Present Status of Public-Private-Partnership (PPP) Project Consultancy Service Standardization and its Enlightenment upon China

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Abstract. The public-private-partnership (PPP) model has already been widely applied to China’s urban infrastructure construction, local management quality enhancement and other fields. Therefore, the acceleration of formulating the relevant standards in such field has the significant meaning upon regulating the development of PPP consultancy service industry, enhancing the industrial service quality, and improving the urban construction and local management level. Based on the analysis of the present status of PPP consultancy service standardization, this paper proposes the advice and measures of accelerating the formulation of standards related to the PPP consultancy service, providing the reference for enhancing the standardization level of China’s PPP consultancy service field.

Introduction

PPP refers to “whole process” cooperative relationship established by the government and social capital, so as to provide the public products or services. Based on granting the franchising rights and featured in the benefit-sharing and risk-sharing, it intends to introduce the market competition and incentive and restraint mechanism, so as to bring the strengths of both parties into full play and enhance the quality and supply efficiency of public products or services[1]. In recent years, the PPP model has already been extensively applied to China’s urban infrastructure construction, local management quality enhancement and other fields. As shown in the data of China Public Private Partnerships Center under the Ministry of Finance, as of May 31st, 2018, there were totally 7,605 projects in the National PPP Comprehensive Information Platform Project Management Database with an investment of 11.68 trillion yuan.

The PPP project has the strong professional technical skills, which is involved in the laws & regulations, finance, management and many other aspects. Therefore, it is especially important to successfully implement the PPP projects under the assistance of the third-party professional consultancy organization. At present, there are 1000 plus organizations participating in the PPP consultancy services in China, which is 100 plus times than that in 2015[2]. Although there is a boom in the PPP consultancy service market, the price war, professional inconsistency, local protectionism and other series of phenomena that affect the industrial healthy development still occur. Therefore, it has the significant practical meaning in guiding the healthy development of PPP consultancy service industry through the standardized means.

Present Status of Overseas Public-Private-Partnership (PPP) Consultancy Service Standardization

ISO: With the constant acceleration of internationalization process of consultancy service industry, ISO started to formulate the international standards of management consultancy. On June 1st, 2007, ISO officially released the Guidelines for management consultancy services, which proposed the requirements upon the management consultancy service work from 4 aspects, namely, the service principle, service contract signature, service execution and service termination[3]. In principle, the service should conform to the relevant requirements of laws and regulations, while the
service organization should keep the customer data and intellectual property strictly confidential, and also establish the risk and quality management mechanism and etc. For contract signature, the input of both parties, results, working plan and duties of both parties should be clearly defined in the contract. For contract execution, the service provider should analyze the project as per the commercial model and reasonable assumptions of the project, and check the implementation process of the project. After the service was completed, it is required to properly handle the legal and contractual problems, and define the intellectual property and some other issues. Although such standard had a certain reference significance upon China’s PPP consultancy service standardization work, its major target was the management consultancy industry, lack of the professional features of PPP consultancy service[4].

UK: After 1980s, the British government began to cooperate with the social capital, so as to improve the urban public infrastructure and services[5]. The British management association formulated a series of management systems aiming at the consultants and consultancy agencies. For instance, the consultants must have the bachelor degree or above, years of practical working experiences, good health and interpersonal relationships. Besides, the British management association also formulated the consulting engineer registration system, requiring that the engineer level must be reached before becoming the consulting engineer. Furthermore, the British management association also specified that any enterprise or individual engaging in the consultancy activities must be the member of such association, and that the foreign-oriented consultancy must be collectively managed by the UK overseas coordination office[6].

Japan: Japan began to use and promote the PPP model since 20 plus years ago, while its scope involved in the urban infrastructure construction, education, living and other fields[7]. For consultancy management, the Japanese government has successively enacted a series of laws and regulations, such as basic outline for diagnosis & implementation of small-and-medium-sized enterprises, enterprise rationalization promotion act, guidance act of small-and-medium-sized enterprises, regulations on registration of construction consultancy business, guideline for construction consultants registration, and other series of laws and regulations, which provide the laws and regulations followed by the development of consultancy industry[8]. For instance, Japan implemented the governmental engineering construction consultancy registration system, requiring that the consultancy companies shall conduct the registration in the harbor & airport, power & civil works, road and other 18 construction ministries, with the validity of 5 years[9]. Meanwhile, the government also established the bridge of communication between the government and consultancy agency through the association, society and other social organizations. Finally, the Japanese government also formulated the perfect qualification test & recognition, and re-registration system, so as to enhance the self-quality and professional level of consultants[8].

Present Status of China’s Public-Private-Partnership (PPP) Consultancy Service Standardization

Absence of Relevant Standards of PPP Consultancy Service

At present, the “national PPP consultancy service top hundred organization assessment & selection” activity co-sponsored by Project Investment & Financing Committee of the Investment Association of China of National Development and Reform Commission, China Sourcing and Bidding Network, and Chinese Famous Enterprises Ranking Network, carries out the assessment work upon the PPP consultancy service organization. However, such assessment work is implemented based on the assessment rules prepared by the social organizations, while the major assessment objects are also the PPP consultancy service organization. Within the PPP consultancy service field, the national, industrial and local standards regarding the PPP consultancy service requirements and assessment of PPP consultancy service quality, while the standards in this field is still absent.
Steady Promotion of PPP Consultancy Service Standardization Work

In 2017, Standardization Administration of the People’s Republic of China (SAC) officially launched the project and China National Institute of Standardization (CNIS) took the lead to organize and implement the preliminary study of public–private partnership (PPP) basic standards project, which provided the method and evidence for the subsequent formulation works of national standards. Based on the preliminary study project results in 2017, the CNIS took the lead to organize and submit the project application of two national standards, namely, the public–private partnership - basic terms and model classification and public–private partnership - consultancy service requirements in 2018, and officially issued the national standards formulation plan.

Continuous Enhancement of Standardization Awareness of PPP Consultancy Service Industry

During the process of implementing the preliminary study of public–private partnership (PPP) basic standards project, the project team researched the agencies engaging in the PPP consultancy service in Beijing, Shanghai and other places. During the research process, all the technical directors of these PPP consultancy service agencies expressed that it was urgent to formulate the relevant national standards within the PPP consultancy service fields, specify the PPP consultancy service industry development and assess the PPP consultancy service quality through the standardized means. The demand of formulating the relevant national standards within the PPP consultancy service field became increasingly strong, while the standardization awareness also became continuously strong.

Discussion

In recent years, with the successive launch of PPP projects in every city of China, a lot of consultancy companies, scientific research and investment agencies, accounting firms and enterprises will engage in the PPP consultancy service industry, while the growth spurt of the quantity of PPP consultancy service agencies takes place. However, larger gap exists between the professional capacity, personnel quality and service level of each agency, which causes the undue completion of many projects and seriously affects the successful implementation of PPP project. In this case, partial provinces enacts the administrative measures regarding the PPP consultancy service, but the unified standards are not formed among the provinces, which goes against the unified measurement of service quality of PPP consultancy service. Meanwhile, the absence of standards means that the regulators will also be lack of the effective method to manage the PPP consultancy service agencies.

Therefore, on one hand, we shall benchmark the international experiences, accelerate the formulation of the relevant national standards within the public-private partnership (PPP) consultancy service field that suits the Chinese reality, and propose the basic requirements of PPP consultancy service. Meanwhile, we shall uniformly assess the service quality of PPP consultancy service, enhance the integrated level of PPP consultancy service industry, and promote the healthy development of PPP consultancy service industry. On the other hand, we shall encourage the PPP consultancy service agencies to combine the development demand of this industry and formulate the relevant enterprise standards within the PPP consultancy service field. Meanwhile, we shall enhance the consultancy service strength within the enterprises, improve the consultancy service quality and enhance our own competition capacity. Finally, we shall also strengthen the promotion intensity of standards to the standards user, improve the standardization awareness of the relevant body, develop the good standardization atmosphere of standards understanding and use, and play the real role of standards.
References


