

Historical evolution and reform situation of Chinese mainland government public welfare project construction management mode

Kecheng Li, Jie Lin & Qian Gao
Chongqing Jianzhu College, Chongqing, China

ABSTRACT: Chinese mainland implemented the planned economy before the reform and opening up in the 1980s, and the public welfare project construction management mode naturally had a strong color of the planned economy. After the reform and opening up, it gradually transitioned to the market economy, and it was necessary to make appropriate reform of the public welfare project construction management mode in the age of planned economy, so as to be compatible with the market economy. After the reform, a new type of construction management mode was formed, with the legal person system of the government public welfare project and the agent-construction system of the government public welfare project. Due to many years of participation in the engineering cost consultation services of the government public welfare project, and being very familiar with the history and reform of the Chinese mainland government public welfare project construction management mode, this paper reviews the reform course of the Chinese mainland government public welfare project construction management mode, and analyzes different characteristics of the local government public welfare project construction management mode, and summarizes the applicable scope of legal person system and agent-construction system of the government public welfare project.

Keywords: Chinese mainland; public welfare project; management mode; history; reform

1 INTRODUCTION

In Chinese mainland except for Hong Kong, Macao and Taiwan (hereinafter referred to as the Chinese mainland), the government public welfare projects refer to the infrastructure projects serving for social development, without earnings or direct investment recovery, or the infrastructure projects with a long construction cycle, a large investment, low earnings and a long payback period, generally including:

(1) Basic projects serving for managing society and maintaining normal social order, such as the official housing projects of the legislature, administration and political organizations, official housing projects of the judiciary and law enforcement housing projects;

(2) Basic projects serving for free use and consumption by the public, or providing free services for the public, such as the projects of municipal roads, landscaping, fire-fighting facilities, land governance, environmental protection;

(3) Basic projects serving for use and consumption by the public with payment, or providing paid services for the public, such as the projects of public schools,

public hospitals, rail transit, public sports facilities, public cultural facilities.

The essential features of the above government public welfare projects are free of profit-making nature, so it is also called as the government-invested non-operating projects. The government public welfare projects are naturally invested and constructed by the government. The construction funds are from the government public financial funds, which are refunded by the public financial funds or used for the repayment of the guaranteed loan funds. The sources of construction funds of public welfare projects of local governments also include the public financial funds subsidized by the superior government or the central government.

In the mid-1980s, the central government and some local governments began to reform the government public welfare project construction management mode, and gradually tried out the legal person construction management mode of the government public welfare projects. In the early 1990s, some local governments began to try out the agent-construction management mode of the government public welfare project. In

2004, the central government began to implement the agent-construction management mode of the government public welfare project. By the early 2010s, in addition to small-scale local government public welfare projects, the central government and local government public welfare projects have implemented the legal person construction management mode and agent-construction management mode of projects.

2 GOVERNMENT PUBLIC WELFARE PROJECT CONSTRUCTION MANAGEMENT MODE IN THE AGE OF PLANNED ECONOMY

Chinese mainland implemented the planned economic system in the early 1980s and before the reform and opening up. The central government developed a five-year plan of national economic construction and social development at an interval of five years. The provinces, autonomous regions and municipalities (hereinafter referred to as the provincial government) developed a five-year plan of economic construction and social development of this region in strict accordance with the five-year plan of the central government, and the municipal and county-level government develop a five-year plan of economic construction and social development of this region in strict accordance with the five-year plan of the subordinated provincial government, and the people's governments at all levels implemented economic construction in strict accordance with the five-year plan, including the investment and construction of government public welfare projects and promotion of the social development.

The government public welfare projects are divided into three categories based on whether there are determined use units. The first category is the government public welfare project without determined use units, the second category is the government public welfare project with determined use units, and the third category is the government public welfare pro-

ject with synchronously established use units.

2.1 Construction management mode of the first category of government public welfare project

The first category of government public welfare project refers to the government public welfare project without determined use units. After completion of this category of government public welfare project, it naturally exerts a certain function, or is free to be used by the public, or used for the public with payment, and transferred to the management units for routine management and maintenance. For example, environmental protection projects, urban road projects, highway projects.

The government administrative organ that is responsible for the first category of government public welfare project construction submits an application of the government public welfare project construction to the subordinated government according to the five-year construction plan of the subordinated government. After approval of the application of the construction, the government transmits the government public welfare project construction plan to the administrative organ that has submitted the application, and instructs the government fiscal administration to allocate construction funds to the government administrative organ. The government administrative organ who has submitted the application transfers the management personnel and technical personnel to form a construction headquarters. Generally, the deputy head of the administrative organ is appointed as the construction commander to lead the construction headquarters to perform responsibilities of the government public welfare project construction management. In case of a major government public welfare project, the deputy head of the government will be served as the construction commander of the public welfare projects. After completion of the government public welfare project, it will be put into use and transferred to the

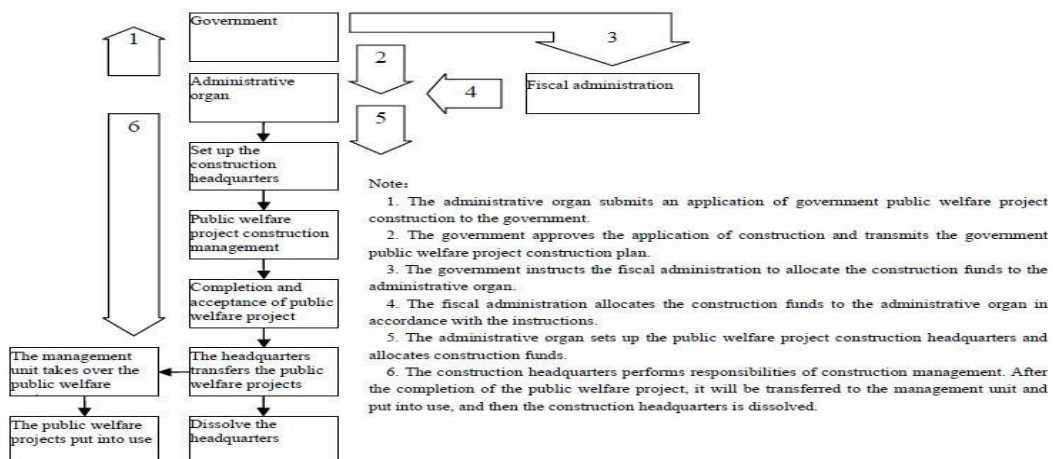


Figure 1. Construction management mode of the first category of government public welfare project

management unit for routine maintenance and management, and then the construction headquarters is dissolved soon, and all of the management personnel and technical personnel return to the original construction system units.

Figure 1 clearly shows the construction management mode of the first category of government public welfare project.

For example, the urban transport development plan of the governed administrative region is listed in the government five-year plan. The Urban Construction Bureau subordinated to the government submits an application for construction of an urban bridge to the government according to the urban transport development plan. The government approves the application and then transmits the urban bridge construction plan, and instructs the Finance Bureau to allocate the construction funds to the Urban Construction Bureau. The Urban Construction Bureau transfers the technical personnel and management personnel to set up the urban bridge construction headquarters, and appoints a deputy director as the construction commander to lead the construction headquarters to perform responsibilities of the urban bridge construction management. The construction headquarters entrusts the survey units, design units, construction units and materials manufacturers to respectively complete geological exploration, bridge design, bridge construction, materials supply and other construction activities. After the completion of the urban bridge and qualified acceptance by the construction headquarters, it opens transport to the public and is directly free use by the public, and transferred to the municipal facilities administration for routine maintenance and management. The urban bridge construction headquarters is dissolved, and all of the management personnel and technical personnel return to the original post of duty.

2.2 *Construction management mode of the second category of government public welfare project*

The second category of government public welfare project refers to the government public welfare project with determined use units. After completion of this category of government public welfare project, it will be used by the government administrative organ, or by the public institutions subordinated to the government administrative organ. For example, official house of the government administrative organ, teaching buildings of the public school.

According to the government five-year plan, there is a need to set up a government administrative organ used for the government public welfare project, and submit an application of construction to the subordinated government. After the application being approved by the government, there is a need to transmit the construction plan to the government administrative organ who has submitted the application, and instruct the government fiscal administration to allocate the

construction funds to the administrative organ.

According to the government five-year plan, there is a need to set up a public institution used for the government public welfare project, and submit an application of construction to the subordinated government administrative organ, and then the government administrative organ transfers the application of construction to the subordinated government. After the application being approved by the government, there is a need to transmit the construction plan to the government administrative organ that has transferred the application, and instruct the government fiscal administration to allocate the construction funds to the administrative organ. The government administrative organ who has transferred the application allocates the construction funds to the public institution who has submitted the application of construction.

Upon receipt of the construction plan and construction funds of government public welfare project, the use unit - the government administrative organ or public institution who has submitted the application for construction of government public welfare project transfers the technical personnel and management personnel to set up the construction management office. Generally, the deputy head of this unit is served as the director of the construction management office to lead the construction management office to exercise construction management responsibilities. In case of a major government public welfare project, the head of the use unit will be served as the director of the construction management office. After completion of the government public welfare project, it will be put into use, and then the construction management office is dissolved soon, and all of the technical personnel and management personnel return to the original post of duty.

Figure 2 clearly shows the construction management mode of the second category of government public welfare project.

For example, the education development plan of the governed administrative region is listed in the government five-year plan. The public school submits an application for construction of a teaching building to the Education Bureau according to the education development plan. The Education Bureau transfers the application of construction to the subordinated government. After approval of the application of construction, the government transmits the teaching building construction plan to the Education Bureau, and instructs the Finance Bureau to allocate construction funds to the Education Bureau. The Education Bureau allocates the construction funds to the public school. The public school transfers the technical personnel and management personnel to set up a teaching building construction management office, and appoints the vice president as the director of the construction management office to lead the construction management office to perform responsibility of the teaching building construction management. The con-

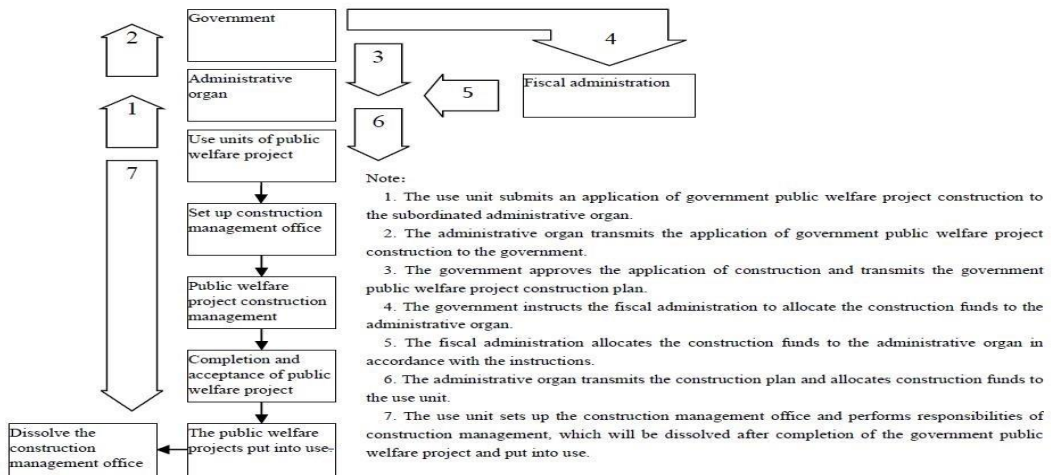


Figure 2. Construction management mode of the second category of government public welfare project

struction management office entrusts the survey units, design units, construction units and materials manufacturers to respectively complete geological exploration, teaching building design, teaching building construction, materials supply and other construction activities. After completion of the teaching building and qualified acceptance, it will be put into use, and the teaching building construction management office is dissolved, and all of the management personnel and technical personnel return to the original post of duty.

2.3 Construction management mode of the third category of government public welfare project

The third category of government public welfare project refers to the government public welfare project with synchronously established use unit. This category of government public welfare project is established for the government administrative organ or public institution to be established. In other words, the construction of the government public welfare project is synchronous with the establishment of the use unit. The date of completion of the government public welfare project is also the date of formal establishment of the use unit.

According to the government five-year plan, there is a need to newly establish a government administrative organ and construct the government public welfare projects used for the administrative organ. The government transfers personnel to newly set up a preparatory office of the government administrative organ, and appoints the head of the preparatory office to transmit the government public welfare project construction plan to the preparatory office, and instructs the fiscal administration to allocate construction funds to the preparatory office. The preparatory office performs responsibility of the government public welfare project construction management. During the con-

struction of the government public welfare project, the government deploys civil servants and newly sets up an administrative organ. After completion of the government public welfare project, it will be transferred to the newly established government administrative organ and put into use, and then the preparatory office is dissolved, and all of the technical personnel and management personnel return to the original post of duty.

According to the government five-year plan, the government administrative organ needs to newly set up a subordinated public institution and construct the government public welfare project used by the unit. The government administrative organ submits an application for newly establishing the subordinated public institution and constructing the government public welfare project to the subordinated government. After approval of the application, the government transmits the construction plan to the government who has submitted the application, and instructs the government fiscal administration to allocate the construction funds to the administrative organ. The government administrative organ transfers the technical personnel and management personnel to set up a preparatory group of the public institution, and appoints the deputy head of the administrative organ or the head of public institution to be appointed as a leader of the preparatory group to lead the preparatory group to perform responsibility of the government public welfare project construction management. During the construction of the government public welfare project, the administrative organ deploys personnel to set up a newly established public institution. After completion of the government public welfare project, it will be transferred to the newly established public institution and put into use, and then the preparatory group is dissolved, and all of the technical personnel and management personnel return to the original post of duty.

Figure 3 clearly shows the construction manage-

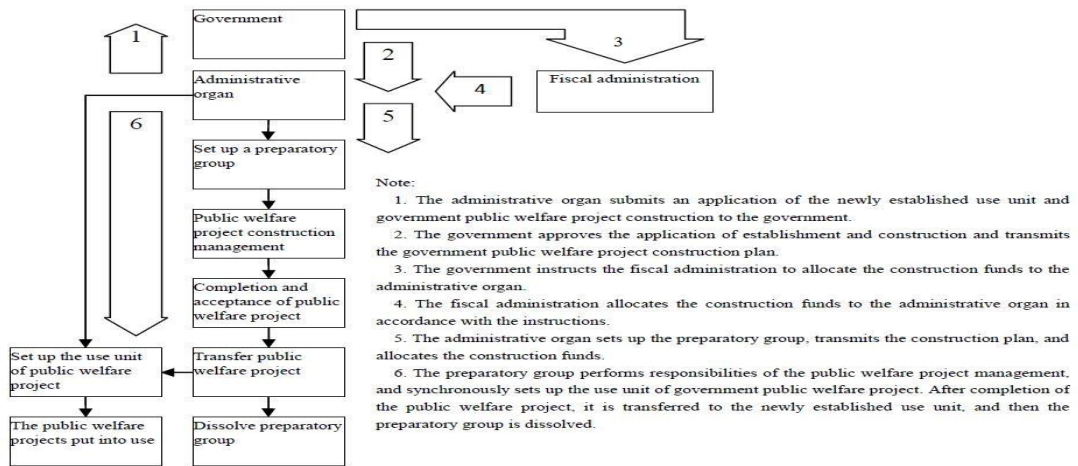


Figure 3. Construction management mode of the third category of government public

ment mode of the third category of government public welfare project.

For example, the cultural affairs development plan of the governed administrative region is listed in the government five-year plan. The Cultural Affairs Bureau submits an application for construction of a museum and museum management unit to the subordinated government according to the cultural affairs development plan. After approval of the application, the government transmits the museum construction plan to the Cultural Affairs Bureau, and instructs the Finance Bureau to allocate construction funds to the Cultural Affairs Bureau. The Cultural Affairs Bureau transfers the technical personnel and management personnel to set up a preparatory group of the museum, and appoints the deputy director of the Cultural Affairs Bureau or the museum curator to be appointed as the leader of the preparatory group to lead the preparatory group to perform responsibility of museum construction management. The preparatory group entrusts the survey units, design units, construction units and materials manufacturers to respectively complete geological exploration, museum design, museum construction, materials supply and other construction activities. During the construction of the museum, the Cultural Affairs Bureau deploys museum clerks to set up a museum management unit. After completion and qualified acceptance of the museum, it will be transferred to the museum management unit and put into use, and then the preparatory group is dissolved, and all of the technical personnel and management personnel return to the original post of duty.

In the construction of above three categories of government public welfare projects, the governments at all levels are undoubtedly the investment subjects of the government public welfare projects. The constructed headquarters, management office, preparatory office and preparatory group are the construction management subjects of the government public wel-

fare projects. In Chinese mainland, the constructed headquarters, management office, preparatory office or preparatory group are collectively called as the construction units, and temporary construction project management organizations. The government public welfare project construction management mode of temporary organizations formed under the planned economic system is vividly dubbed as “jointing a group for project construction and breaking up at the end of project” in China.

In the age of planned economy, the governments at all levels implement social management, economic management and construction management based on policies, plans and instructions. The policies developed, plans transmitted and instructions issued by the governments at all levels are rigid constraints to regulate administrative behavior and social behavior, which can maintain the normal functioning and good order of society. In such a social environment, the government public welfare projects are constructed and managed by the construction units and the vast majority can be completed with quality and on schedule.

3 REFORM PROCESS OF GOVERNMENT PUBLIC WELFARE PROJECT CONSTRUCTION MANAGEMENT MODE

Due to well-known historical reasons, in the 1970s, the national economy in Chinese mainland got into predicament. In order to quickly recover badly-stricken national economy, and promote rapid and sustainable growth of the national economy, Chinese mainland had a comprehensive reform and opening up in the early 1980s, and had a gradual transition from the planned economic system to the market economic system. The central government and governments at all levels gradually broaden, loosen, or even abandon

the administration system in the age of planned economy, and synchronously explore and construct the administration system adaptable to the market economy. The legislature also carries out various legislations and promotes the government administration according to law. All walks of life in the economic sphere began reform and opening up, but the government public welfare project still follows the construction management mode in the age of planned economy.

After several years of reform and opening up, the national economy recovers quickly and has a substantial growth. With the continuous development of economy and technology, the construction scale of the government public welfare project becomes larger and the technology level becomes higher. In the government public welfare project construction management, the super-size, super-standard, ultra-estimate and ultra-duration phenomena often occur. These phenomena are mainly caused by the following three reasons. The first reason is the ideological influence of being anxious for quick success. The second reason is that the construction management mode in the age of planned economy is not adaptable to the market economic system. The third reason is that, in the process of transition from the planned economy to the market economy, the original management system is gradually abolished, and the new management system is still in the stage of establishment and improvement, and there are a number of loopholes in the management system.

For the first reason, it can be overcome through correcting the guiding ideology of economic construction and social development. For the second reason, it must be adapted by reforming the government public welfare project construction management mode. For the third reason, it must be offset by legislation, thus establishing and improving the management systems.

In 1992, the plan management organ of central government, that is, the predecessor of the Development and Reform Commission issued the *Interim Provisions on the Implementation of Owner Responsibility System of Construction Projects* (J. J. S. [1992] No. 2006), and urged the governments at all levels to reform the government-invested project construction management mode, and implemented the contracting-out responsibility system of the government-invested project construction management, aiming at effectively curbing the super-size, super-standard, ultra-estimate and ultra-duration phenomena in the government-invested projects. In January 1996, it enacted and issued the *Interim Provisions on the Implementation of Legal Person Responsibility System of Construction Projects* (J. J. S. [1996] No. 67) according to the *Company Law*. The regulations stipulate that, the project legal person must be formed in the construction phase of the government-invested operating construction projects. The project legal person can establish a limited liability company (includ-

ing solely state-owned company) and joint-stock company and other forms of companies according to the *Company Law*. The public servants of the state shall not take the leading post of the project legal person. The government-invested non-operating construction project may be implemented according to this provision.^[1] The government-invested non-operating construction projects mentioned in the regulations refer to the government public welfare projects.

The implementation of legal person responsibility system of the government-invested projects aims at completely separating the government investment function from the project management function, and reforming the administrative relations between the government and project construction management subject as the economic relations, preventing interference with the project construction management by the will of leading officials, and preventing the waste of project construction funds or illegal infringement.

In accordance with this provision, the government public welfare project construction management mode of the temporary institution shall be reformed as the government public welfare project construction management mode of the project legal person. The project legal person implements the whole process of construction management for the planning and construction process of the government public welfare project. Perhaps, due to obstacles of the long-term planned economic management habits, and impelling of the pursuit of high indicators of economic and social development, it seems that the effect of implementation of this provision is not very satisfactory.

On February 13, 1999, the General Office of the State Council of the Central government issued the *Notice on Strengthening Infrastructure Project Quality Management* (G. B. F. [1999] No. 16) to the provinces, autonomous regions and municipalities, ministries and commissions under the State Council and organizations directly under the State Council. The notice points out that, "the project quality of the infrastructure projects, particularly the major infrastructure projects is not only related to the effective use of the state construction funds, but also related to the sustained, rapid and healthy development of the national economy and people's life and property safety. Viewing from the situations in recent years, the project quality is generally good, but the vicious project quality accidents often occur, and bring great losses to the state and people's life and property because some regions, departments and units ignore the project quality and violate construction procedures, with weak law enforcement and supervision, chaotic construction market and serious corruption. These problems must be seriously solved by powerful measures." 24 requirements in five aspects are mainly: (1) establishment of the project legal person responsibility system, the leader responsibility system of the project quality of participation units, and the life-long responsibility system of the project quality; (2) there is a must to

implement the tendering and bidding system, the project supervision system, the contract management system and the completion and acceptance system; (3) the construction funds need to be strictly managed; (4) there is a need to strengthen the law enforcement, government supervision, audit supervision, social supervision, reporting system, and the project archives work. The notice specifies that, except for the military engineering and other special circumstances, for the infrastructure projects, there is a need to form the project legal person according to the principle of separating the government from the enterprise, and implement the legal person responsibility system of the construction projects. The construction projects without implementation of the project legal person responsibility system need to be rectified within the deadline. The quality of personnel and internal organization of the project legal person must meet the requirements of project management and technology.^[2]

The notice indicates that, until 1999, there are still government-invested infrastructure projects, including the government public welfare projects, which fail to reform as the construction management mode of the project legal person according to the provisions of the planning committee of the central government in 1996. However, the issuance of the notice really plays a role of promoting the reform of the construction management mode of the project legal person. First, it facilitates that the first category of government public welfare project completes the reform of the construction management mode of the project legal person, and then facilitates that the second and third category of government public welfare project implements the reform of the agent-construction management mode.

4 CURRENT GOVERNMENT PUBLIC WELFARE PROJECT CONSTRUCTION MANAGEMENT MODE

When the central government and local governments at all levels vigorously promote the construction management mode of the legal person of the government public welfare project and the agent-construction management mode of the government public welfare project, some local governments still retains the construction management mode of the use units for the second category of the government public welfare project. Therefore, now, the government public welfare projects in Chinese mainland co-exist with three categories of construction management mode.

4.1 *Construction management mode of project legal person*

In fact, in the mid-1980s, a number of administrative organs of the central government and some local governments began to realize that, after several years of reform and opening up, the public finance is greatly

improved, and the governments at all levels have much more adequate public finance than in the age of planned economy, which can be used for investment and construction of the first category of government public welfare project, promoting economic and social development, and improving the quality of life of the public. With the continuous improvement of public finance, the government will continue to invest the construction of the first category of government public welfare project. If the first category of government public welfare project is invested and constructed, there is a need to set up a construction headquarters to carry out the project construction management. After completion, the project construction headquarters is dissolved. The construction management mode of frequent establishment and dissolution of the construction headquarters is really incompatible with the preliminarily formed market economic system. In addition, Chinese mainland has preliminarily formed the market economic system, so the government can use the method of repayment by the public finance and use the public finance as guarantee repayment to construct the first category of government public welfare project. Therefore, the local government also needs to have a financing platform used for raising the construction funds for the first category of government public welfare project. The construction headquarters is a temporary construction management organization, rather than an independent legal person, obviously without qualification to finance the local governments.

For this purpose, those administrative organs of the central government and some local governments of foresight gradually began to try to reform the construction management mode of the first category of government public welfare project within the scope of the jurisdiction from the late 1980s, and set up permanent construction management agencies to replace the temporary construction headquarters to assume the construction management of the first category of government public welfare project. These government-established permanent construction management agencies recruit high-quality management personnel and technical personnel from society, who should have high-level project construction management capabilities. The originally established permanent construction management agencies are named as the construction investment companies, which are the public institutions under the jurisdiction of governments at all levels with Chinese mainland characteristics, rather than the enterprise legal person with internationally accepted civil and commercial standards. After publishing the *Company Law* in 1993, these construction investment companies are transformed into the veritable government-funded enterprise legal person.

As the investment subject of the first category of government public welfare project, the government authorizes the construction investment company to assume the construction management of the first cat-

egory of government public welfare project, and implement the system of no supplementing over- spending and awarding saving, and the reward system of duration advancement and good quality. The construction investment company performs all responsibilities of the project construction management subjects according to the authorization of the government, and uses the government investment to complete the construction of the first category of public welfare project.

Under the dual incentives of self-financing operational mechanism and government reward system, the construction investment company strictly implements the tendering and bidding system, contract management system, project supervision system, completion and acceptance system in the construction management of the first category of government public welfare project. It entrusts a qualified bidding agency to carry out survey, design, construction, procurement and professional service bidding, and selects survey contractors, design contractors, construction contractors, construction materials and supporting materials suppliers, and investment consultation, project supervision, cost control and other service agencies through bidding competition, and urges the contractors and professional service agencies to ensure the quality and schedule of survey, design, construction, supply and professional services in strict accordance with the contract agreement, supply contract and service contract. It will make full use of investment consultation, project supervision, cost control and professional services to control over the investment, duration and quality of the government public welfare project, and reasonably save investment and reduce the construction management cost to obtain the investment savings, duration advancement and reward for good quality, in order to increase efficiency.

Some local governments not only authorize the construction investment company to assume the construction management of the first category of government public welfare project, but also authorize the construction investment company to finance on behalf of the government for construction of the first category of government public welfare project by using the method of repayment by the public finance or using the public finance as guarantee repayment, thus playing an important role in the realization of ultra-conventional and leap-forward development of the local economy and society.

The reform pilot results prove that, the first category of government public welfare project with the construction management mode of the project legal person system achieves a very good construction management benefit in terms of the investment saving, construction duration and project quality. Due to different efforts and process of the reform by the administrative organs of the central government and local governments, the construction management mode of the first category of government public welfare project has been reformed as the construction management

mode of the project legal person system before the early 1990s, and the construction management mode of the first category of government public welfare project also has been reformed as the construction management mode of the project legal person system after the General Office of the State Council issuing notice in the late 1990s.

In short, with the notice of the General Office of the State Council in 1999 as a symbol, the central government and local governments complete the reform of construction management mode of the first category of government public welfare project. The first category of government public welfare project implements the construction management mode of the project legal person system, which has been in use ever since.

4.2 *Project agent-construction management mode*

Similar to the process of the reform of the construction management mode of the first category of government public welfare project, in the early 1990s, some local governments have begun to try to use the agent-construction management mode to reform the construction management mode of the second and third category of government public welfare project.

The so-called agent-construction management mode of the government public welfare project refers to, after approval of the application for construction of government public welfare project by the government, the government agent-construction management organ or the government administrative organ entrusts the preliminary preparation, construction management, quality control, investment control, completion and acceptance and all construction management affairs of the second and third category of government public welfare project to professional project construction management enterprise with the corresponding qualifications, and the professional project construction management enterprise is an agent of the government public welfare project construction management, and the government public welfare project will be transferred to the use unit or the management unit of government public welfare project after completion and acceptance. The implementation of agent-construction management mode for the government public welfare project aims at separating the use function of government public welfare project from the construction management function of government public welfare project, and preventing the use unit of government public welfare project from the super-size, super-standard, ultra-investment and ultra-duration construction of the government public welfare project, avoiding insufficient capacity of the use unit project management, causing losses and illegal infringement of the construction funds of government public welfare project.

Before 2004, the local governments in Chongqing, Shanghai, Anhui, Shenzhen, Xiamen and other cities has reformed the agent-construction management

mode of the second and third category of government public welfare project, and tried out the agent-construction management mode. After summarizing the experience of reform of agent-construction management mode implemented by some local governments, in July 2004, the central government published the *Decision of the State Council on Reform of Investment System* (G. F. [2004] No. 20), which stipulates to accelerate the implementation of “agent-construction system” for non-operating government-invested projects, that is, to select professional project construction management enterprises by way of bidding to implement construction management and strictly control project investment, quality and duration. After completion and acceptance, the project will be transferred to the use unit or management unit. There is a need to enhance awareness of investment risks, establish and improve risk management mechanism of government-invested projects. [3] The non-operating government-invested projects in the Decision refer to the government public welfare projects.

After publishing the Decision of the State Council, in November 2004, the construction management organ of the central government published the *Pilot Scheme of Construction Project Management* (J. S. [2004] No. 200). The scheme stipulates that, the construction project management mentioned in this scheme refers to the activities of professional management and service in the whole process and in stages of the project construction carried out by the project management enterprise (hereinafter referred to as the project management enterprise) entrusted by the project owner. The project management enterprise should have one or more qualifications in engineering survey, design, construction, supervision, cost consultation and bidding agency. The project owner can select the project management enterprise through bidding or entrusting and other ways, and sign an entrusted project management contract in writing with the selected project management enterprise. The contract shall specify the performance period, scope of work, rights, obligations and responsibilities, project management remuneration and way of payment, contractual dispute settlement and so on. [4] The project management enterprise only assumes the construction management responsibility from the project feasibility research until completion and acceptance, rather than the feasibility research, survey, design, construction, supervision, supply and any other businesses of government public welfare projects under their own agent-construction management.

From 2004 to the present, 22 provinces, 5 autonomous regions and 4 municipal governments in China (hereinafter referred to as the provincial governments) have improved or developed regulations on the management of agent-construction management mode for this level of government public welfare project, which stipulate that the government public welfare project

management mode of project legal person should implement the agent-construction management mode. Through the application of project management enterprise and approval by the government, a list of agent-construction management enterprise with local qualifications is published. The local governments have their own characteristics to implement the agent-construction management mode, with the following ways.

4.2.1 *Decentralized agent-construction management and centralized agent-construction management*

Decentralized agent-construction management refers to, after the application for construction of government public welfare project being approved by the government, the use units or government administrative organs authorize the agent-construction management enterprise to complete the government public welfare project construction management through bidding or directly entrusting the agent-construction management enterprise, and then the project is transferred to the use units or management units of government public welfare project after completion and qualified acceptance. Few provincial governments in Shanghai, Tianjin, Chongqing and other cities adopt the decentralized agent-construction management.

Centralized agent-construction management refers to, the government sets up the agent-construction management organ to directly assume the agent-construction management of the first and second category of government public welfare project, or entrust the agent-construction management enterprise to assume the construction management of the first and second category of government public welfare project in a unified way.

The agent-construction management rules and regulations of Beijing Municipal Government stipulate that, the Municipal Development and Reform Commission is responsible for the implementation of organization and implementation of agent-construction system; the Municipal Finance Bureau implements the fiscal management and supervision of the financial activities of the agent-construction system; the relevant municipal administrative departments implement the relevant management work according to their respective duties. The Municipal Development and Reform Commission is responsible for bidding agent-construction units of the government-invested project, and the relevant departments involve in or coordinate with the bidding according to the division responsibilities, and the government-invested agent-construction project implements the contract management. After determination of the agent-construction unit, the Municipal Development and Reform Commission, the use unit and the agent-construction unit sign an entrusted agent-construction contract of the relevant projects. The agent-construction unit implements public bidding of the survey, design, construction, supervision, major equipment and materials procurement of the

construction project, and the government-invested projects are transferred to the use unit or management unit after completion and qualified acceptance.^[5] Beijing Municipal Government implements the unique centralized agent-construction management.

4.2.2 *Direct agent-construction management and entrusted agent-construction management*

The aforementioned centralized agent-construction management of government public welfare project can be further divided into direct agent-construction management and entrusted agent-construction management.

Direct agent-construction management refers to, the government sets up the agent-construction management organ of government public welfare project to directly assume the agent-construction management of the government public welfare project invested by this level of government, and then the project is transferred to the use unit or management unit after completion and qualified acceptance. Only a few provincial governments adopt the direct agent-construction management for the government public welfare project invested by this level of government. Many municipal governments and county governments adopt the direct agent-construction management for the government public welfare project invested by this level of government.

Entrusted agent-construction management refers to, the government sets up the agent-construction management organ of government public welfare project to accept the application of the use unit of government public welfare project or other administrative organs of this level of government in a unified way, and select by bidding or directly entrust the agent-construction management enterprise of government public welfare project. The agent-construction management organ of government public welfare project and the agent-construction management enterprise sign an agent-construction management contract, and the agent-construction management enterprise completes the agent-construction management for government public welfare project. The government public welfare project is transferred to the use unit or management unit after completion and qualified acceptance. Most of the provincial governments adopt the entrusted agent-construction management for the government public welfare project invested by this level of government.

The agent-construction management organ of public welfare project established by the provincial governments also implements the entrusted agent-construction management and direct agent-construction management. The agent-construction management rules and regulations developed by Gansu Provincial Government stipulate that, the government-invested project agent-construction management office determines the project management enterprise from the qualified enterprises through public bidding. After the success-

ful bidding of the project management enterprise, the provincial agent-construction office signs the *Entrusted Agent-construction Contract*. The provincial government designates the provincial agent-construction office to be responsible for the construction project, and the provincial agent-construction office directly assumes the construction management.^[6]

4.2.3 *Whole process of agent-construction management and two stages of agent-construction management*

The whole process of agent-construction management refers to, after the application for construction of government public welfare project being approved by the government, the agent-construction management enterprise of government public welfare project is selected by bidding or directly entrusted, and the agent-construction management enterprise completes the whole construction management from the project feasibility research to the completion and acceptance. The government public welfare project is transferred to the use units or management units after completion and qualified acceptance. The vast majority of local governments implement the whole process of agent-construction management no matter the implementation of decentralized or centralized agent-construction management, or direct agent-construction management or entrusted agent-construction management.

Two stages of agent-construction management refers to, after the application for construction of government public welfare project being approved by the government, first, the early stage of agent-construction management enterprise is determined by bidding, and the project feasibility research report, survey and preliminary design is completed according to the project proposal; then the implementation stage of agent-construction management enterprise is determined by bidding. The implementation stage of agent-construction management enterprise determines the design unit by bidding, and carries out construction drawing design according to the replied preliminary design and investment budget estimate, and determines the construction contractor, project supervision, materials supplier and so on by bidding, and implements the whole construction management from the construction drawing design to completion and acceptance. The government public welfare project is transferred to the use unit or management unit after completion and qualified acceptance. Only a few provincial governments in Beijing and Yunnan implement two stages of agent-construction management.

4.2.4 *Fully authorized agent-construction management and partially authorized agent-construction management*

Fully authorized agent-construction management refers to, after the application for construction of government public welfare project being approved by the government, the agent-construction management or-

gan of government public welfare project or government administrative organ selects by bidding or directly entrusts the agent-construction management enterprise, and then the project management enterprise selects survey, design, construction, supervision, supply and other units through public bidding, and provides unified management of survey, design, construction, supervision, materials supply and other units, and completes the government public welfare project construction.

Partially authorized agent-construction management refers to, after the application for construction of government public welfare project being approved by the government, the agent-construction management organ of government public welfare project selects by bidding or directly entrusts the survey, design, construction, supervision, supply and other units and signs the contract according to the law, and then selects by bidding or directly entrusts the agent-construction management enterprise and signs the agent-construction management contract according to the law. The project management enterprise provides unified management of the survey, design, construction, supervision, supply and other units, and completes the project construction. Sichuan Provincial Government implements the partially authorized agent-construction management for the government public welfare project.^[7]

4.3 Construction management mode of use unit

In many places, the local government retains the construction management mode of use unit for the second category of government public welfare project.

Sichuan Provincial Government stipulates that, the government public welfare project with the government-invested funds of more than 5 million must adopt the agent-construction management mode.^[7] In other words, the government public welfare project with funds of less than 5 million invested by Sichuan Provincial Government can still adopt the construction management mode of use unit, rather than the agent-construction management mode.

Hainan Provincial Government stipulates that, the use unit of government public welfare project with three to five construction technical personnel and management personnel can organize the government public welfare project construction management by themselves, and not adopt the agent-construction management mode.^[8]

The government-invested project management rules and regulations developed by Chongqing Municipal Government stipulate that, any particularly important government public welfare projects with the municipal fiscal capital of more than or less than 10 million implement the agent system of the project construction management. Other municipal government-invested projects should also actively implement the agent system of project construction management based on

the management level of project management unit.^[8] That is to say, not particularly important government public welfare project with the invested funds of less than 10 million may not adopt the agent system of construction management.

The government-invested project management rules and regulations developed by many local governments also have similar provisions. As long as the investment in the second category of government public welfare project does not achieve the specified amount, and the use unit of government public welfare project possesses the specified project management level, the use unit is allowed to do the government public welfare project construction management of this unit.

5 CONCLUSION

The government public welfare project construction management mode of Chinese mainland coexists with the construction management mode of project legal person, project agent-construction management mode and construction management mode of use unit after three decades of reform. These three categories of construction management modes have their different applicable scope. The first category of government public welfare project with a large scale, great investment, great difficulty and long duration, especially the first category of government public welfare project with need of financing for construction adopts the construction management mode of project legal person. The second and third category of government public welfare project, including the first category of government public welfare project with an ordinary scale, but without need of financing adopts the project agent-construction management mode. The construction management mode of use unit is only suitable for the second category of small-scale government public welfare project, which is likely to be completely replaced by the agent-construction management mode in the near future.

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