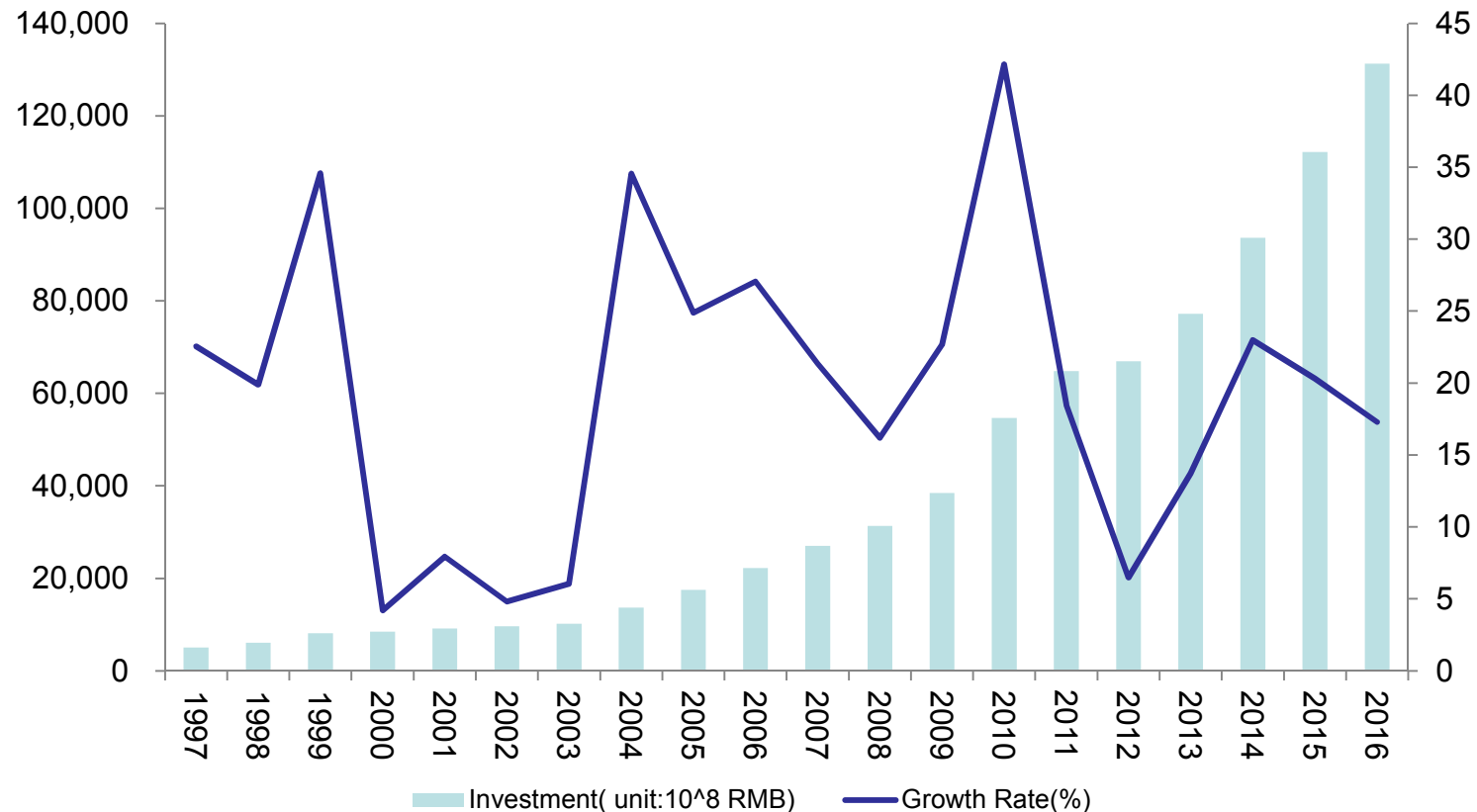


China's Practice on Infrastructure Investment and Financing

Wang Jinzhao

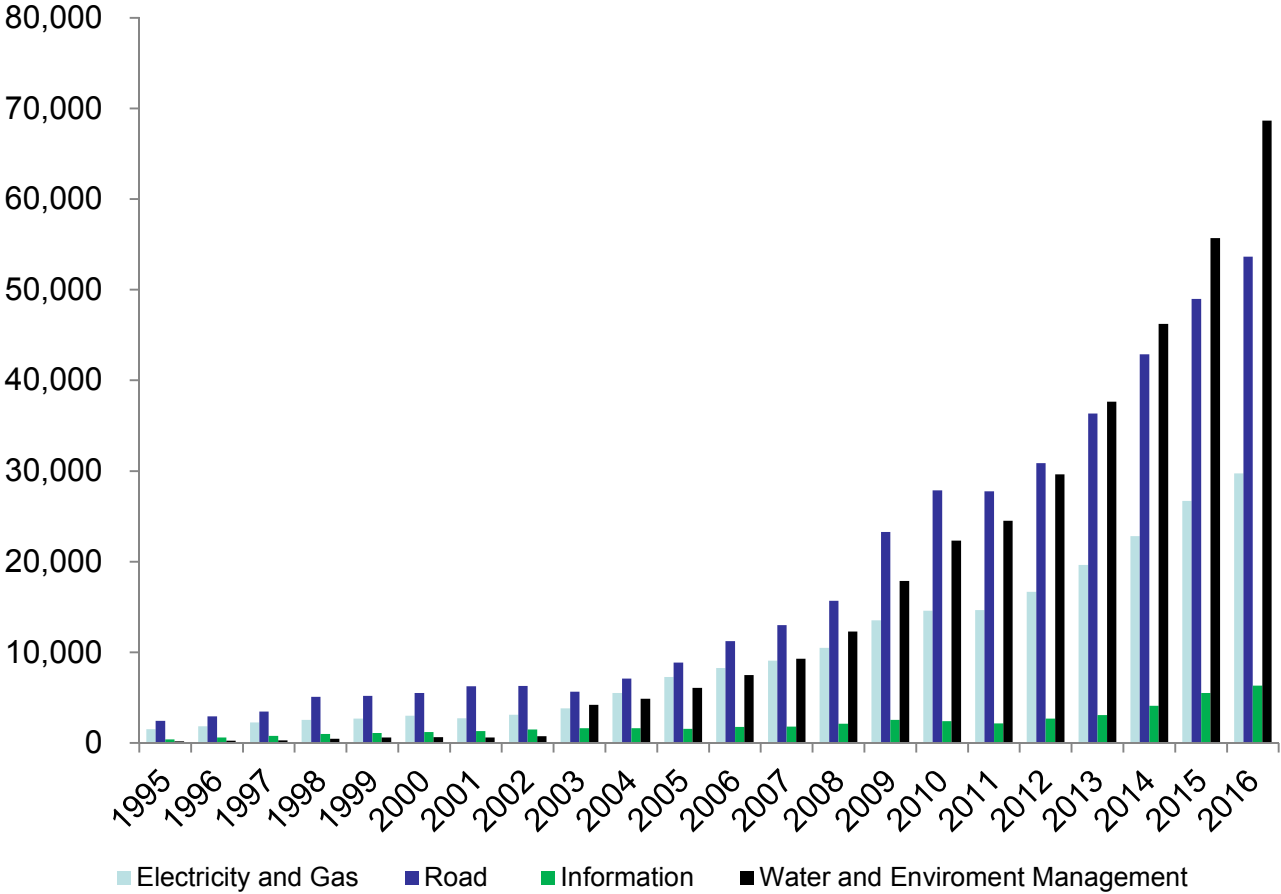
Development Research Center of State Council, China

1. Infrastructure Investment Scale and Growth Rate



Last 20 years, infrastructure investment average growth rate is 17.5%, the investment scale is close to 1/4 of the total Investment and 1/10 of GDP per year.

2. The Investment in Sector



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3. Operation Models of Infrastructure

Model 1: fully commercial model

- Electricity and gas
- Information
- Port and airport
- Railway
- Some express(by tariff)

Cost: fully cover by user pay

Operator: Public company

Financing: supported by development bank and big commercial bank (because of the capital is very large and the long term is long)

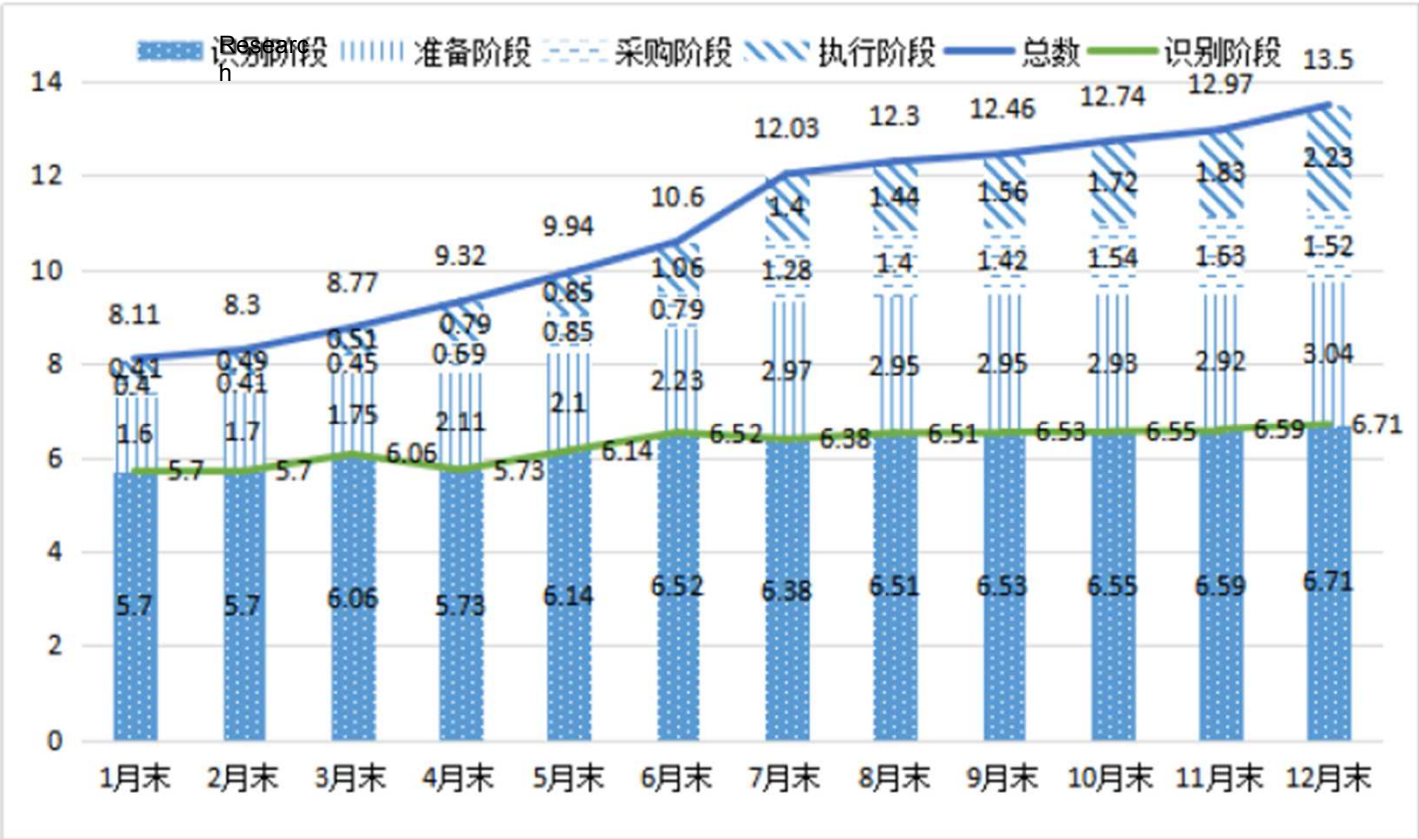
Model 2: half commercial model (or PPP model)

- Water supply and water treatment
- Waste management
- Some subway

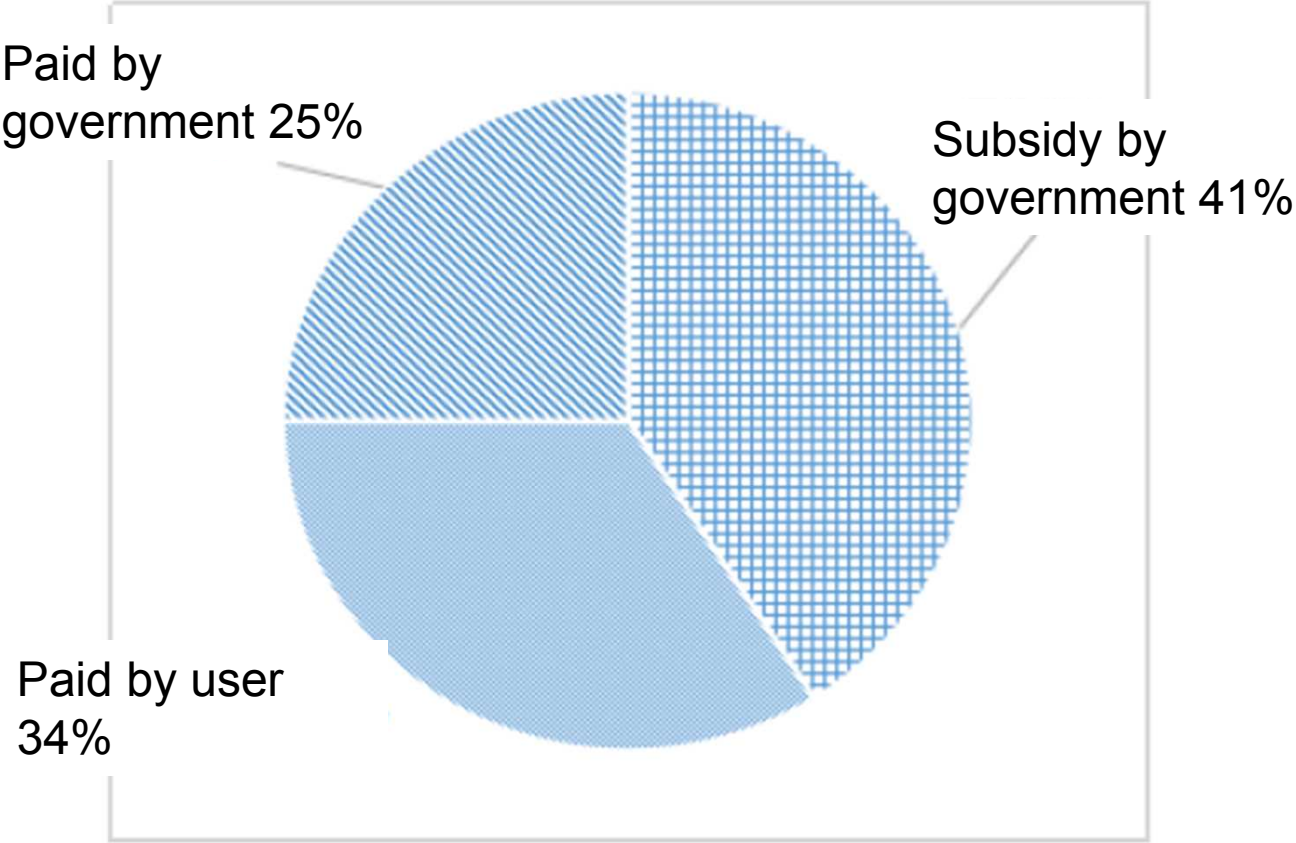
Cost: Partly covered by user pay, partly by government subsidy

Operator: Municipal company and Private company

Financing: municipal budget support, private capital, and capital from the financial sector



PPP in different stage (unit 10⁸ RMB).



PPP financing Mechanism

Model 3: spillover effect capture model

- Some expressway
- Some subway
- Inner city road
- Industrial park
- city square and bridge

Cost: no cash flow or can not covered by cash flow. But the investment can be covered by capturing spillover effect of the infrastructure investment, such as increase of the land value.

Operator: Municipal company

Financing: financial SPV(using the land to get the banks loan), municipal Development Fund, municipal securities

4. Financing for The Belt and Road Initiative

AIIB: Asia Infrastructure Investment Bank

Member country: 57 members

Operation time: 25/12/2015

Investment: 20 Billion \$

Silk Road Fund

Operation time: 29/12/2014

Investment: 6 Billion \$

China Development Bank

China Export and Import Bank

Some commercial bank

Focus on sustainable, inclusive and high quality project

AIIB Invest project lists

India: Amaravati Sustainable Capital City Development Project

Tajikistan: Nurek Hydropower Rehabilitation Project, Phase I

Georgia: Batumi Bypass Road Project

India: Gujarat Rural Roads (MMGSY) Project

India: Madhya Pradesh Rural Connectivity Project

Philippines: Metro Manila Flood Management Project

India: Andhra Pradesh 24x7 – Power for All Project

India: Transmission System Strengthening Project

Kazakhstan: 40 MW Gulshat PV Solar Power Plant Project

Bangladesh: Natural Gas Infrastructure and Efficiency Improvement Project

Indonesia: Dam Operational Improvement and Safety Project Phase II

Indonesia: Regional Infrastructure Development Fund Project

Azerbaijan: Trans Anatolian Natural Gas Pipeline Project (TANAP) ,co-financed with the World Bank (WB)

Oman: Duqm Port Commercial Terminal and Operational Zone Development Project

Oman: Railway System Preparation Project

Myanmar: Myingyan Power Plant Project

Pakistan: Tarbela 5 Hydropower Extension Project

Indonesia: National Slum Upgrading Project

Pakistan: National Motorway M-4 Project co-financed with the Asia Development Bank (ADB)

Bangladesh: Distribution System Upgrade and Expansion Project

Tajikistan: Dushanbe-Uzbeki

stan Border Road Improvement Project

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Many thanks for attention!