

Introductory remark





Major Points of the Shanghai Seminar

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Introduction

The Shanghai seminar was to be the fourth last of a series of four seminars held between November 2001 and April 2003 to analyze how urban services can be set up in sustainable conditions. The 2001-2003 program approached water supply, sanitation and waste management in 15 Pacific Rim agglomerations: Manila (Philippines), Jakarta (Indonesia), Hong Kong (P. R. China), Bangkok (Thailand), Cartagena de Indias (Colombia), Mexico Valle (Mexico), Santiago de Chile (Chile), Bora-Bora (French Polynesia), Port Vila (Vanuatu), Noumea (New Caledonia), Apia (Samoa), Suva (Fiji), Adelaide (Australia), Chinese Taipei and Shanghai (P.R. China). Representatives of the governments, the local authorities, the enterprise and the civil society explained how they manage urban services in their agglomerations and how these services are integrated in their urban and economic strategies. Researchers evaluated these processes and their impacts.

Unfortunately, the Shanghai seminar had to be cancelled due to the SARS epidemic. Luckily, thanks to the hard work done by all the lecturers, the full papers were sent before the seminar. Therefore, this publication is made up of all these lectures, but, unlike the other reports, it doesn't contain any discussion.

The Shanghai seminar's material completes the outputs of the three previous meetings. A first synthesis can be proposed and we will see further

in the text how the Adelaide, Chinese Taipei and Shanghai examples enrich this first synthesis. This synthesis can be organized around four major themes.

Short Synthesis of the Hong Kong, Santiago & Noumea Seminars

The quality of urban services – water, sanitation, waste management – must be judged in the light of the improvements they bring to the agglomerations, to the benefits they bring to the populations and to the economic improvements they stimulate. Urban services serve the city.

This quality can be measured in terms of:

- social sustainability. Adapted tariffs to help the poorest populations have access to essential services (*Latin America*), techniques and administrative arrangements to reduce costs (*Manila*), are elements that work in favour of this sustainability. NGOs play an essential part in the implementation processes of urban services.
- Environmental sustainability. Environmental issues awareness is directly related to the countries' GDP. Environmental quality is achieved through step by step and realistic improvements: step by step standards, step by step techniques... (*Hong Kong, South Pacific Islands...*)

Public authorities are key actors of the implementation of quality urban services.

- At the national level, by proposing strategies for the whole country, by clearly breaking down the

responsibilities between national and local levels and by implementing the subsidies, incentives and financial frameworks that will enable to implement these strategies (*Colombia, Samoa...*)

- At the local level, by defining the major urban orientations, by setting up the means necessary to implement them: step by step prioritization of the objectives, administrative organization to avoid the scattering of responsibilities, transparency of decisions, financing and partnerships (*Hong Kong, Santiago...*).

The quality and the efficiency of the services implemented depends on the quality and efficiency of these national and local authorities. This means capacity building is essential.

Banks and private enterprises, partners of local authorities, can contribute to the implementation of services and to their quality.

- In developing countries, funds (WB, EU...) enable to initiate « virtuous » public policies (*Pacific islands*) or to secure private enterprises' investments (*Cartagena de Indias*). Some cities obtain loans from banks to finance their own public enterprises.

- Many cities sign contracts with private enterprises for financial reasons, to save their investments for less competitive sectors, to make sure they obtain a good governance of their services and to benefit from international savoir-faire.

- Service contracts (*Mexico*), affermages (*Cartagena de Indias*), Design Build Operate-DBO (*Hong Kong*), Build Operate Transfer-BOT, concessions (*Manila, Jakarta*) are all types of PPP that correspond to different degrees of involvement and investment from public authorities and private enterprises. The contracts signed are quite clear regarding each party's responsibilities, objectives to be reached, financing, resources and risk sharing.

- Risk sharing - financial, social, political as much as technical ones – is at the heart of all contracts. Some are shared between the contracting parties, others require international insurances (MIGA), others still are still not covered (sudden devaluations...)

- The regulator plays an essential part. Regular assessments enable him to monitor and to contribute to the evolution of certain terms of the contracts. He settles disputes. For major conflicts, international institutions can be called upon (UNCITRAL...). Depending on the countries' maturity, the regulator/regulating authority can be the national or local authorities themselves, an entity belonging to the local authorities (*Manila*), an independent organization made up of experts (*Jakarta*).

The quality of services depends on good governance by all the stakeholders

- Services and contracts are designed for the long run: their performances must be good, realistic and acceptable by all, today and tomorrow. Exterior conditions can change at any time. Flexibility in contracts, renegotiations (of tariffs, risks...) must thus be integrated, as well as reversibility.

- Many services are not profitable if applied to one city alone. Federations of municipalities (*Noumea's SIVU*), contracts between different authorities or between neighboring countries enable either economies of scale or to approach the problems at the right dimension (Water Management Basins). Grouping water and sanitation services inside one sole entity follows the same principle.

- Urban services are first and foremost local services that are considered differently according to cultures and governance modes. Local solutions must be developed with NGOs (*Manila*) and it is essential to contribute to structuring regional development banks to favor local SMEs.

- The participation of all the stakeholders is essential to progressively build up systems/structures that will stand the test of time. One must move from PPP to PPPP, a term that includes the "People" as essential stakeholder in the implementation of sustainable urban services.

This governance rests upon all the stakeholders' competence, honesty and involvement. Training institutional and political stakeholders, educating populations (and particularly through

women and children) are particularly pertinent levers to improve sustainable urban services and life conditions for everyone.

Major Items Developed in the Shanghai Seminar Papers

The Adelaide and the Chinese Taipei cases stress the pre-eminent role of the public authorities at the national and local level and on how these two levels have well defined roles. The Shanghai case is exemplary in the sense that it is the first agreement in which a Public Authority shares the management of an urban service with a private enterprise.

Powerful Public Authorities

The examples show two different kinds of public authorities' involvement:

- in Adelaide, the system described concerns the pre-eminent role of the Public Authorities in managing the day to day urban improvement.
- in Chinese Taipei, the papers focus on the system set up for improving the whole waste system from at the source reduction to zero landfill objectives.

For both cases the complete systems required for efficient results are described. The first one (*Adelaide*) focuses on the whole region, the second one (*Chinese Taipei*) on a targeted problem and how the whole system functions.-

In Australia, the roles are well shared between national, regional and local authorities. The Central Government defines the large strategic objectives, the laws ruling the different action fields (environment, urban planning), the financial incentives to orient the implementation of the strategic orientations. The Region and the Municipalities are the true managers. They define the local policies, the aims to be reached, the means to reach them, the financing and the partnerships that will help the move towards a more sustainable city. In comparison with most of the other cases

studied during this cycle of seminars, one of the major interest of the Adelaide example is the fact that water services have remained in the hands of the Region (which is at the right scale to treat this problem) and that well defined and specific outsourcing contracts have been signed with the enterprises. The Public Authority is in total control of the situation and of the financing mechanism in the long term and the enterprise is chosen according to its international technical input.

In Chinese Taipei, the policy implemented is exemplary in the sense that a Public Authority implements a series of means to totally master the improvements in one sector (waste) and this is done phase after phase in order to have realistic financial policies and improvements that can be accepted and finally supported by all: Public Authorities, of course, enterprises, manufacturers and detailers, and inhabitants. The whole panel of public means is then displayed: laws, standards, technical assistance, special funds but also control and regulation mechanisms and organizations that enable to check how the objectives are progressively reached. In Chinese Taipei also, the City of Taipei also implements a very voluntary policy for the management and the reduction of household waste: sorting out, recycling free of charge to encourage it, reduction of pollutants at the source along side very important sensitization campaigns.

The City of Shanghai has long shown its dynamism and its will to be one of the major world metropolis. As China enters the WTO, Shanghai has decided to move further in the adoption of modern management of its urban services. It is the first Chinese city to sign a water distribution/supply concession for one of the major Shanghai districts, Pudong. It differs greatly from the contracts signed in the other two cities in the sense that one part of the assets have been bought by the enterprise. In this case also, Public Authorities steer.

Questions and solutions at the right scale

Adelaide has implemented a series of organizations to manage its territory and its services at the right/appropriate scale, such as the Interstate Catchments Water Management Board whose competence limits follow that of the River Murray basin. The ecological footprint of the city is thus considered. In Chinese Taipei, “cross city cooperation programmes” are set up to optimize the waste disposal plants. Many examples reveal the pertinence of such approaches.

But this concern to treat the right questions reveals itself also in the fact that, in Adelaide, for instance, the issue of water is often treated as part of a larger policy. Thus, urban policy, and particularly urban development, takes into consideration the issues linked to water and defines its constraints; the environmental policy integrates the issue of water which becomes one of the parameters; the creation of a new experimental district articulates itself with the water expansion basins policy; environmental policies support economic development... They are integrated policies.

The same way, the policies described for Chinese Taipei are sectorial policies (waste management) but they integrate all the components needed to reach ambitious objectives: strong public authority involvement, control and incitement policies for the enterprises, education, incitement and fines for the users. The polluters pay principle is implemented everywhere possible. Only such integrated systems allow to implement pro sustainability policies.

Advanced techniques

Adelaide and Chinese Taipei have estimated that technical progresses were one of the essential components to reach their objectives. They have both taken important measures to become places of advanced technological innovation and of realistic and well accepted implementation of these techniques: it is a fact that innovative techniques can become pertinent only if they

are economically viable and socially acceptable. Pilot projects are then promoted to test the applicability of the concepts. The contract signed between Adelaide and United Waters very explicitly mentions that an advanced Research and Development programme is one of its obligations.

Strong involvement of all the stakeholders

In Adelaide as much as in Chinese Taipei, all the stakeholders concerned by urban services are largely involved to lead together these sustainable development policies. Major awareness campaigns, great festive events are organized by the local authorities during which a strong sensitization to the waste issue is made...

Beyond this sensitization, active participation of all the users to the policy the Public Authorities intend to lead is stimulated and even becomes necessary for this policy to be a success: asking people to use less water, selected waste disposal, pollution reduction at the source (no more plastic bags in Taipei...).

The polluter pays principle is applied, even for each user: thus, in Taipei, each household is obliged to buy the bags in which household waste is collected.

organism that enables to make projects, people's minds and decisions evolve in a realistic and shared way, thus in a sustainable way.

Conclusion

Thus, the three cases that were to be presented during the Shanghai seminar strongly contribute to enrich the material already collected these last two years. These inputs allow to measure how much urban quality rests first and foremost in the hands of the Public Authorities, in their ability to implement complete decision, financing, partnership, outsourcing, technological innovation and participation systems which, all put together, lead to pro sustainability policies. ■