



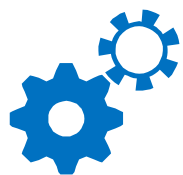
# PPPs in Shanghai

**Liu Kun** *Deputy General Manager*

---

Email: [liukun@fsc-sh.com](mailto:liukun@fsc-sh.com)

**Shanghai Green Urban  
Financing and Services Co., Ltd**



# CONTENTS

01

Profile of PPP in Shanghai

02

Experiences and Challenges

03

Some Suggestions







**01**

PART 01

# Profile of PPP in Shanghai

## 1. PPP Agenda in Shanghai

**1994-1999**

**Start & Trial**

Pilot projects to loosen financing shortage in transport and water

1994

**2000-2005**

**Speed up & Enlarge**

Key Projects to Restructure infrastructure System, seeking for financing and expertise

2000

**2007-2014**

**Regulate & Legislation**

Regulations to guide high quality operation of PPP Projects

2007



## 2. PPP Project Framework

Scopes		Authorities	Numbers
Highways		Municipal Transport Committee	15 (Sections)
Water & Wastewater		Water Authority/ EPB	16
Sanitations	Wastes	Municipal Greenery Bureau	11
Gas		Municipal Construction Committee	2

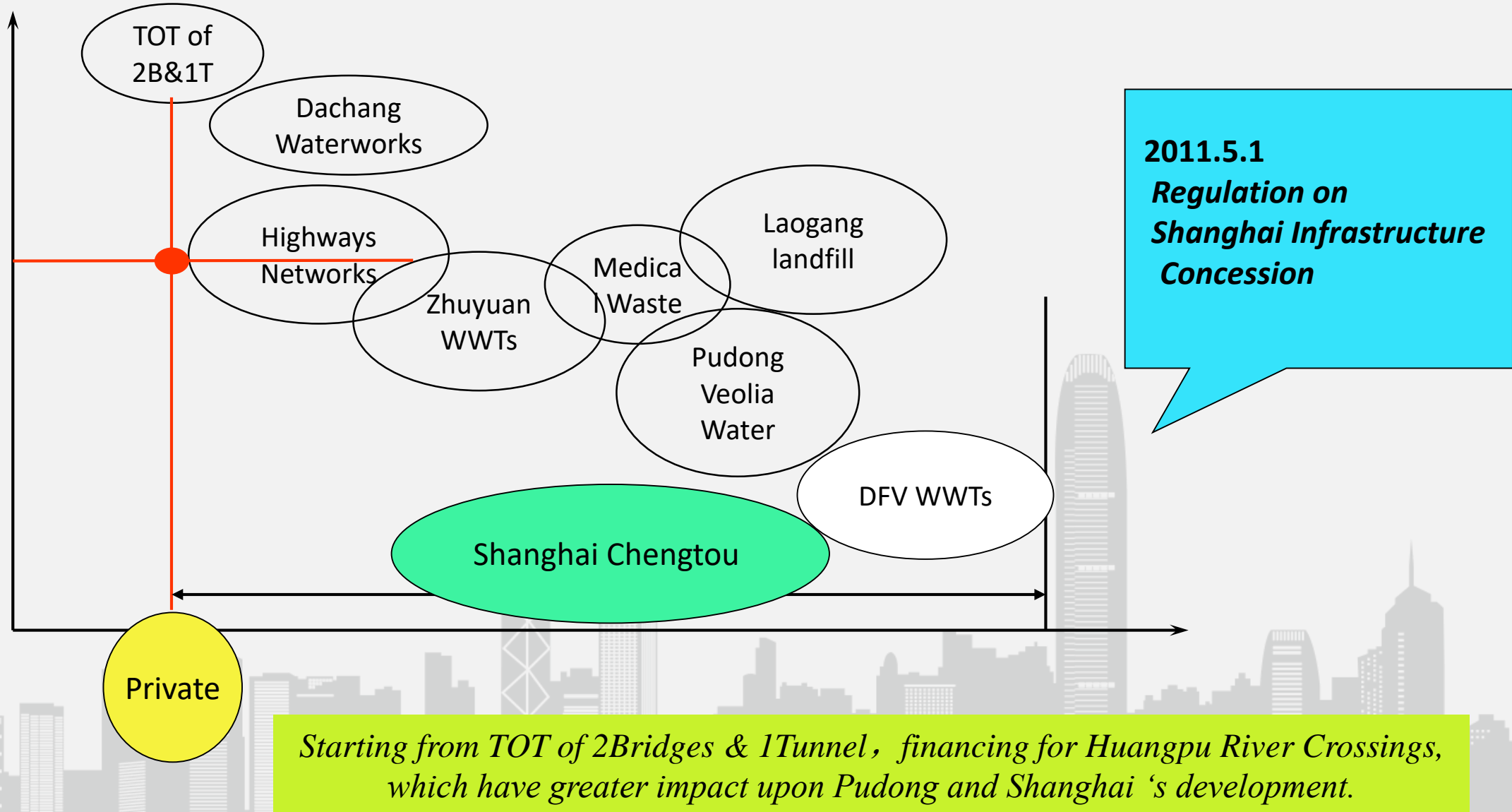
Yangtze Bridge & Tunnel  
G1501Highwy  
5 Downtown Bridges  
&Tunnels  
....

Dachang Waterworks  
Pudong Water  
Zhuyuan WWT1,2  
Suburban WWTs  
....

Laogang Landfill  
Medical Waste Center  
Jiangqiao Waste Plant  
....

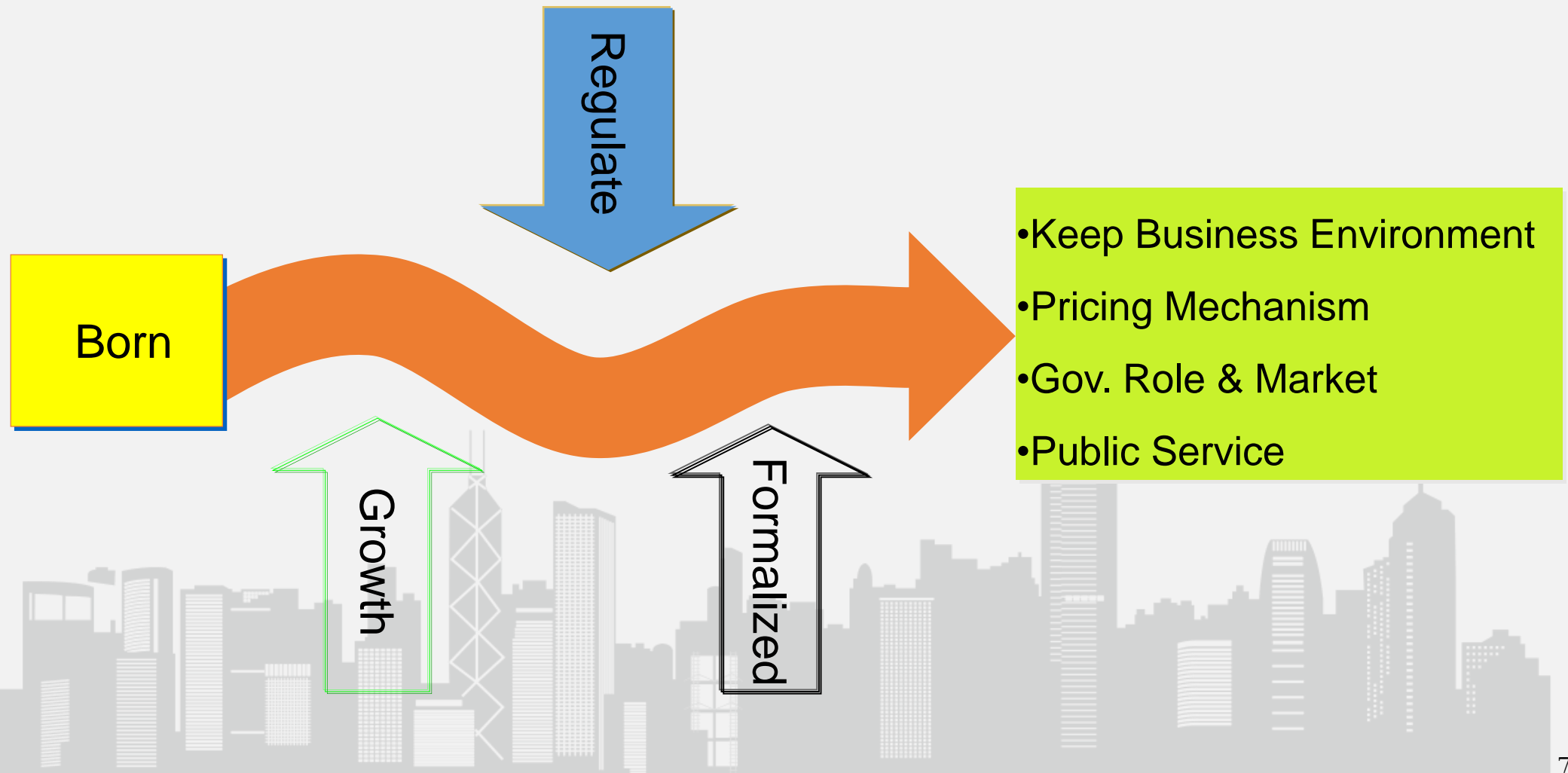


## 3. PPP Milestone in Shanghai





## 4. PPP Path in Shanghai







### 5. Key Points in Shanghai Infrastructure Concession Regulation

- **Purpose:** Regulated Governance, High Quality Service, Public Interest, Private Interest
- **Definition:** Government Select and Authorize private sector
- **Scope:** water supply, Gas, Waste Water, Municipal Waste, Express and Highways, Rails
- **Method:** BOT、TOT and others
- **Concessionaire Selection :** Competitive Bidding or Dialogue
- **Payback:** User pay, Subsidisation and other revenue.
- **Tariff and Pricing:** by Government, according to Laws and Contracts
- **Concession Period:** Less than 30 Years
- **Transparence:** Business plan, Financial Plan and Accounting Report
- **Standardized Contract**
- **Change Mechanism**





### 6. PPP Case of Pudong Water with Veolia (2002), ten years after...

	2002	2012	$\Delta$
<b><i>Service area(Km<sup>2</sup>)</i></b>	319	672	+110%
<b><i>Pipeline Length (Km)</i></b>	1,975	3,966	+101%
<b><i>Meters of Users</i></b>	573,000	1,109,117	+94%
<b><i>Water sales (Mill.m<sup>3</sup>)</i></b>	277	401	+45%
<b><i>Staff Numbers</i></b>	1,205	1,186	-2%

A person's hands are shown using a white tablet computer. The tablet is held over a set of architectural blueprints. In the background, a small white model house with a red roof is visible. The scene is set in a professional office environment, likely related to architecture or real estate.

**02**

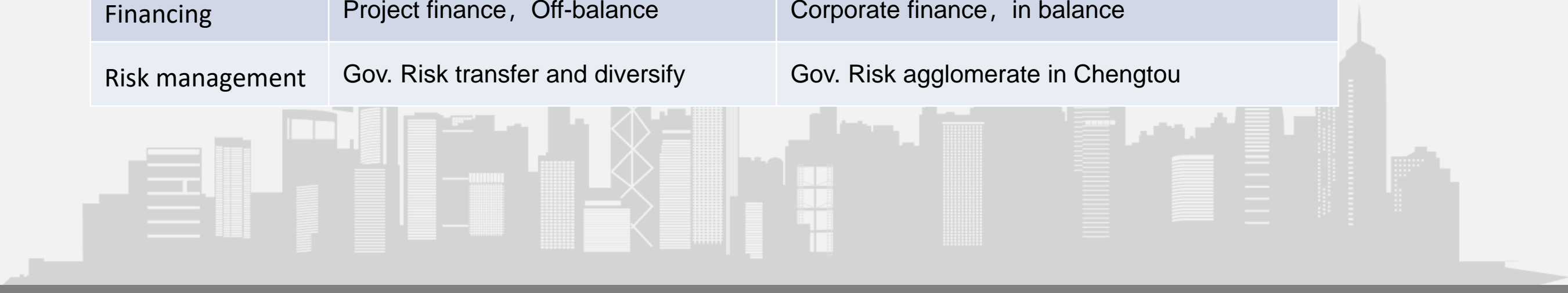
PART  
02

## Experiences and Challenges

**1. PPP Benefits, beyond money (Compare with Traditional Way)**

Comparison btw.PPP and Traditional (Chengtou) way

	PPP	Traditional (Chengtou)
Project Border	Fixed and Clear	Changable and unclear
Cost Control	easy	difficult
Financing	Project finance, Off-balance	Corporate finance, in balance
Risk management	Gov. Risk transfer and diversify	Gov. Risk agglomerate in Chengtou



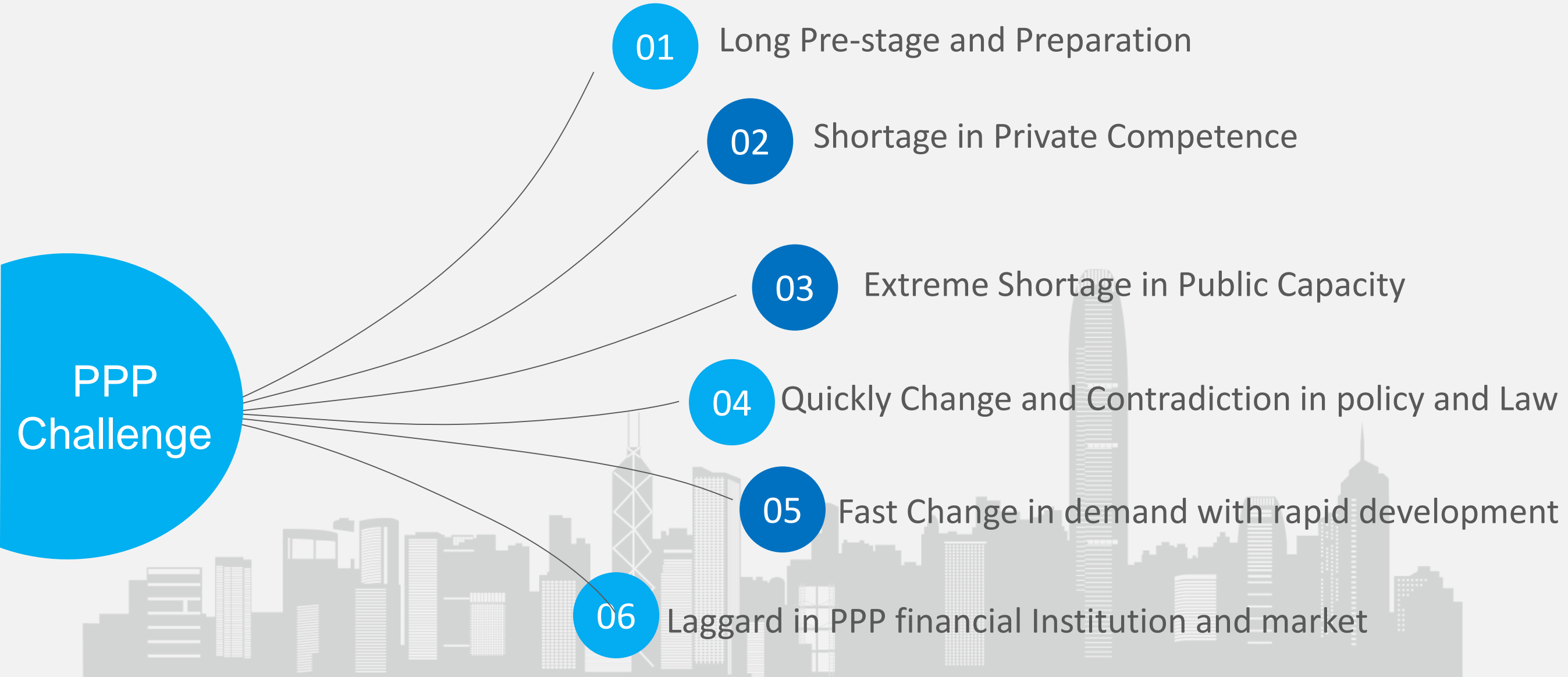
**2. PPP challenges and limits, beyond money (Compare with Traditional Way)**

Comparison btw.PPP and Traditional (Chengtou) way

	PPP	Traditional (Chengtou)
Goals btw Gov.& Private	Private low Standard, Private low input, high profit	Chengtou high Standard Chengtou high input ,low profit
Readjust Mechanism	Difficulty in Contract and tariff renegotiation Pay 1st, Service 2nd	Chengtou readjusts according to Gov. ANY TIME! Pay 2nd, Service 1st
Moral Hazards	Incomplete Contract, Information Asymmetry, Intensive monitoring	No Contract, No Information Asymmetry, No Intensive monitoring
Sustainability	Success in Business	Success in Projects



### 3. More Challenges and Limitations in PPP, within China





A man and a woman wearing yellow hard hats are looking at a large set of blueprints. The man is on the left, wearing a blue shirt, and the woman is on the right, wearing a white shirt and has a long black braid. They are in a bright, indoor setting with a window in the background.

**03**

PART 03

## Some Suggestions



## PART 03 Some Suggestions

Enhance Capacity Building,  
both to Public and Private

Reschedule Project Procedure,  
let private say, plan and design



Adapt Financial Institution  
to PPP ways

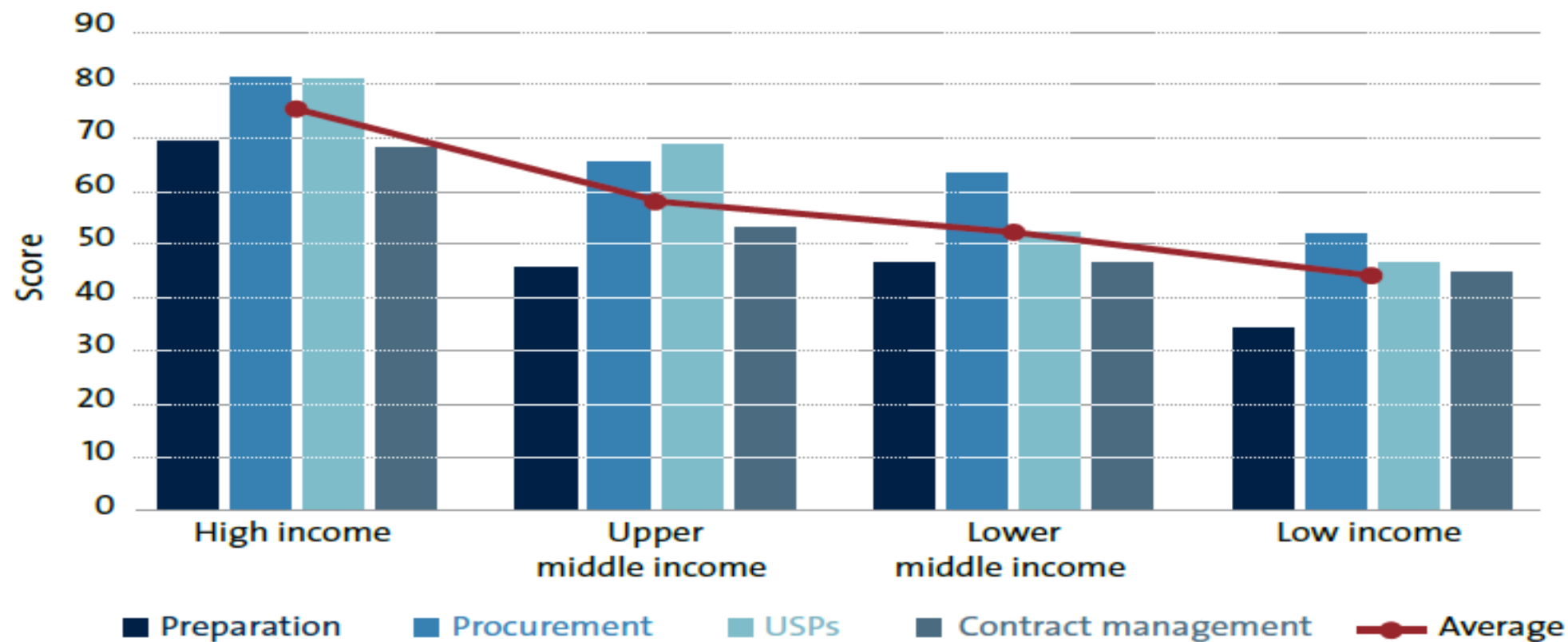
Cultivate Market Actors,  
obliterate regional walls



## PART 03 Some Suggestions

### Comparison of various stages of PPP by income level proposed by the World Bank PPIAF

**Figure ES.1** *Benchmarking PPP Procurement scores by area and income-level group (score 1–100)*



Source: *Benchmarking PPP Procurement 2017*.

Note: PPP = public-private partnership; USP = unsolicited proposal.



A photograph of two men in a construction setting. The man on the left wears a white hard hat, glasses, and a black long-sleeved shirt. The man on the right wears a yellow hard hat and a white suit with a blue tie. They are both looking down at a set of blueprints spread out on a wooden table. The background shows wooden structural elements of a building under construction.

# Many Thanks



---

2019.9.17