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**Conference Paper**

## Public-Private Partnerships in Post-Socialist Urban Governance: Comparative Institutional Change in Leipzig, Shanghai and Ho Chi Minh City

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**Public - Private Partnerships in Post-Socialist Urban Governance:  
Comparative Institutional Change in Leipzig, Shanghai and Ho Chi Minh City**

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**Abstract**

*Thirty years after Soviet-style socialism, the post-socialist cities have witnessed a wide-ranging transformation in urban processes toward various forms of the trend “government to governance”. This paper aims to explore the differences in Public-Private Partnerships (PPPs) institutional change in Leipzig, Shanghai, and Ho Chi Minh City and eventually to describe and profile such differences. Firstly, analysing the stages of development of PPPs, and the methods of urban governance can indicate some differences in the formal and informal institutional changes of three cities. Secondly, using the integrated framework, developed by DiGaetano and Strom (2003), which emphasizes that the joining together of structural, cultural, and rational actor approaches to a cross-case studies comparison, in order to explain the differences in the path of institutional change for PPPs formed by varied forms and degrees regarding the withdrawal of state control affected by globalization, marketization, as well as culture, history, and rational actors. Lastly, this paper critically discusses the institutional challenges for PPPs of these post-socialist cities within collaborative governance and drawing up recommendations for future policy measures.*

**Keywords:** *Public - Private Partnerships; Post-Socialist Cities; Urban Governance; Institutional Change; Collaborative Governance*

Track: *Governance*

Word count: *8.001*

**1. Introduction**

The collapse of the Soviet Union and the Eastern Bloc together with the growth of globalization have affected powerfully in the cities embedded in the old-style socialist regime. In the new context, the disappearance and decline of centralized socialist forms, as well as the expansion and increase of free markets and privatization have led to the wider dramatic shift “government to governance” in running the post-socialist cities. Consequently, we are witnessing the institutional change from urban governance under centralized government model to the new models by cooperating, sharing, and controlling the power between not only central and local government, but also the state and non-state sectors in urban processes within these cities (Bolesta, 2014; Brunn et al, 2003; Diener & Hagen, 2016; Savas, 1992).

As the typical cases of post-socialist cities, Leipzig, Shanghai, and Ho Chi Minh City (HCMC) played an important role in economy, society, and culture in each country during forty years of Soviet-type socialism (Gould, 2005; Bergère, 2009; Garcia-Zamor & Jean-Claude, 2005). In the post-socialist period, these cities have engaged in efforts to improve their own social and devastated economic position in international and regional competition context and also led to the application of more advanced forms of urban governance while “carrying the ballast of the past” (Stryjakiewicz et al, 2014). In which, Public-Private Partnerships (PPPs) has emerged as one of the potential tools for good urban governance. In order to gain larger benefits from PPPs, many studies show that its success would be contingent on the institutional environment (Grahovac, 2004; Hodge & Greve, 2007; Mouraviev & Kakabadse, 2017). However, there are various types of performing PPPs

institutions, and also the growth of PPPs occurs in distinct phases, reflecting the different shift from “urban government to urban governance” in these cities. Accordingly, the purpose of this paper is twofold: to explore the differences in PPPs institutional change taking place in urban governance processes of Leipzig, Shanghai, and HCMC, and then continue to describe and profile the causes of such differences.

Apart from this introduction, the paper consists of four parts. First, the conceptual framework of PPPs institutional change in post-socialist urban governance is presented, followed by the stages of development of PPPs, and the methods of urban governance as well as the integrated approach to explaining institutional changes. In the second part, the analysing of case studies in PPPs of Leipzig, Shanghai, and HCMC provides arguments in order to explore the differences in institution changes for PPPs. Next, based on the integrated framework using structural, cultural, and rational actor approaches to explains the institutional change of urban governance in three cities. Finally, the connection of the finding within collaborative governance and some policy implications are discussed.

The paper applies the qualitative method of main case studies in PPPs projects of Leipzig, Shanghai and HCMC since the 1990s. Its data rests on the literature and the empirical analysis on the “formal” institutions, including the legal, regulatory, and policy documents; the “enabling institutions” for PPPs, such as PPP units and relevant organizations; and the “informal” institutions, such as the collaborative methods and cultural aspects between stakeholders.

## **2. Conceptual framework**

### **2.1. Institutional change in post-socialist urban governance**

According to Huntington (2006), institution is “stable, valued, recurring patterns of behavior” (p.12). As defined by North, institution is “rules of the game in a society” (p.3). More precisely, the institution provides the structures for the activities of daily life as “structures and mechanisms of social order”. In urban context, the process of governance could indeed include various forms of institutions which structure the actions and interactions among stakeholders such as the state, private sector and civil society in running a city. Undeniable fact that institutions are constantly being changed by the process of centralize and collective action, conflict, and bargaining of stakeholders in an organization or society, in order to control “the rules of game” for their own benefit, if they gather enough a “minimum coalition” can effect change agrees to it, and institutional change can occur (Kingston, 2009). Accordingly, institutional change will take significant time by the impact of internal and external factors under environmental fluctuations (Roberts & Addison, 2015; Hohn & Neuer, 2006).

Based upon the above analysis, this paper argues that the shift from the traditional view of “government” to “good governance” based on publicly owned entities using private sector principles in post-socialist urban processes taking the example of institutional change. Moreover, this transformation is a gradual process which can be divided into three periods. First, the crisis and collapse of Soviet politics in the 1990s were significantly starting to transform from a Soviet-type to a more democratic political regime and from a centrally planned to a market economy in post-socialist urban governance. The systems were embedded in this context tend to closed governance because of unique aspects of post-socialist urban regimes such as the concentration of power, the delay of public-private partnership and the underdevelopment of civil society (Tsenkova & Nedovic-Budic, 2006; Andrusz et al, 2011). Second, the pressure of deepened democracy, global competitiveness, fiscal austerity since the mid-1990s, institutional governance systems seem to adopt open decision making and institutional responsiveness (Tosics, 2005). Finally, the impact of the

2008 global financial crisis, and failure of rigid institutional governance systems, urban collaborative governance emerges as a new theory and practice of urban management and development based on the relationships of all stakeholders are “part of an autonomous center of decision making as co-partners, or co-collaborators, coordinated and enabled by the public authority” (Foster & Iaione, 2015, p. 290). Although the use of collaborative governance has been around for a long time, it is not an easy process and “there is a long way to go before collaborative urban governance is more widely accepted” (Roberts & Addison, 2015, p. 28). The development of institutional governance systems implies that there are institutional changes in order to transfer from closed to collaborative urban governance in post-socialist cities (Roberts & Addison, 2015). These processes can be observed by mechanisms range from collaboration at multi-levels, planning process, engagement, decision-making process, and information systems (*Table 1*).

*Table 1. Transformation of urban governance from closed to collaborative governance systems*

<b>Closed governance</b>	<b>Open governance</b>	<b>Collaborative governance</b>
<ul style="list-style-type: none"> <li>- Hierarchical management</li> <li>- Master planning</li> <li>- In-house sourcing</li> <li>- Confidentiality non-disclosure</li> <li>- Internal decision-making</li> <li>- Close information systems</li> </ul>	<ul style="list-style-type: none"> <li>- Matrix management</li> <li>- Strategic planning</li> <li>- Outsourcing</li> <li>- Community engagement</li> <li>- Coordinated decision-making</li> <li>- Share information systems</li> </ul>	<ul style="list-style-type: none"> <li>- Team and cluster management</li> <li>- Integrated strategic planning</li> <li>Partnerships</li> <li>- Civic engagement</li> <li>- Collaborative decision-making</li> <li>- Integrated open information systems</li> </ul>

*Source: Roberts & Addison (2015)*

## **2.2. PPPs and urban governance**

As a tool of the shift “government to governance” (Linder & Rosenau, 2000; Klijn & Teisman, 2002), PPPs have been successfully implemented in many countries. However, the concept of PPPs is defined in a variety of ways and has a different scope depending on the practice of each country. Based on an institutional lens, Van Ham and Koppenjan (2001) define PPPs as “co-operation of some sorts of durability between public and private actors in which they jointly develop products and services and share risks, costs and resources which are connected with these products” (p.598). Typically, a PPP is conceptualized as a contractual agreement between state sector(s) and non-state sector(s), aimed at supporting the delivery of public services such as financing, designing, implementing and operating (Grimsey & Lewis, 2007; Page et al, 2008). There are three critical characteristics that should be emphasized. First, PPPs are long-term service provision. Second, PPPs involve the transfer of risk from the public to the private sector. Finally, different forms of long-term contracts are drawn up between legal entities and public authorities.

In urban governance, PPPs have emerged as formalities and commitments between public and private actors who have the capability to govern the city that “they could not complete alone” (Sagalyn, 2007, p. 8). Because of miss-use, overuse or lack of public resources, many cities cannot achieve the sustainable urban development. Therefore, the PPP is one of the appropriate models to address these pressures such as improving the efficiency, ensuring the progress of urban infrastructure projects, and meeting the needs and strategies of cities. However, there are currently some disadvantages to PPPs, recognised as the challenges for many countries, because of lacking well-performing institutions.

With time, governments have begun to understand that PPPs require to develop well forms of institutions to achieve the interests of the stakeholders and benefit to the public (OECD, 2012). According to the United Nation, there are three stages of PPPs development based on

the components of the institutional system. The first stage is the definition of basic institutional structures and legal frameworks, and actual projects are still numerically small. As the second stage, legislative and institutional frameworks reforms commenced appearing gradually leading to establishing dedicated PPP units. In the third phase, countries will have developed the required institutions such as the fully functional PPP unit, the capital markets, and a high level of collaborative governance to more sophisticated and financial arrangements (Table 2).

Table 2. Three stages of PPPs development

Stage One	Stage Two	Stage Three
<ul style="list-style-type: none"> <li>- Define policy framework</li> <li>- Test legal viability</li> <li>- Identify project pipeline</li> <li>- Develop foundation concepts</li> <li>- Apply lessons from earliest deals to other sectors</li> <li>- Start to build marketplace</li> </ul>	<ul style="list-style-type: none"> <li>- Introduce legislative reform</li> <li>- Publish policy and practice guidelines</li> <li>- Establish dedicate PPP units</li> <li>- Refine PPP delivery models</li> <li>- Continue to foster marketplace</li> <li>- Expand project pipeline and extend to new sectors</li> <li>- Leverage new sources of fund</li> </ul>	<ul style="list-style-type: none"> <li>- Fully defined comprehensive “system” established</li> <li>- Legal impediments removed</li> <li>- PPP models refined and reproduced</li> <li>- Sophisticated risk allocation</li> <li>- Committed deal flow</li> <li>- Long-term political consensus</li> <li>- Use of full-range of funding sources</li> <li>- Thriving infrastructure investment market involving pension funds and private equity funds</li> <li>- Well-trained civil service utilizes PPP experiences</li> </ul>

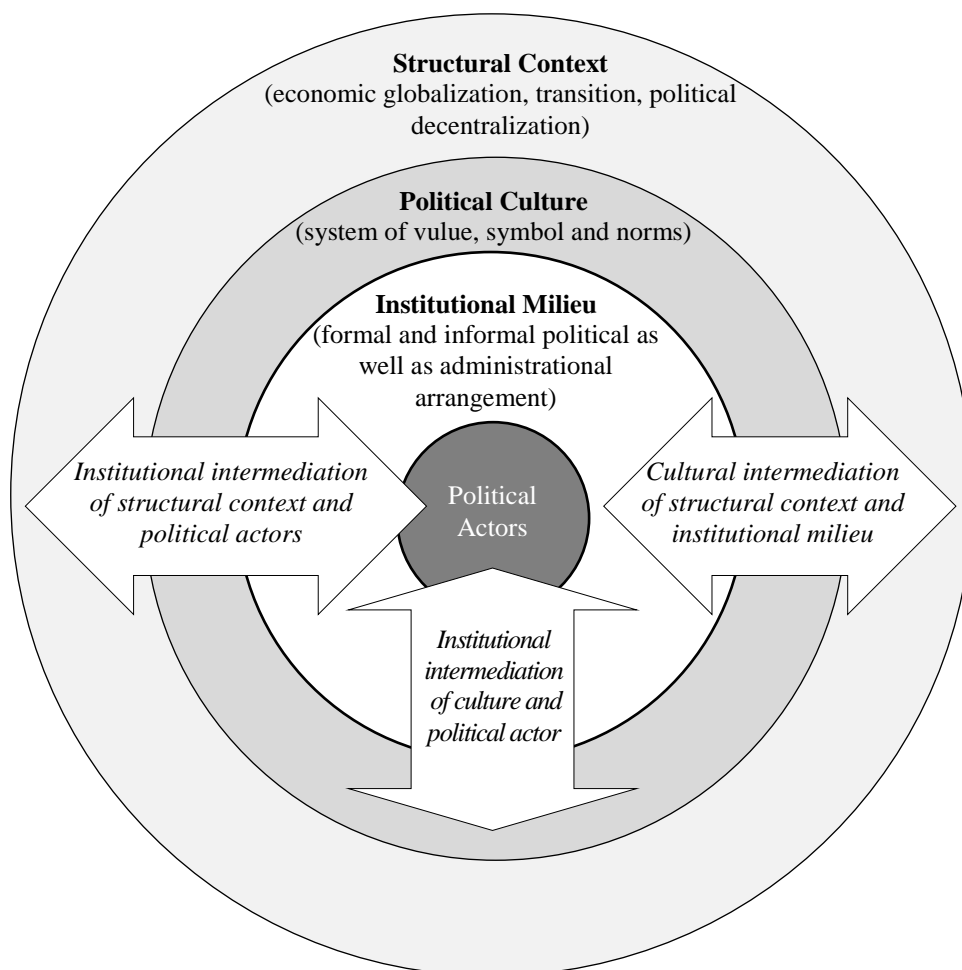
Source: *Guidebook on Promoting Good Governance in Public-Private Partnership. United Nations Economic Commission for Europe (2008)*

### 2.3. An integrated approach to comparing and explaining the institutional change for PPPs in urban governance

The trend of comparative politics studies usually revolves around rational choice, cultural, and structural theory. However, there is a gap between each theory by the problems of comparative urban research. In 2003, DiGaetano and Strom developed an integrated framework using structural, cultural, and rational actor approaches to the cross-national comparison in order to explain the institutional changes of urban governance. Based on the three approaches of a structural, cultural, and rational actor in urban governance, the authors present an integrated framework emphasized by three “intersecting propositions”: (1) the institutional intermediation of structural context and political actors”, the “cultural intermediation of structural context and institutional milieu”; (2) and (3) the “institutional intermediation of culture and political actors” (Fig 1).

According to the authors, the intermediations between the different spheres are best grasped when considering institutional change because causal relationships become visible during times of changes. Three propositions provide a framework for comparing and explaining the institutional change in urban governance. Firstly, the source of institutional change in urban governance originates from changes in the structural context characterized by e.g. effects of globalization, transition, and decentralization of political and administrative competencies. Secondly, political culture mediates and filters the effects of the political and economic changes in the institutional milieu. Thirdly, on the agency level, political actors try to take advantage of these changes or try to defy them.

Fig 1. Urban governance interaction model



Source: DiGaetano and Strom (2003)

As an extension of the integrated approach, modes of urban governance is the political institutions linked together by informal arrangements of cities. To identify modes of governance, DiGaetano and Strom distinguish four essential criteria: (1) “governing relations”, i.e. the modes of interaction between different stakeholders; (2) “governing logic”, i.e. means or method by which decisions are made; (3) “key decision-maker”; and (4) “political objectives”, and they present five kinds of urban governance modes are clientelistic, corporatist, managerial, pluralist, and populist (Table 3).

Table 3. The modes of urban governance

	<b>Clientelistic</b>	<b>Corporatist</b>	<b>Managerial</b>	<b>Pluralist</b>	<b>Populist</b>
<i>Governing relations</i>	Particularistic, personalized, exchange	Exclusionary negotiation	Formal, bureaucratic, or contractual	Brokering or mediating among competing interests	Inclusionary negotiation
<i>Governing logic</i>	Reciprocity	Consensus building	Authoritative decision making	Conflict management	Mobilization of popular support
<i>Key decision makers</i>	Politicians & clients	Politicians & powerful civic leaders	Politicians and civil servants	Politicians & organized interests	Politician & community movement leader
<i>Political objectives</i>	Material	Purposive	Material	Purposive	Symbolic

Source: DiGaetano and Strom (2003)

As literature reviews, the analytical concept proposed by DiGaetano and Strom provides a potential model in comparative urban governance research in order to uncover causal mechanisms and drivers of political, economic, and social change at the urban level (Pierre, 2005). Moreover, this integrated approach is a sufficiently wide and flexible theoretical approach not only for the western concept but also in many case studies in China (Waibel, 2010; Zielke & Waibel, 2014; Wang, 2018) and Vietnam (Olivotto & Gianoli, 2016). Therefore, this framework can allow for a comprehensive understanding and comparing of the complex interlinkages and interactions in PPPs cross post-socialist cities.

### **3. Differences in institutional change for PPPs in Post-Socialist Urban Governance**

#### **3.1. Institutional change for PPPs in Leipzig**

The collapse of the socialist regime led Leipzig to apply privatization directly and immediately. These implementation-oriented planning tools of Leipzig tend to “coordinate and spatially focus the use of funds by public and private sector players and be coordinated at local and city-regional level and involve citizens and other partners who can contribute substantially to shaping the future economic, social, cultural and environmental quality of each area” (Leipzig Charter). Accordingly, the PPP projects were very rapidly developed in Leipzig in a short time. The increasing number and size of PPP projects have required Germany improves regularly the institutional framework and amended the existing laws hindering the development of PPP (Table 4). Moreover, institutional change in PPP field of Leipzig is embed in the institutional system of federal and the European Union (EU) toward expanding and encouraging the role of urban governance through a strong hierarchical system of decentralization, ensuring autonomy for local government, and a clear and transparent framework for PPP in public service delivery (Jacob et al, 2014).

As case studies, two urban regeneration pilot projects are “*International Quarter (IQ)-Ost*” and “*Gründerzeit Erleben*” in *Leipziger Oste* can prove the trend in PPPs governance in Leipzig. These pilot projects are called that “micro-intervention of urban restructuring” and were aimed at re-establishing, at a district level, a dynamic economic structure and improving the attractiveness and the social vitality of the quarter through intervention (refurbishment/rebuilding) in the building stock, attraction of “small” businesses as well as marketing/communication and community involvement strategies. The urban “units”, considered to be focal project targets, are the “building blocks” and the inner courtyards; these spaces are owned both by private owners and by the Municipality Housing Association. The interventions aimed at reinforcing the attractiveness of the blocks (and of the quarters as a whole) also in terms of retail potentials (development of ethical and other retailers/artisan activities in the courtyards of the blocks). As a result, from 2000 to 2006, more than 19 million euros were invested (10,5 in urban renewal projects, 7,5 in economic and employment projects, 1,15 in social projects, 0,062 in information participation and management) in these pilot projects. Different sources of financing have been integrated that the project started to be developed through the European Regional Development Fund (ERDF) and other various national support funds as well (Torbianelli, 2015; Weidner et al, 2011).

The experimental pilot projects proved that Leipzig developed a set of management system toward collaborative governance to standardize the development of PPP projects through institutional changes such as integrated open information systems, and civic engagement (Weidner et al, 2011). Moreover, sharing from the experience of the Federal and the EU PPPs development in the institutional arrangement, risk management, contract supervision, and participatory (Guo et al, 2017), the institutional changes in Leipzig tend to managerialism model, with certain elements of corporatism in urban governance model of Leipzig. In which, there is the cooperation between public sector managers and the private sector, as well as the civil society through changing investment patterns and new social demands. As managerial

model characteristics, the city government seeks greater efficiency by contracting out complex tasks but they are embedded in corporatist practice, as they seek to include a variety of official interest intermediaries in the decision-making process.

### **3.2. Institutional change for PPPs in Shanghai**

Many urban development projects in Shanghai have been implemented under the PPP model. The success of some projects is ensured by the institutional framework developed by the direction of stability, reasonable risk allocation, control and management of projects in a rigorous manner. However, the economic and financial benefits have not been met to attract investment in public projects. Additionally, government significant interference and corruption, inadequate legal regulations, weak surveillance systems, as well as not transparent in the decision-making process, are the biggest obstacles to the success of the PPP model in China (Ferk, 2017).

As an outstanding case study in Shanghai, there is a massive proliferation of PPPs in water supply since the 1990s because of economic reform leading the price of water determined by the market. In the early stages, the Shanghai government approached Water Trans National Corporations (TNCs) to the upgrading of water supply and sewage treatment because these Water TNCs have extensive experience and the advantage of state corporations. Thus, domestic private enterprises dedicated to the water industry just won a few water project contracts because of the fuzzy relationship with the governmental bureau that used to own the enterprises. This relationship between domestic private enterprises and government agencies has led to the long-controlled management style by relying on subsidies and deterred more profit-oriented corporate activities. However, later Shanghai is one of the cities have water contracts funded by the World Bank implemented through private enterprises. In this context, the local private enterprises have been taken part in a large number of water management facilities via subcontracts for water TNCs. This allows these enterprises to have more experience to be able to become the main contractor in the Shanghai water sector (Lee, 2003).

The case of Shanghai PPPs in water services can determine the reverse side of “Chinese political culture of deference to hierarchy” (Lee 2003, p. 7) as a consequence of the concentration of power. However, in some cases local governments can implement central government’s principles, as well as practice in localities, “have been different depending upon the local negotiations between local government agencies and private enterprises” (Lee 2003, p. 7). In the case of Shanghai Zhuyuan Greenfield project, the local government has transferred its traditional responsibilities of investment, construction, operation, and maintenance to the private water supply company, accompanied by subsidies and preferential policies (Zhong et al, 2008). Accordingly, the institutional changes in Shanghai show a gradual shift from a closed to an open governance system, although the state still features very centrist monopolies, with the role of non-state actors relatively weak in PPPs. The function of the government has not been synchronized and has not been adapted to many requirements of the trend of collaborative governance. However, Shanghai was promoted directly by the central government through important strategic measures as a certain autonomy, together with a powerful local government as a foundation for the development of PPPs institutions.

About the governance modes, it can be identified that Shanghai has a hybrid form of governance clientelistic and managerialism, because the interactions and interrelationships between the actors as governing relations within the framework of coordination processes of political decision-making in Shanghai seem to be marked by particular, personalized exchange. Also, as a means of political decision-making as governing logic, an authoritarian approach is pursued by politicians and civil servants and/or administrative employees as a



“key decision maker”, with the as perceived orientation towards selectively tangible benefits. Furthermore, the political objective also seems to be pursued as a means to achieve unselectively tangible advantage or benefits.

### **3.3. Institutional change for PPPs in Ho Chi Minh City**

Although Vietnam has had a temporary definition of “investment in the form of PPPs” as “socialization” form since 2010, but so far there is lacks of adequate institutional framework (ADB, 2012) for PPPs. In HCMC, PPP projects currently account for only 5% of the total public investment and face many problems such as incomplete legal framework, unclear guidance and poor management. The case of the Phu My Bridge project is a concrete example. This project is to be invested in the form of BOT (Build - Operate - Transfer) between the People’s Committee of HCMC and JSC Phu My Bridge BOT. However, many problems have occurred for the project. First, comparing to initial estimates, the total cost of the project has risen dramatically. Second, the capital structure of the project has been changed significantly compared to 30% of the equity and 70% of the original debt. Third, transportation traffic crossing the bridge is actually lower than forecast. The investor said that the cause of the low vehicle traffic is that the city people’s committee did not comply with the commitments in the BOT contract which stimulates the traffic flow for vehicles priority over Phu My Bridge. Thus, in accordance with the provisions of the BOT, the HCMC People’s Committee is supposed to get the project back and return the money to investors. However, the case is still being delayed by the stakeholders (Hoang & Nguyen, 2016, p. 2-3; Asian Development Bank, 2012).

According to information by the media, the investor of this project has the links with the corporation under the Ministry of Transportation (Vietnamnet, 2017). The analysts indicated that the limitations of the ambiguity of the concept, policy, and legislation in this area would create mechanisms “let” in the project as well as the relationship between “public - private”. Private sector investors have weaker power in negotiating contracts with the state, support structures or forms defined by preference in the laws. Moreover, in addition to the limitations of the public sector’s awareness of the role of the private sector in relation to PPP, it seems that still had reservations, lack of trust and/or lack of responsibility in the making plan, building and operating projects of the public sector to the private sector led to cooperation projects, investors were not guaranteed minimum benefits according to the estimates by the two sides agreement (ADB, 2012).

The institutional change for PPPs in HCMC has focused more on reforming government than governance. The changes still have many limitations in decentralization and participation leading to a closed governance system for PPPs, although there are efforts to help the private sectors become the real partners with the state in the urban governance process. Therefore, the characteristic of institutional change in HCMC urban governance for PPPs is a dual trend. On the one hand, it is to adapt to globalization and marketization, on the other hand, it is to strengthen the control and direction of the state to maintain the leadership of the communist party. Furthermore, the case of Phu My Bridge project shows that the model of governance in HCMC tends to be a clientelistic model characterized by personalized and specific interrelationships, which are selective between policy and preferred stakeholders or clients as key decision-makers within weak institutional conditions. The informal institutional relationship between private companies and political actors or administrative agency in this mode is the obstacle to the effectiveness of urban governance in HCMC.

Table 4. The stages of PPPs development in Leipzig (Germany), Shanghai (China) and HCMC (Vietnam)

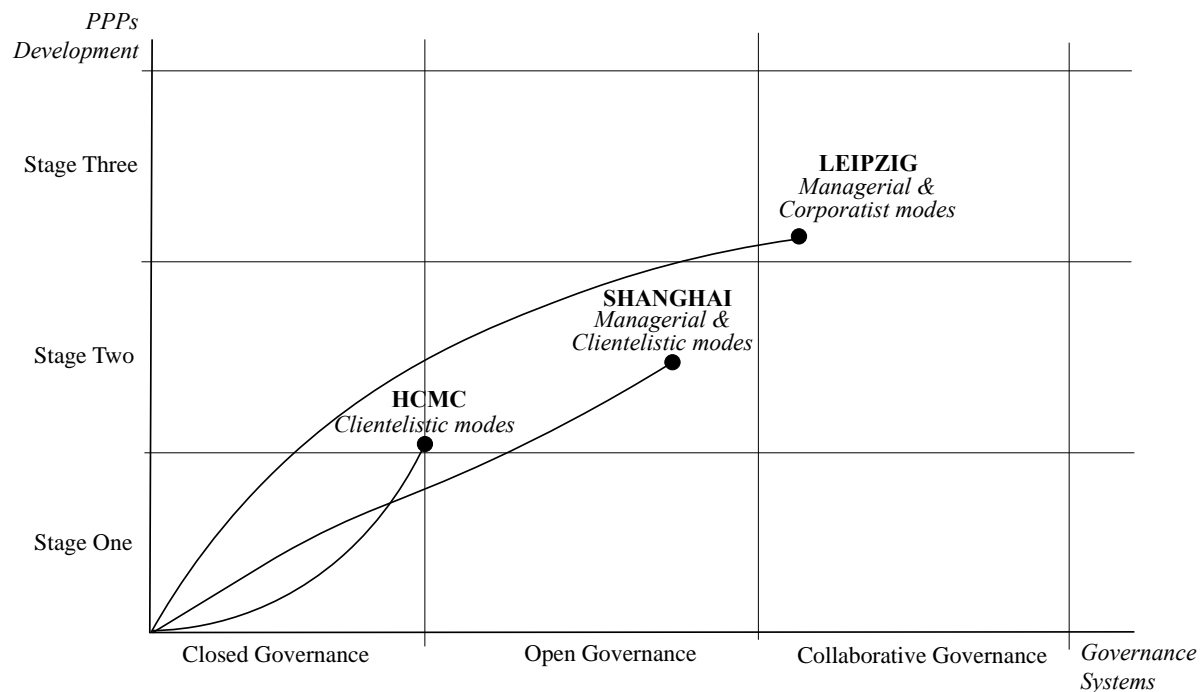
	<b>Elements</b>	<b>Leipzig (Germany)</b>	<b>Shanghai (China)</b>	<b>HCMC (Vietnam)</b>
<b>Stage One</b>	<i>Define policy framework</i>	- Private law relevant for PPP contracts 1990. - The Federal Private Road Financing Act 1994	- No. 89 policy paper of 1994 - No. 208 policy paper of foreign investment 1995	- Decision No. 71/2010/QD-TTg - A chapter in Investment Law 2014
	<i>Test legal viability</i>	- Evaluation of the first PPP project in exploitation in 2009	- Lack of grounded evaluations (Thieriot, 2015)	- Experiencing “not optimal” (ADB, 2012)
	<i>Identify project pipeline</i>	- Many projects are in the pipeline in 2012 and 2013 (Jacob et al, 2014)	- The announcement of a robust project pipeline since 2005 (HM Treasury, 2015)	- The government lacks a credible PPP project pipeline. (ADB, 2012)
	<i>Develop foundation concepts</i>	- Construction and City Development from FMT in 2003	- Opinions and rules are relate minimum PPPs (Beh, 2010)	- Article 2 Decision No.71/2010/QD-TTg
	<i>Apply lessons from earliest deals to other sectors</i>	- In 2003, Wamow Tunnel is the first PPP project with a lot of lessons were learned (Jacob et al, 2014)	- Mid-1980s to 1990, power and water sectors projects led to PPP policy frameworks (Beh, 2015)	- Unclear
	<i>Start to build marketplace</i>	- Since 2003, PPP market has been built	- China’s PPP market is in the early emerging stage	- PPP market is primitive (Thang, 2017)
<b>Stage Two</b>	<i>Introduce legislative reform</i>	- The PPP Acceleration Act 2005	- Regulations on PPP (draft) - Circular on Deepening Reform of PPP	- The Decree 15/2005/ND-CP on PPP Investment
	<i>Publish policy and practice guidelines</i>	- The European Union Green Paper on PPPs (CEC 2004) - Federal Budget Code 2013	- Cai Jin [2016] No. 32 - Guiding Opinions, Measures in 2014, 2015	- Decree No. 30/2015/ND-CP - Circular No. 06 & 21 in 2016
	<i>Establish dedicated PPP units</i>	- Consultancies, “Partnerships” + Small PPP Secretariat in the central ministry	- PPP unit (PPP center) under the MOF	- PPP offices under MPI, MOIT - PPP office DPI of HCMC
	<i>Refine PPP delivery models</i>	- I, M, K, L, G, and E model (Guo et al, 2017)	- Pilot entrusted management; franchise model	- Not yet
	<i>Continue to foster marketplace</i>	- German PPP market was subject to considerable changes in 2017 (Bonhage & Roberts, 2018)	- PPP market is complex marketplace will continue to be the growth (EY, 2014)	- Unclear
	<i>Expand project pipeline, extend to new sectors</i>	- PPP Projects on Federal Highways; Higher education sector	- Not yet	- Not yet
<i>Leverage new sources of funds</i>	- Municipal loan; objection-free forfaiting (Jacob et al, 2014)	- Limited financing diversity (Thieriot, 2015)	- Not yet	
<b>Stage Three</b>	<i>Fully defined, comprehensive “system”</i>	- Some specific legislation; Driven by EU legislation.	- Some specific legislation	- Not yet
	<i>Legal impediments removed</i>	- PPP Acceleration Act 2005 remove obstacles and barriers	- Not yet	- Not yet
	<i>PPP models refined and reproduced</i>	- F model for the Albaumstieg in Baden-Wuerttemberg and the Weser crossing in Bremen	- Not yet	- Not yet
	<i>Sophisticated risk allocation</i>	- Certain risks transferred to the private contractor (Daube, 2008)	- The private contractors are at major risk	- The private contractors are at major risk
	<i>Committed deal flow</i>	- Unclear	- Unclear	- Unclear
	<i>Long-term political consensus</i>	- Political parties stated clearly that they would continue to use the PPP model (CDU, CSU and SPD, 2013).	- Unclear	- Unclear
	<i>Use of full-range of funding sources</i>	- Not yet	- Not yet	- Not yet
	<i>Thriving infrastructure investment market</i>	- Not yet	- Not yet	- Not yet
<i>Well-trained civil service utilizes experiences</i>	- Unclear	- Weak	- Weak	

Source: Author collected data

### 3.4. Differences in institutional change for PPPs

Institutional change for PPPs in Leipzig, Shanghai, and HCMC are similar but different at the same time. They share the same the context of a starting point and the common purpose to achieve the largest benefits from PPPs in their urban governance processes. However, the diversity in stages of PPPs development, the transformation of urban governance from closed to collaborative governance systems and the modes of urban governance proves that three cities are pursuing different paths (Fig.2).

Fig 2. Different pathways of Institutional Change for PPPs in Leipzig, Shanghai and HCMC



In three cities, there is a clear trend toward approaching the disappearance and decline of centralized socialist forms, as well as raising the expansion and reliance on the free market, and privatization, leading to decentralization and sharing power between the state and non-state sectors in urban governance highlighted by PPPs. As a finding of the paper, the “maturity curve” of PPPs in three cities is gradual, however, they are currently in different stages and governance methods. To begin with, HCMC is in a first stage where the PPP models account for a small number of the total public investment projects based on a very basic legal framework. Next, Shanghai reaches the mid-stage two where the institutional framework for PPPs is constantly being improved, and numerous projects promote its effectiveness in urban governance. Finally, Leipzig currently starts the phase three where PPP projects become significant based on well-performing institutions.

Through institutional governance systems perspective, can be seen that weak PPPs are often formed in closed urban governance system, like in HCMC, causing negative issues such as corruption and group interests. In contrast, in a system of collaborative urban governance, strong PPPs can be formed. This is the case in the Leipzig, with some of the fundamental ingredients of collaborative governance, for example, where PPPs are guaranteed by the joint effort of public, private and civil society. In addition, the system in Shanghai is a hybrid between open and some of the fundamental ingredients of collaborative urban governance, where PPPs can be coordinated decision-making in an unbalanced environment of actors.

In the urban governance modes, it seems that the model of Leipzig tends to managerialism with certain elements of corporatism, while managerial and clientelistic models are found for the governance processes related to PPP projects in Shanghai. In addition, the case study of PPPs in HCMC proves that their institutional urban governance still maintains a clientelistic model.

#### **4. Describe and profile the differences in institutional change for PPPs in three cities**

##### ***The Institutional Intermediation of Structural Context and Political Actors***

In terms of economy aspects, all three cities were important industrial centers of the countries during the Soviet era. At that time, they are the economy centrally planned, nevertheless, some actors still tried to reach the elements of the free market economy. This has helped them could adapt quickly in the urban governance of three cities after abandoning the centrally planned economy. However, economic transition in Shanghai and HCMC is unlike the process that took place in Leipzig. In Leipzig, the direct transformation from a planned economy to a market economy caused increasing unemployment and population shrinkage in the 1990s, while this transformation in China and Vietnam is more stable, they claimed to transform into the market-oriented economy, and stated that this process based on pragmatic experiences and perform gradually, beginning with microeconomic reform, then to be followed by macroeconomic reforms, furthermore, they clearly show that there is limited political reform in parallel with extensive economic reform. On the other hands, as the consequences of economic transformation, institutional change for PPPs in Leipzig is more radical than Shanghai and HCMC because the institutional framework for PPPs of Leipzig demonstrate that the free market is taken advantage for urban governance process, conversely, PPP institutional framework in China and Vietnam tends to maintain state power. As a consequence, a corporatist form in PPPs is necessary for Leipzig in order to collaborate with the private actors in the free market. On the other hand, the strong managerial modes are the main trend of PPPs in Shanghai leading to an open governance system in cooperation among stakeholders. As a clientelistic model, HCMC tends to follow a closed governance system.

State restructuring after Soviet-era also affected the institutional change of PPPs depending on the shift of scales of authority and practice in from centralization to decentralization in politic, administration and fiscal in three cities. Firstly, in the case of Leipzig, the state restructuring relates among adapting with the system of federal-state (federal, state, city) toward local autonomy and self-government within local PPP projects. Moreover, this process also relates to upscaling of the state structure to international levels because “the European Union, in particular, has affected urban governance in its member states” (DiGaetano & Strom 369) toward transparent, competitive and efficient. Moreover, the financial support from the EU and national level is declining leads to an increase in the demand for PPPs. Secondly, the central government transfers the part of its decision-making to local governments in Shanghai to reinforce the control on local PPP projects. The local government is clearly defined as a municipal government with a typical hierarchical organization for PPP projects. Moreover, the Shanghai Municipal government also transferred some relevant decision-making power to the district or county level. In their governance models, there are pieces of evidence for institutional change to support the private partner as their “clients” together with managerialism modes. In case of HCMC, the decentralization process for PPPs seems to be limited, namely, institutions maintain the power of the central government, local autonomy is affected by a decision of the central authorities of senior personnel, and dividing the annual budget. In addition, the functions and tasks of municipal government are not yet a clear and specific system. Therefore, in the

context of highly centralized state structure, and institutional weaknesses are constraining the development of PPPs.

### ***Cultural Intermediation of Structural Context and Institutional Milieu***

As the argument of DiGaetano and Strom (2003), political culture mediates or filters the effects of economic and political change on the institutional milieu of urban governance. In the case of three cities, their political cultures still have influenced by socialist legacy with the conflict between statism and privatism as the mixed political cultures. However, the mediating effects of the political culture of each city depending on where they and their country lie on the continuum between statism and privatism. Since German reunification, after a period affected by statism, privatist political cultures have returned and thrived which facilitate impacts of PPPs. Conversely, the contradiction between weak privatism and strong statism in the early stages of reform in China and Vietnam blunted or diluted beneficial institutions of PPPs.

Different combinations of structural aspects and cultural settings can furnish different environments for the development of local political institutions and modes of governance (DiGaetano & Strom, 2003). Highly devolved statism culture in Germany promotes institutional change for decentralization of PPPs in Leipzig stronger. In contrast, the centralism cultural, steeped in the deep-rooted patriarchal tradition and communist system, hampers institutional change in the direction of strong decentralization and empowerment in PPPs in China and Vietnam.

In fact, lacking a tradition of local government, it is doubtful that cities will be able to achieve “synergy effects” in their governance process, which means that process outcomes and benefits will not balance but skewed towards private firms. All three cities have their own traditional political culture identity which affects the institutional change in the process of public-private partnership. In details, the tradition of transparency in Leipzig’s political culture can make institutional changes in the direction of balance the interests of stakeholders in PPP projects. While the tradition of irresponsibility and ambiguity in management in HCMC create an institutional change in the favour of interest groups in PPP projects.

### ***Institutional Intermediation of Culture and Political Actor***

According to DiGaetano and Strom (2003), political actors as either agent of institutional change or as resisters to that change (p.374). In three cities, institutional change can be explained as responses by both political actors and citizens in the contexts of wider socio-economic transformations after the failures of the Soviet model and globalization process.

In the first periods of the transition process, the leaders in three cities played an important role as agents of institutional change toward urban governance. They promote the institutional change through negotiation with the government through practical experiences and the necessary political skills, this can be clearly observed through the case of Shanghai and HCMC in their first stage of the reform process. In some cases, however, they may seek to resist institutional change. Because there is the strong effect of traditional institutional socialist, the political actors in Shanghai and HCMC tend to against the institutional change toward the absolute expansion of partnership formation and collaborative urban governance for PPPs, meanwhile, it is the opposite in Leipzig, they tend to accommodate institutional change toward partnership formation and corporatist modes of PPPs governance.

Moreover, structural change also has influenced greatly the sorts of coalitions that political actors construct in PPPs. The local election in Leipzig in May 1990 started the transition from a totalitarian state to a democracy, led to construct the political coalitions. The expansion of the free market, as well as the integration into the EU, has affected the sorts of coalitions that political actors construct in order to improve the interests of voters lead to

transparency and efficiency in PPPs. In contrast, as the case of the one-party system in China and Vietnam, instead of forming coalition partisan, the changes in structure has affected their coalitions based on interest groups, and local. Thus, interest group coalition through informal institutions poses major challenges for Shanghai and HCMC in terms of transparency and anti-corruption in PPPs.

## **5. Conclusion**

This paper focuses on the differences in institutional change for PPPs in Leipzig, Shanghai, and Ho Chi Minh City and to describe and profile such differences. The differences in institutional changes for PPPs between three cases are related to differences in the transformation of urban governance from closed to collaborative governance systems, and stages of PPPs development. In three cities, Leipzig stands in the highest hierarchical level of all comparative elements meanwhile HCMC is opposite.

Based on the integrated approach of DiGaetano and Strom, there are three main results point out the reason for the difference in institutional change for PPPs of three cities. Firstly, institutional change in Leipzig fully exploits market values for PPPs to reinforce the trend toward managerialism and corporatist, while PPP fields in Shanghai (clientelistic and managerialism) and HCMC (clientelistic) tends to delay the process of governance to retain state power. Secondly, because of a strong privatist political culture, institutional change in Leipzig encourages PPPs based on corporatist modes of governance while raising statism makes privatism weaken led to clientelism PPPs of Shanghai and HCMC. Thirdly, structural change also has affected greatly the sorts of coalitions that political actors construct. Accordingly, institutional change in Leipzig ensures transparent, while, as the one-party system, current institutions in Shanghai and HCMC create coalitions according to group interests in PPP projects.

Throughout the whole institutional transformation process, the collaborative governance currently emerges as a potential structure for managing of PPPs in post-socialist urban governance, regardless of the current stage of the implementation of PPPs. However, in the three case studies, Leipzig is the only city that can approach collaborative governance on the fundamental level. In order to gain more benefit from PPPs in post-socialist urban governance, this paper draws up some recommendations:

(1) To determine whether collaborative governance better suited than others to manage PPPs in post-socialist cities requires further research which can apply multi-disciplinary or trans-disciplinary research in different context, cultures and stakeholders involved.

(2) Approached collaborative governance should depend on the priorities of that city within a rational and comprehensive strategy.

(3) To ensure the resulting outcomes of collaborative urban governance, cities should pay attention to the conditions that form institutional arrangements in order to build the trust and capacity for all stakeholders.

(4) Implementing collaborative governance need to avoid that “good ideas turn bad” because of ritualistic and effectively mask underlying political processes.

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