

# Innovative Public–Private Partnerships for Sustainable Development in China

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# Content

- ▶ PPP development in China
- ▶ China PPP new mode
- ▶ PPP mode development in E-government
- ▶ PPP promoting sustainable development of China economy

# PPP development in China

- ▶ Viewed from development stage, PPP mode has gone through three periods in China since 1980s.
- ▶ In the earlier stage, infrastructures with profit were established by concession mode through foreign finance.
- ▶ Allowed operated and non-profit projects were established by government financing platform.

# Three periods of PPP in China

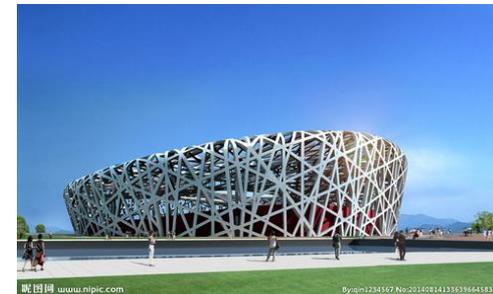
- ▶ Explored period (before 2002)
  - Foreign financing
  - BOT (Build–Operate–Transfer) mode
  - Laibin B power project, Dachang water project and Changsha power project
  - Ministry of Commerce leading
- ▶ Rapid development period (2003–2008)
- ▶ Coordinated period (After 2009)

# Rapid development period (2003–2008)

- ▶ Ministry of Housing and Urban-rural Development leading
- ▶ Local government public utility
- ▶ Foreign and private capital investment



- ▶ Social capital participated in transport infrastructure highway, subway and large scale stadium projects



# Coordinated period (After 2009)

- ▶ Local governments leading
- ▶ Local financing platform
- ▶ BT (Build—Transfer)
- ▶ Large scale debt of local government
- ▶ BT mode was stopped by Ministry of Finance because of large scale debt of local government, low level efficiency of project whole life cycle and high cost.

# Putting forward PPP formally in 2014

- ▶ Ministry of Finance coordinating overall
- ▶ National Development and Reform Commission supervising
- ▶ PPP centre taking charge cooperation between the government and social capital
- ▶ “Concession regulation of infrastructure and public utility” was published by State Council in 2015
- ▶ The PPP mode was fermented at the end of 2013, and was arranged overall, then will enter "test period" this year

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# China PPP new mode

Financial demand of public facilities and public service bringing by urbanization.

Defusing local government debt.

Promoting government to speed up reform and advance efficiency of government capital.

PPP is the concrete implement for the mixed ownership economy reform

# Differences between PPP new mode and BT

Ways of Cooperation

Enterprise intervention time and extent

Mode of payment

Interest demanding and risk taking

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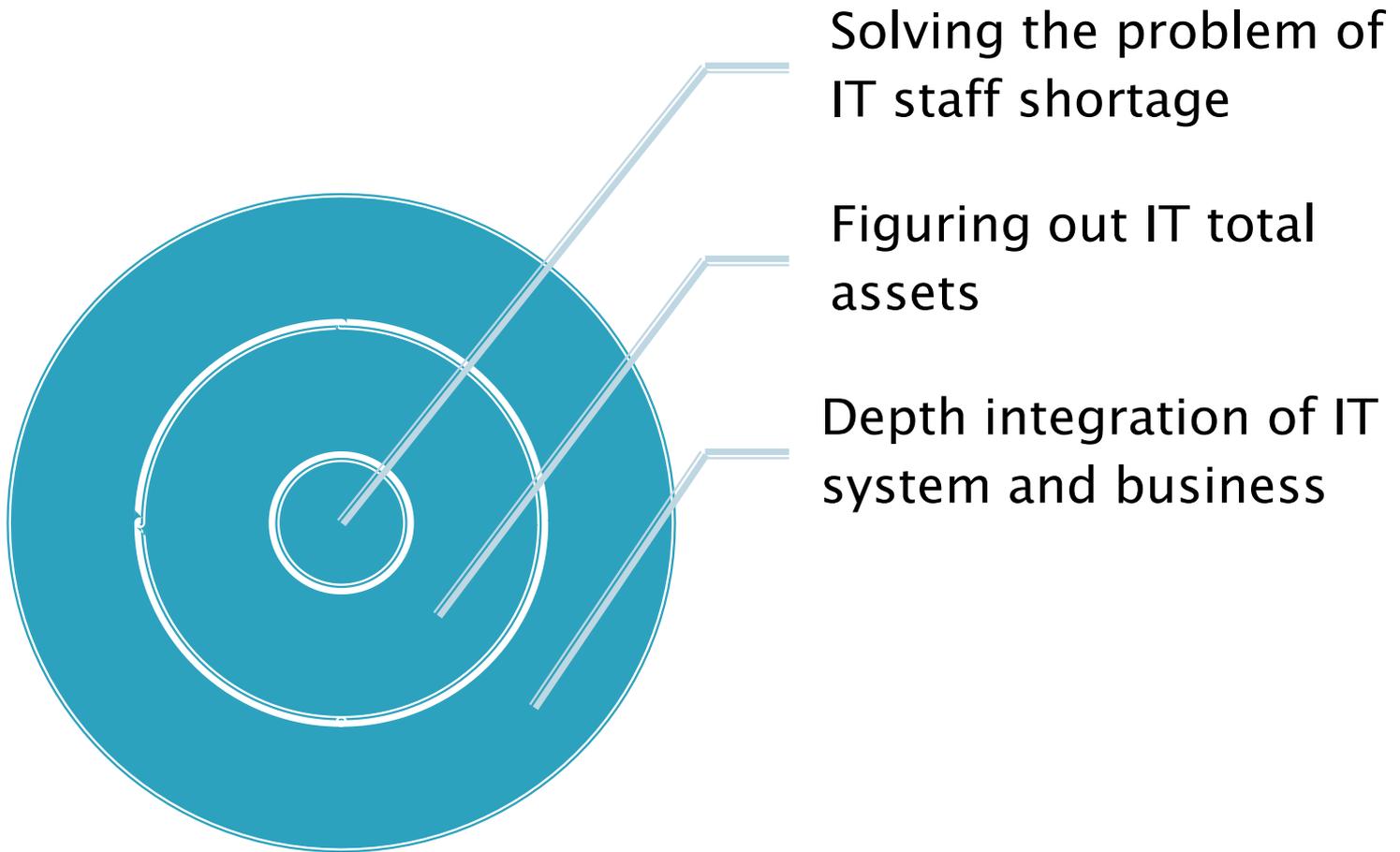
# PPP mode development in E-government

- ▶ Government operates many different IT systems
- ▶ Management, communication and coordination, communication with business personnel are also becoming complex
- ▶ IT operational service outsourcing becoming a trend

# Case study of PPP in E-gov

- ▶ Full outsourcing to operate their IT system from facilities maintenance, live video of the trial, to late data compilation and archiving in Beijing High People Court
- ▶ One main contractor
- ▶ Five sub-contractors.

# Three advantages of outsourcing



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# PPP promoting sustainable development of China economy



# PPP promoting sustainable development of China economy



Reducing costs



Improving the level of fine management



Solving the problems of different technological levels and high operational cost



Realizing sustainable development



Large-scale and intensive management

# Realizing economic sustainable development in China



Industrial transformation and upgrading



Urbanization development

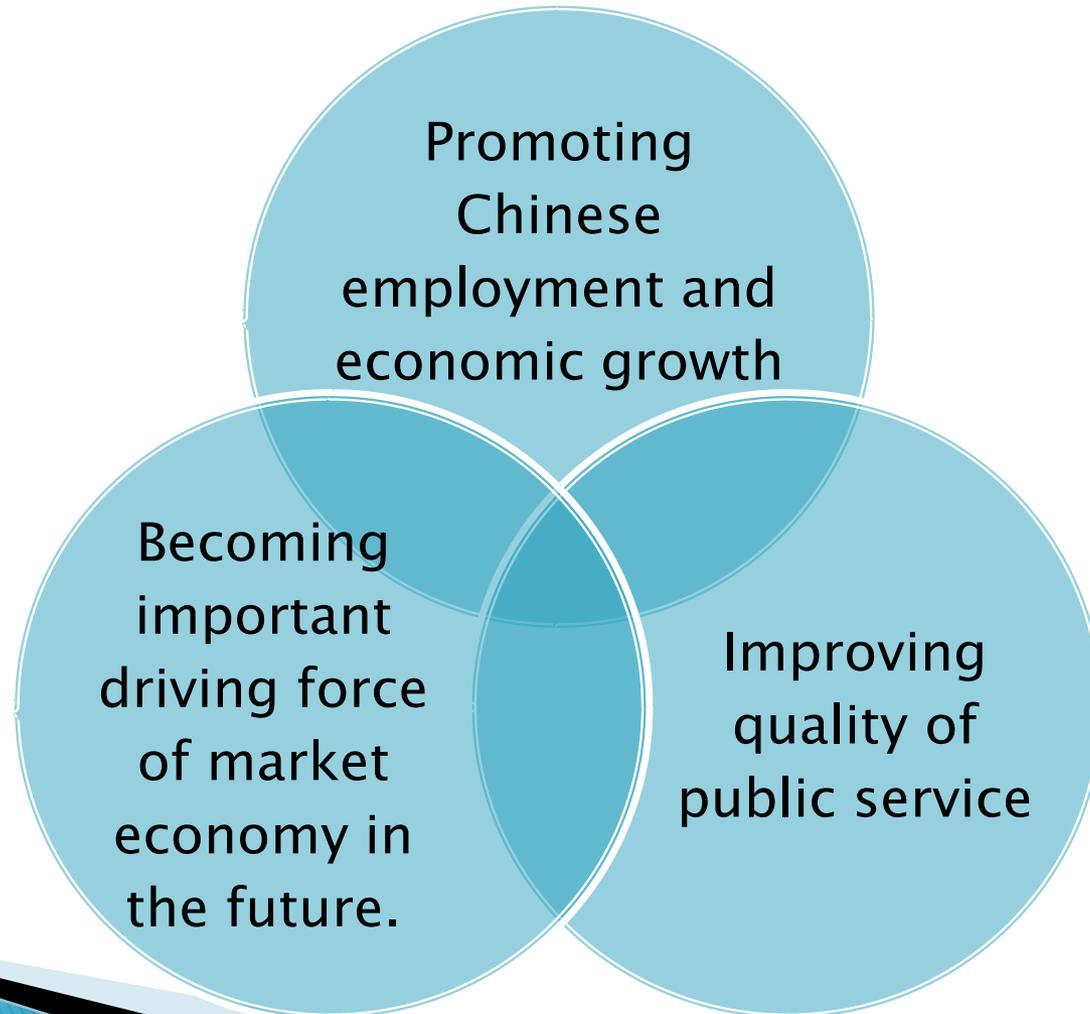


Improving the residents' quality of life



Strengthening connectivity and trade with neighboring countries

# Provisions, policies and guidelines relating to the PPP pattern





WE ARE ON THE WAY  
THANK YOU.