

MAKING CITIES WORK

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Urban Policy and Infrastructure  
in the 21st Century

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## Urban Policy and Infrastructure in the 21st Century

Proceedings of the Urban Policy Workshop  
in the People's Republic of China

Asian Development Bank

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# CONTENTS

Foreword .....	vii
Preface .....	xi
Abbreviations .....	xv

## INTRODUCTORY SPEECHES

Welcome Address .....	1
WANG GUANTAO	
Keynote Address .....	5
ZHAO BAOJIANG	
Keynote Address .....	7
HANS-JUERGEN SPRINGER	

## THEME PAPERS

Urban Policy Perspectives in the Context of Market Reform .....	15
ANDREW HAMER	
Management of Urban Development .....	29
WANG JINGXIA AND YU LI	
Urban Environmental Management .....	43
SHAO YISHENG	
Urban Finance .....	57
WEI YAN	

## CITY PAPERS

<i>Urban Water Supply</i> Integrated Urban and Rural Water Supply and Sanitation .....	81
JIANGYIN MUNICIPAL GOVERNMENT	
Foreign-funded Water Supply Projects .....	87
LUOYANG MUNICIPAL GOVERNMENT	

Urban Water Supply in the 21st Century .....	93
NANCHANG MUNICIPAL GOVERNMENT	
Market-Oriented Operation of Urban Water Supply .....	101
NANPING MUNICIPAL GOVERNMENT	
<i>Urban Environmental Management (Wastewater and Solid Waste)</i>	
Speeding Up Urban Pipeline Construction .....	111
BEIHAI MUNICIPAL GOVERNMENT	
Waste Management .....	121
EZHOU MUNICIPAL GOVERNMENT	
Solid Waste Management .....	129
HOHHOT MUNICIPAL GOVERNMENT	
<i>Urban Transport</i>	
Urban Development and Transportation Policies .....	141
KUMNING MUNICIPAL GOVERNMENT	
Urban Transport in the 21st Century .....	145
SHANGHAI MUNICIPAL GOVERNMENT	
Urban Transportation .....	155
TIANJIN MUNICIPAL GOVERNMENT	
Modern Transportation System in the 21st Century .....	161
WUHAN MUNICIPAL GOVERNMENT	
<i>Urban Infrastructure Development</i>	
Developing Medium-Sized Cities' Infrastructure .....	169
PANJIN MUNICIPAL GOVERNMENT	
Urban Infrastructure Development in the 21st Century ...	177
XIANYANG MUNICIPAL GOVERNMENT	
Closing Remarks	
CHEN WEIBANG .....	185
ASAD SHAH .....	187
Appendix A: Schedule .....	191
Appendix B: Participants .....	195

## FOREWORD

**T**hroughout the modern age, cities have been described as “engines of national economic growth” for most countries, with urban populations growing in parallel with increases in national income. This trend has been particularly pronounced in the Asia and Pacific region, representing a massive demographic and economic transition and bringing to the fore the challenges of developing sustainable, efficient, and equitable cities.

For the People’s Republic of China (PRC), the challenges are formidable. Concurrent with the relatively high economic growth of the past 20 years, the PRC’s urban population has been growing rapidly, increasing from about 190 million in 1980 to 360 million, or 29 percent of the population, in 1998. These estimates exclude the “floating” population—transient workers, traders, and farmers—which has grown rapidly in the last 10 years in larger cities and was estimated to comprise between 70 million and 100 million people in 1996. At the same time, continuous rural-to-urban migration is on the rise and expected to continue in the foreseeable future. About 700 million people, equivalent to 45 percent of the population, are expected to live in cities by 2010.

Growth of the urban economy and rapid population increase have placed pressure on an overloaded urban infrastructure, while increasing the threat of a diminished quality of life, exposure to pollution, and a rise in urban poverty. The growing need for basic urban services is increasingly constraining the physical and financial capacity of most cities to provide adequate infrastructure for clean, safe water supply, proper sanitation and drainage, adequate, affordable housing, and efficient urban transport. This has led to a deterioration of the quality of life for many urban residents, degradation of the urban environment, and inefficient economic development. It is generally accepted that large-scale investments in the urban sector will need to be steadily increased in the foreseeable

future to improve living conditions of urban residents and to sustain economic growth. This immense task must be accomplished while the PRC continues its structural transition from a planned to a market economy.

To date, the Government's strategy and support for the urban sector has focused mainly on water supply and sanitation, and investment in the sector has been increasing. To enhance sustainability, the Asian Development Bank (ADB) and the Government have collaborated on water sector policy reform, focusing on (i) improving cost recovery and tariff reform, (ii) strengthening the legal and regulatory environment, (iii) improving environmental management through wastewater treatment, (iv) increasing focus on resource management, (v) strengthening management of water resources, and (vi) promoting corporate governance. ADB has provided nine loans, totaling more than \$1 billion, and 52 technical assistance projects, totaling more than \$27 million, in water supply, environmental improvement, and wastewater management.

Increasingly, the Government recognizes the need to address urban development issues in a holistic manner, and is exploring the possibilities of utilizing international assistance for this purpose. It is in this context that the PRC: Urban Policy Workshop was conceived as a forum to discuss urban development issues with the authorities from selected cities and provinces. The objectives of the workshop were to assist the Government to (i) identify and discuss urban development trends, conditions, and issues; (ii) provide background information and material to formulate urban policies in support of private sector investment; and (iii) provide ADB with information and recommendations to formulate future assistance strategies in the urban sector and identify areas for policy dialogue. The workshop involved the presentation and discussion of 4 theme papers and 14 city papers, which are presented in the following text. The workshop provided an important venue for networking and for exchange of ideas and lessons learned.

We are therefore pleased to recommend this publication to those interested in the forces of urbanization and change that are

transforming the urban sector, and in the views and perspectives from national agencies and local governments that are at the forefront of the PRC's transformation.

ZHAO BAOJIANG  
*Vice Minister*  
*Ministry of Construction*  
*People's Republic of China*

NIHAL AMERASINGHE  
*Director*  
*Agriculture and Social Sectors*  
*Department (East)*  
*Asian Development Bank*

## PREFACE

The Urban Policy Workshop, held in Beijing, People's Republic of China (PRC), from 7-9 September 1999, provided a unique forum for exchanging urban policy perspectives and listening to officials from PRC cities themselves on the challenges and issues they face. The workshop was sponsored by the Ministry of Construction (MOC) and the Asian Development Bank (ADB).

The objectives of the workshop were to (i) provide a forum to exchange views and ideas on urban policy, urban management, finance, and the environment; and (ii) to enable officials from selected cities to present priority projects and programs they are planning to implement in the sectors of water supply, wastewater, solid waste, and urban transport.

The workshop brought together over 80 participants, comprising senior officials and delegates from central, regional, and local agencies of the PRC, and representatives from international assistance agencies. The workshop followed a format consisting of theme paper and city paper presentations, followed by open plenary sessions. The four theme papers covered the key areas of urban policy, urban management, finance, and the environment. The 14 city papers dealt with four subsectors: water supply, wastewater and solid waste, urban transport, and urban infrastructure.

Zhao Baojiang, vice minister, MOC, and Hans-Juergen Springer, deputy director, ADB, made the opening remarks and welcomed participants. Mr. Zhao stressed that the Government's continuing economic reform, open-door policy, and large investments in urban infrastructure would help to improve the urban environment and promote economic progress, but that construction of projects has been unable to keep pace with demand. As a result, some cities are plagued with traffic congestion and deteriorating environmental conditions. Mr. Springer noted that cities must be aware of, and then capture, the opportunities to become well managed and livable. He emphasized that the long-term livability

of cities, and the level of quality of life to be enjoyed by urban residents, will depend on the ability of city managers to both improve existing infrastructure and meet future demands.

The first day of the workshop focused on the theme paper presentations, with discussions on urban policy in the context of market reforms, urban management, environmental management, and key finance issues confronting PRC cities. It was noted that there is much to learn from the experiences of other Asian countries in the areas of urban governance, urban management, and finance options, as well as the increasing role of private sector investment. The changing role of cities was highlighted, from provider of urban services to enabler and facilitator of the private sector. Urban poverty was identified as an emerging problem that must be addressed.

The second day of the workshop was devoted to the presentation by city officials of their development visions, the constraints and problems they face, and the strategies they have devised to meet the growing demand for infrastructure. The information and networking opportunities provided by the presentations and discussions enabled ADB to forge relationships, strengthen its policy dialogue, and further develop its pipeline of local and technical assistance activities.

The third day of the workshop included a panel discussion on international assistance in the urban sector in the PRC, with representatives from the World Bank, ADB, and the United Nations Development Programme, with an open question-and-answer period for city officials to learn more about the institutions. In the afternoon, time was provided for “one-on-one” meetings between ADB staff and city officials, to explore potential projects of mutual interest and explain processes and procedures. Closing remarks were made by Chen Weibang, chief planner, MOC, and Asad Shah, manager of ADB’s Water Supply, Urban Development and Housing Division (East).

We would like to express our appreciation to all participants, whose professionalism and enthusiasm contributed to the success of the workshop. Special thanks are due to the authors of the theme

papers, and to the officials from local governments who presented their vision of the future of their cities.

The presentations included in this report have been edited for publication. It should be noted that the opinions expressed in the theme and city papers are those of the identified authors and do not necessarily represent the views of the Government of the PRC and ADB.

Among the MOC staff members who assisted in the workshop and its proceedings, special thanks are due to Yang Luyu, director general; Chen Weibang, chief planner; Wang Tianxi, deputy director general; Li Zhe, deputy director; Liu Chunsheng, Zhao Huizheng, and Liu Zhiqi, directors; and Lim Limin. Among the ADB staff, special thanks are due to Hans-Juergen Springer, deputy director, who led the ADB team to the workshop. Thanks are also due to Matthew Westfall and Seichiro Akimura, for their inputs in organizing the workshop; Wei Yan, Muriel Ordoñez, and Karen Revilleza for their assistance in editing the presentations; and the workshop secretariat, translators, and assistants who worked tirelessly to make the workshop successful.

ADB and MOC take great pleasure in presenting these proceedings as a continuing process of exchanging ideas and information on PRC's urban future. It is hoped the output will contribute to an important dialogue on making PRC cities work as sustainable, well-developed urban centers that serve as "engines of growth" while contributing to an improved quality of life.

ASAD SHAH  
*Manager*  
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*and Housing Division (East)*  
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## ABBREVIATIONS

ADB	—	Asian Development Bank
GDP	—	gross domestic product
ha	—	hectare
km	—	kilometer
l	—	liter
m	—	meter
MOC	—	Ministry of Construction
MOH	—	Ministry of Health
MOWR	—	Ministry of Water Resources
NGOWT	—	National Guidelines on Water Tariffs
PRC	—	People's Republic of China
SEPA	—	State Environmental Protection Agency
SOE	—	state-owned enterprise
UNDP	—	United Nations Development Programme
UNCHS	—	United Nations Commission on Human Settlements
UNEP	—	United Nations Environment Programme
Y	—	yuan