



Critical review on PPP Research – A search from the Chinese and International Journals

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Abstract

A significant number of literatures have concentrated on diverse issues related to Public–Private Partnership (PPP) both in China and abroad. However, there is no systematic analysis on the PPP research progress and status in Chinese journals, which is worth investigating because China is one of the largest PPP markets globally. In addition, there are many PPP publications in international journals based on the context of China. A comparative study is still missing between the PPP publications in Chinese journals and international journals. This paper hence aims to conduct a critical review of PPP publications from selected first tier Chinese journals and international journals. Based on a three-stage literature review research framework, 615 and 70 high quality research papers on PPP topics were selected from Chinese and international journals in the last decade between 2005 and 2014, respectively. Main research methods, research topics and research findings were then identified through content analysis and statistical analysis methods. It is found that in these two journals the frequently adopted research methods are *case study*, *literature review*, *modeling*, *questionnaire survey* and *comparison*; and the popular research topics include *PPP models and their application*, *risk management*, *financing and economic issues*, *legal and procurement issues*, *government regulation and guarantee*. Comparison analysis results show that in terms of order of popularity, there are more similarities in the research topics than research methods in Chinese and international journals. The outcomes of this paper contribute to the PPP body of knowledge through summarizing PPP research in Chinese journals and international journals in the context of China. In addition, the findings are valuable for Chinese researchers to embark future research on PPP. This paper also breaks the language barrier and enriches western researchers a better understanding of the research status of PPP in the context of China.

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1. Introduction

Public–private partnership refers to a particular procurement approach in which the projects are executed with a broader span of contractual relationships between public and private entities

to provide a service and/or an asset (Tang et al., 2013). PPP model is popular in constructing infrastructure projects, (e.g. highways, tunnels, bridges, etc.), as these projects usually need a huge investment which is a heavy financial burden for most of the governments, especially in developing countries. There are also other motivations to initiate PPP projects, e.g. improving efficiency and performance of the project, using the technology and skills from the private entities (Public–Private Infrastructure Advisory Facility, 2007), innovation in providing the public services, time and cost reduction in delivering the project, sharing risks with private entities (Li et al., 2005), etc.

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Both developing and developed countries have been actively inviting private entities to participate in constructing their infrastructure projects (Tserng et al., 2012).

PPP has also been attractive to the industry, government and academia in the last decade in China, and the development of PPP models can be briefly divided into three stages: (1) from mid-1980s to end of 1990s, (2) from early 2000s to 2010s (Cheng and Wang, 2009), and (3) from 2013 to present.

Shenzhen Shajiao B Power Plant, constructed in middle of 1980s using Build-Operate-Transfer (BOT) delivery method, is the starting point of PPP history in modern construction industry in China (Hu et al., 2011). However, this project has no significant impact on popularizing the PPP model. Until middle of 1990s, the first PPP development wave emerged and power plants represented the largest PPP market share. The typical BOT project in this period is Laibin B power plant in Guangxi Province (Hu et al., 2011). But, due to inexperience of project participants, immature legal systems, and improper risk allocation strategies between public and private entities, many PPP projects faced difficulties in implementing the contract and/or resulted in conflicts, renegotiation or failure. To illustrate the phenomenon, some researchers in China name BOT projects in this stage as BOT Trap (Hu et al., 2011). At the end of this stage, the central government decided to clean up the illegal projects, which led to a fadeout of the first round of private investment (Ke et al., 2011). Improvements were achieved in the second surge of PPP development. Based on the lessons learned at the first stage and from the best practices of managing PPP projects in other countries, more PPP projects were successfully constructed and operated. PPP projects at this stage covered a variety of nature, including highways, subways, sport facilities, ports, power plants, etc. The famous Beijing Olympic Sport Stadium, started construction in 2002, is one of the sample PPP projects in this period (Hu et al., 2011). Other typical PPP projects at this stage include the Nanjing Yangtse River Third Bridge (BOT model) (Chen and Xu, 2006), the Beijing Subway Olympic Line (the first Build-Transfer (BT) infrastructure project in China), the Shenzhen Subway Line 5 (the largest BT infrastructure project in China) (Yan and Cui, 2011), to name a few.

In 2013, the Third Plenary Session of the 18th Central Committee of the Communist Party of China was held, in which privatization of the infrastructure construction and operation was highlighted again to alleviate the huge finance burden in the fast urbanization process in China. In fact, the meeting has become a new turning point for the PPP development in China. During the meeting, Ministry of Finance (MoF) was selected as the responsible unit by the central government to supervise and regulate the privatization of public infrastructure development with special focus on ensuring the finance feasibility (including Value for Money) and success of PPP project. In 2014 and 2015, MoF and National Development and Reform Commission (NDRC) issued several important guidance documents (see Table 1 for details) to accelerate and regulate the development of PPP model in China (Nanfangweekend, 2015).

From 1990 to 2011, China has developed the largest number of projects with the involvement of private entities among developing countries (World Bank, 2013), and the strong promotion of PPP model from the central government since 2013 has also stimulated a wider application in China. However, when comparing with the developed countries, the PPP approach is still considered immature in China, even PPP concept has been adopted for more than 30 years since the first BOT project (Chan et al., 2011).

The extensive practices of the PPP models in China have also greatly promoted the research on successful management of PPP projects in the last decade. Due to the unique economic, environmental, legal, cultural and political background, PPP has its country-specific features and application formats/procedures in China compared with other countries. In addition, considering the large amount of PPP projects completed, undergoing, being planned and even greater potential in the future, the development experience of PPP models in China is valuable both for China and other countries to improve the performance of initiating new PPP projects. From this point of view, PPP research in the context of China shall be an integral and critical part of the overall global PPP body of knowledge.

In recent years, several international publications have specifically focused on reviewing particular research themes in the Construction Management field, such as Ke et al. (2009) in

Table 1
Important guidance documents issued by MoF and NDRC in 2014 and 2015.

Time	Issuance body	Name of document	Note
December 4th, 2014	MoF	PPP Model Implementation Guidance (trial edition)	Specify the guidance for the PPP project identification, preparation, procurement, execution and transfer.
December 4th, 2014	NDRC	PPP Implementation Guidance	Request regional Development and Reform Commission to report PPP project to NDRC to establish a central database.
December 4th, 2014	NDRC	PPP Project General Contract Guidance (2014 edition)	As a PPP standard conditions of contract for reference.
January 20th, 2015	MoF	Notice of Regulating Contract Management Issue in PPP Project	Specify the contract management issue in PPP project.
January 20th, 2015	MoF	PPP Project Contract Guidance	As a PPP standard conditions of contract for reference.
January 20th, 2015	NDRC	Collect public opinion about the Regulation on Concession Operation Management of Infrastructure and Public Utility	Specify the concession operation management of PPP project.
April 14th, 2015	MoF	Guidance for Evaluation of PPP Project Finance Bearing Capacity	Specify two finance evaluation criteria of PPP project implementation.

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