign countries and international organizations.

THANKS



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