

PPP Status in China

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November, 2015

- I. PPP : an institutional reform in China**
- II. Action strategy**
- III. Booming PPP market**
- IV. Roles & Responsibilities of China PPP Center**
- V. Domestic action & Global vision**

I. PPP : an institutional reform in China

➤ Objectives

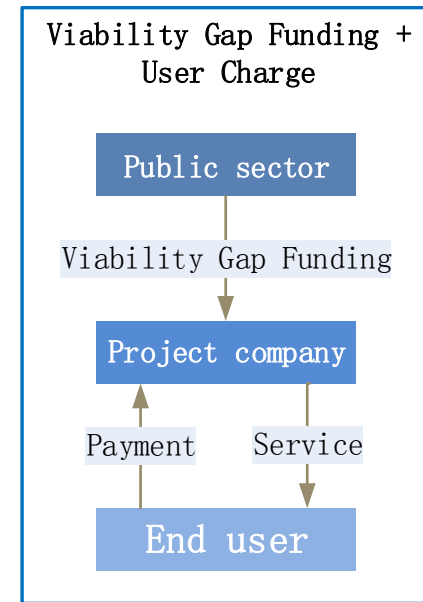
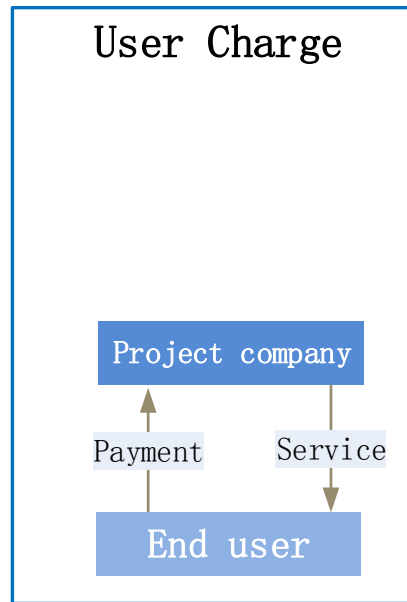
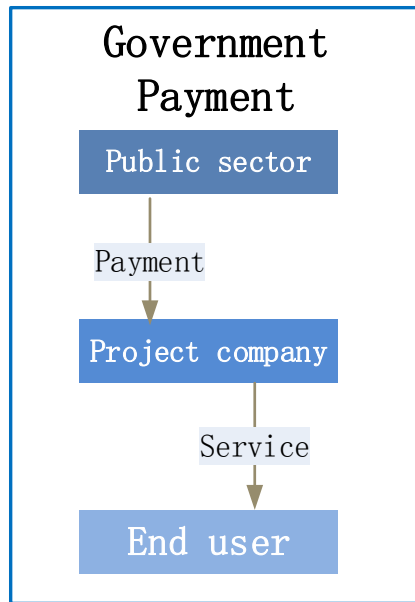
- Transformation of government's role;
- private sector encouraged into public goods/services;
- More dynamic and creative market;
- More and better public goods/services;
- Improved efficiency of resources allocation.

➤ Core Principles

- Rule of law;
- Market's decisive role for resources allocation.

➤ **A new period of PPP since 2013**

- Top-down and comprehensive PPP planning;
- Highlighting:
 - Spirit of contract and fair cooperation;
 - optimizing risks allocation;
 - competition;
 - transparency;
 - Whole lifecycle management;
 - Supervisory mechanisms and performance based;
 - Value for money.
- Covering:
 - Economic, social, and in future governmental infrastructures and public services;
 - User charge, Government payment, and VGF/VGS (viability gap subsidy)



Viability Gap Funding (Viability Gap Subsidy)

- Public-budget subsidy ;
- Public-budget equity investment;
- Public concessional loan;
- Supportive policy measures (allowing revenues from third party, resources input such as land, etc.);
- Others.

II. Action strategy

➤ **Pillar 1: legal & regulatory framework**

● **Laws**

- New Budget Law; Government Procurement Law and its implementation rules;
- PPP Law to be drafted;

● **Regulations**

- Circular on PPP Promotion in Public Service Sectors (by State Council);
- Notice on Promoting PPP Model (by MOF);

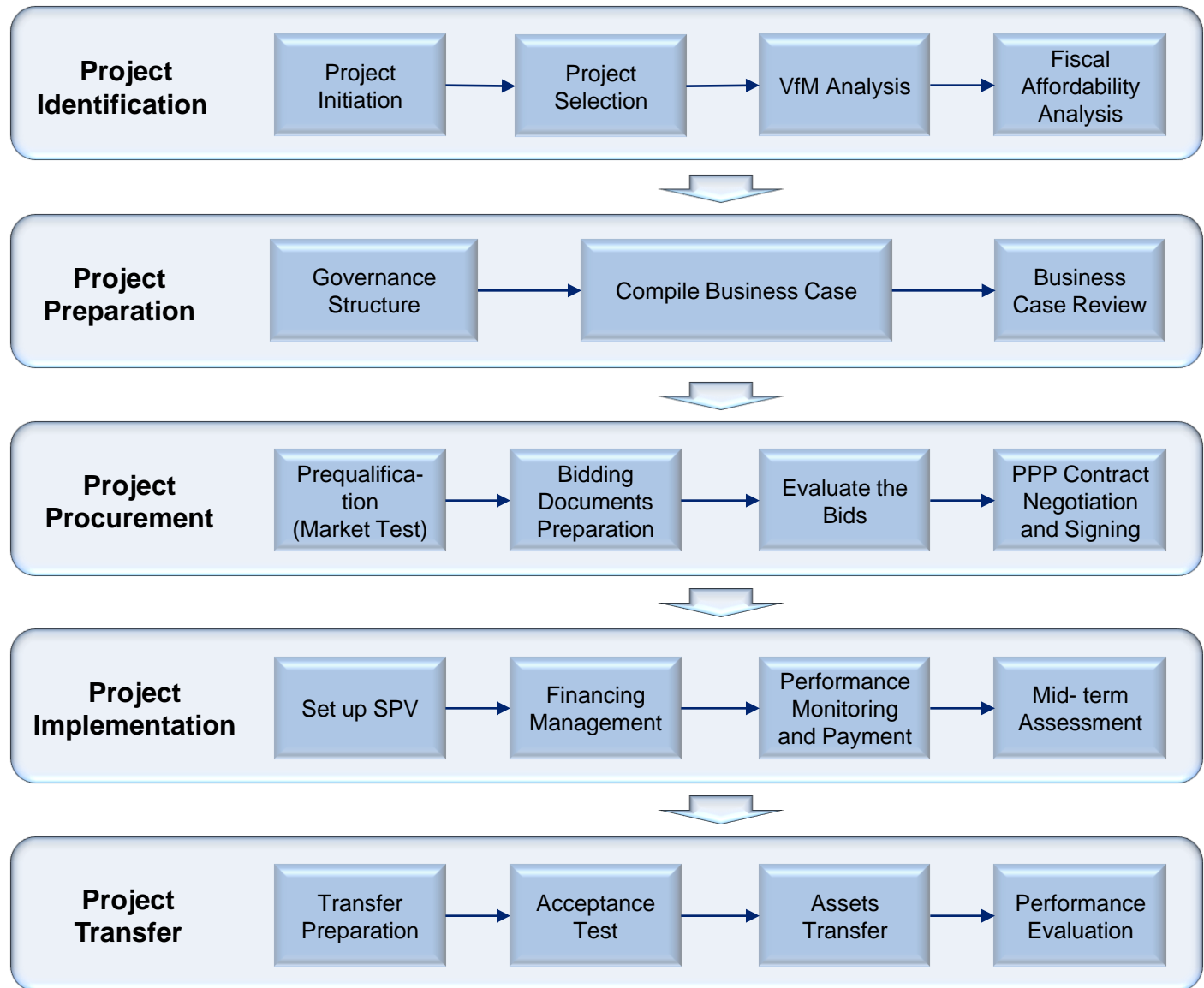
● **Guidelines of:**

- PPP Project Operation; VFM Appraisal; Fiscal Affordability Appraisal; Procurement; Contract; Project Financing; etc.

● **Standardized contracts;**

● **Criteria system.**

PPP project process In the Operation Guideline



➤ Pillar 2: institutional framework



➤ **Pillar 3: PPP project financing and investment climate to enhance bankability**

- **Fiscal and financial policies suitable for PPP**
 - China PPP Financing Support Fund;
 - “Reward instead of subsidy”; etc.
- **CPPPC and the World Bank, ADB, etc.**
 - PPP project development fund;
 - PPP financing facility;
 - PPP investment fund.
- **Provincial financing action**
 - Most of the provinces have been establishing PPP funds.

China PPP Financing Support Fund

- Play the role of financial institution (private partner) to support PPP projects in China;
- USD 28 billion;
- Initiated by MOF and 10 financial institutions.



➤ **Pillar 4: PPP projects demonstration**

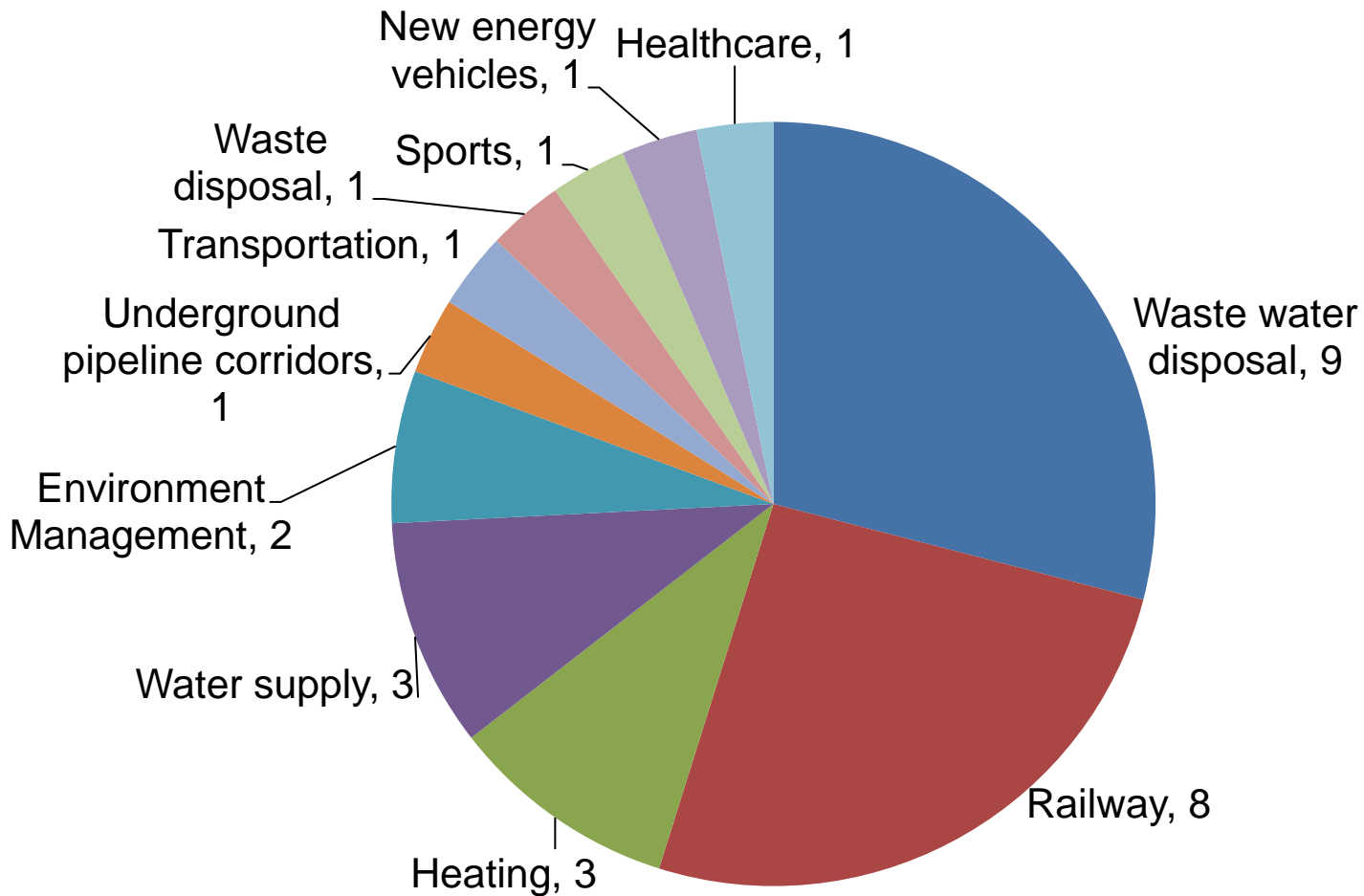
● **Role of central-level demonstration**

- Set examples;
- Contribute to the formation of PPP market;

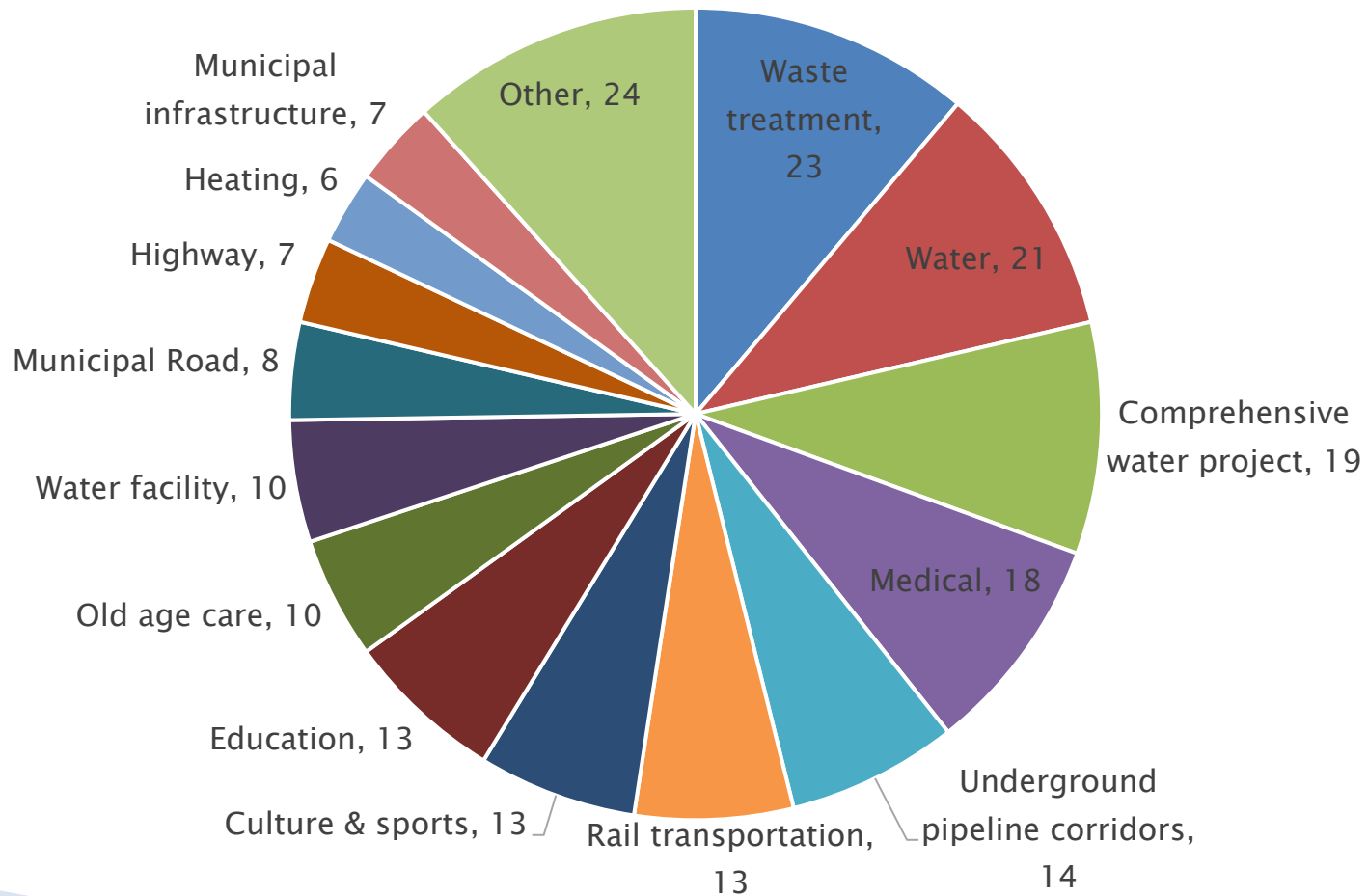
● **MOF demonstration period: 2014–2016**

- Announcing pilot PPP projects each year;
- 2014: 30 projects in 15 provinces, US\$ 30 billion;
- 2015: 206 projects in 28 provinces, US\$ 100 billion;
- Economic and social, and sectors covered widely.
- Those is proved unqualified as a pilot will be taken out.

11 Sectors – the 30 MOF 2014 Pilot Projects



15+ Sectors – the 206 MOF 2015 Pilot Projects



III. Booming PPP market

- All provinces announced a total of about 2000 candidate projects, US\$ 550 billion. Examples of Provincial Pipelines:

No.	Province	Project Number	Total Investment (Billion RMB)
1	Sichuan	264	253.4
2	Guizhou	101	162.8
3	Henan	58	161.3
4	Fujian	28	147.9
5	Zhejiang	20	117.6
6	Jiangxi	80	106.5
7	Chongqing	10	93.4
8	Jiangsu	15	87.5
9	Anhui	42	71.0
10	Hunan	30	58.3

IV. Roles & Responsibilities of China PPP Center

1. CPPPC, as an outcome of 21st APEC Finance Ministers' Meeting, was set up in 2014. It is an important milestone in China's PPP institutional capacity building;
2. Roles and Responsibilities of CPPPC
 - Policy study;
 - Consultancy & training;
 - Capacity building;
 - Financing support;
 - Information and statistics; and
 - International cooperation.

The Works CPPPC Has Done (1)

1. Policy study

- PPP Operation Guideline;
- PPP Contract Guideline;
- Guideline on Value for Money Appraisal (to be issued soon); and
- Study on PPP law, government fiscal commitment management, risk management, investment and financing mechanism, and information release.

2. Consultancy & training

- Provide consulting services and trainings to line ministries, local governments & finance departments at provincial and municipal levels, private investors, financing agencies, etc..

The Works CPPPC Has Done (2)

3. Capacity building

- Take part in appraisal, selection and implementation supervision of PPP pilot projects;
- Guide local governments to set up PPP Unit, and train their PPP staff; and
- Set up linkage with PPP units of all provinces in China.

4. Information & Statistics

- Nation-wide PPP Information Platform;
- Website www.cpppc.org and public Wechat ; and
- Soon, accountability records on PPP Consultancy



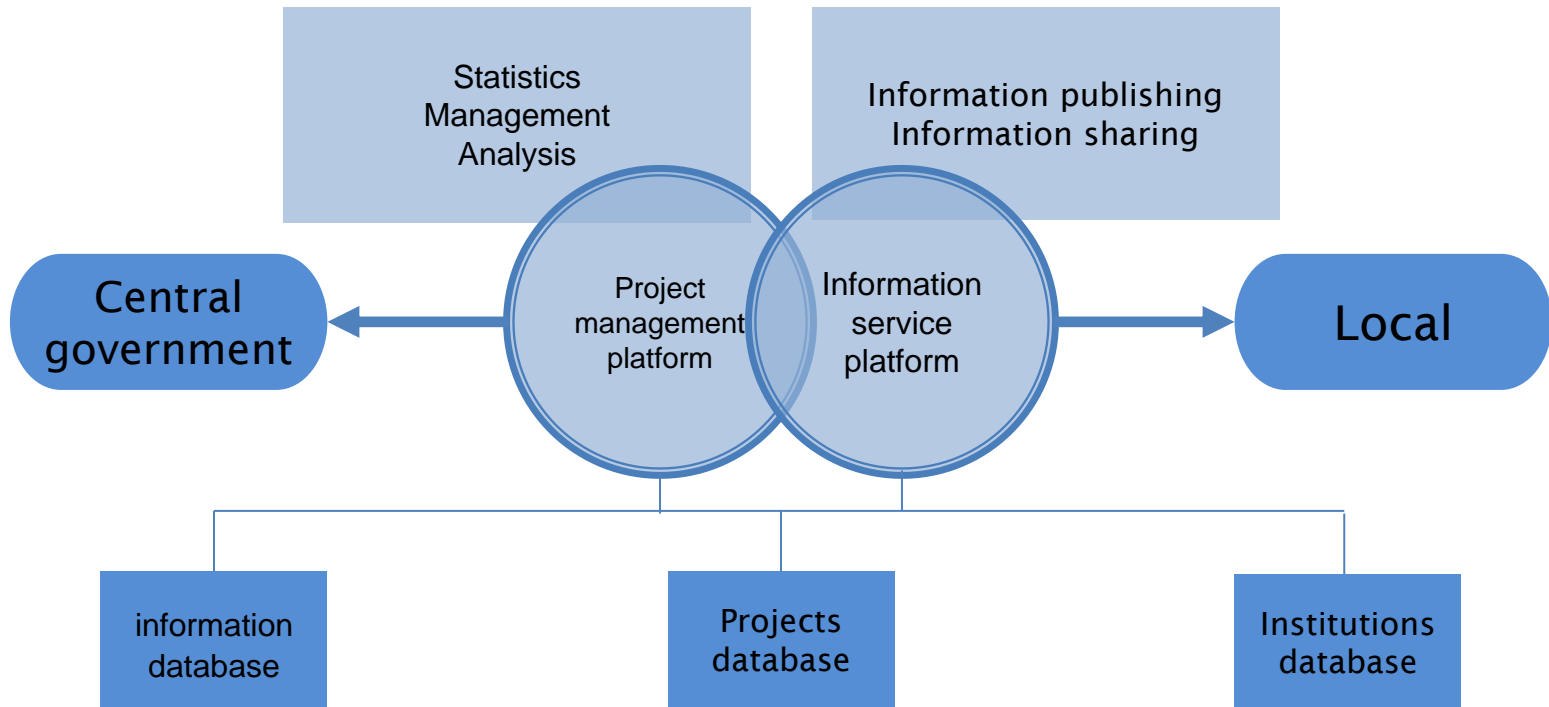
Nation-wide PPP Information Platform

Function

- Collection & disclosure of information & project supervision;
- Supporting policy making;
- Promoting competition & improving efficiency;

Structure

- One channel: connecting all the vertical governmental levels: central, provincial, municipal, and county-level;
- Two platforms: project management platform, information service platform;
- Three databases: projects database, information database, and institutions database.



The Works CPPPC Has Done (3)

5. International cooperation

- Cooperating with WBG to support setting up PPP funds at local level, and to jointly carry out PPP thematic studies, training and workshop;
- Cooperating with ADB to conduct PPP capacity building, thematic studies, training and workshop; and
- Set up relationships with IUK of Britain, PPP Canada, PIMAC of Korea, Australia, European Investment Bank, etc.

V. Domestic action & Global vision

- **Exchange experiences and best practice with international community;**
- **Welcome foreign institutions participate in PPP market in China;**
- **Encourage domestic companies to take part in global infrastructure development.**

Thank you!

