

**The Asian Development Bank  
and the  
People's Republic of China:  
Partnership in Urban Development**

**I. Introduction**

The Asian Development Bank (ADB), a multilateral development finance institution, dedicates itself to reducing poverty in Asia and the Pacific. Established by 31 members in 1966, ADB is now owned by 63 members, mostly from the region.

The People's Republic of China (PRC) became ADB's 48<sup>th</sup> member in 1986. Since then, ADB operations in the PRC have grown in volume and expanded to cover 24 provinces and all major sectors. The PRC is ADB's third largest shareholder and second largest borrower.

To assist the PRC in meeting its development challenges, ADB adopts an operational strategy focusing on (i) promoting equitable and inclusive growth, (ii) making markets work better, (iii) fostering regional cooperation, and (iv) promoting environmental sustainability. Within the urban sector, the objective is to support the Government's goal to promote sustainable growth through urbanization, create jobs for the rural migrants, lessen urban inequalities, reduce urban poverty, promote social sector development, provide infrastructure, improve public service delivery, and meet the increasing demand for environmental protection. Other crosscutting themes include improving governance for a market economy, expanding private sector operations, and supporting policy and institutional reforms.

**II. Urbanization in the PRC: Challenges and Responses**

The PRC's urban system consists of cities and towns. Cities are classified into super large (> 1 million non-agricultural population), large (more than 500,000 population), medium (200,000 – 500,000 population) and small (100,000 – 200,000 population). Small urban settlements are called statutory towns.

In parallel with the economic reforms initiated in 1978, the PRC's urban population grew significantly from about 160 million (17% of total population) in 1975 to about 481 million (38%) in 2001. Urbanization is expected to increase with levels rising to over 50% by 2020. Another spectacular impact of the post-1978 era was the increase in the number of cities, which rose from 122 in 1949 to 668 in 2000. Although the numbers indicate the country is urbanizing, it is unclear to what extent this is due to redefined administrative boundaries, actual transformation of rural areas into urban areas, or to the mass migration of rural population into urban areas. However, it cannot be denied that cities have played an important role in the PRC's economic development and will continue to diffuse the uneven economic regional growth.

The Government has identified that accelerating urbanization and coordinating the development of large, medium, and small cities and statutory towns is one of the measures to promote growth with equity. The objective is to move labor out of agriculture to industrial employment in urban areas to achieve economy of scale and to optimize economic efficiency. In the past 20 years, the majority of new non-farm jobs have been created in medium and small cities, with the highest rate being in the urban peripheries. However, the Government also recognizes that

urbanization must occur in harmony with the changing needs of the economy for urbanization to be effective and its economic and social benefits sustainable.

The rapidly growing size and number of cities and towns, as well as their changing role and function have pressured the environment and the management and financing of public services. The urbanization of rural areas and high rates of rural to urban migration have resulted in large proportions of migrants living in inadequately serviced peri-urban areas. There is increasing pressure on infrastructure services including urban transport, power, telecommunications, water supply and wastewater treatment, and solid waste management. Social services such as education, health, and social protection are inadequate and often inaccessible to the migrants in urban areas.

Increased urban regional imbalances where cities in the open coastal areas are growing much faster than cities in the central and western regions poses a major challenge for Government to balance urbanization between the coastal and central and western regions.

The PRC has significantly improved its level of services for urban infrastructure over the last 20 years. In particular, access to piped water, sanitation, housing, paved roads, and green areas have seen significant improvements. However, there are still shortfalls in several other urban infrastructure services leading to urban environmental degradation. Importantly, there is need to deal with the increasing demand for urban infrastructure to meet the anticipated rural-urban migration. Major issues related to water supply include supply constraints given the large number of water deficit cities (about 400 out of 668), lack of quality management, failure of water corporation to record a reasonable profit, excess consumption, and insufficient revenue from tariffs. The issues related to wastewater and sewerage are insufficient treatment facilities to meet the demand, insufficient funding for capital investment, and need for tariff reforms. Solid waste in many cities is not adequately treated and many landfills are poorly managed and not designed according to regulations.

Pollution from urban industries includes air pollution caused by heavy dependence on coal use and inefficient technologies; water pollution caused by improperly treated industrial and domestic sewerage and wastewater; and land pollution caused by industrial toxic and hazardous waste and urban refuse. There is need to strengthen enforcement of environmental rules and regulations and better planning to relocate potential polluters to industrial parks.

Urban management and finance is another important area requiring improvement. Urbanization and economic reform have dramatically changed the role of local governments who have to provide and manage urban services, infrastructure, and the environment. The local administrative system is severely pressured, in particular in mobilizing funds and adapting to a regulatory framework.

While the principles of cost recovery from end users of urban infrastructure and services are gradually being recognized, subsidization still exists in housing, water supply, and sanitation. This has led to misallocation of resources, inefficient pricing structures and discouragement of investment from private sources. Although the tax reforms have addressed many of the vertical upward revenue-sharing problems, expenditure allocation remains unchanged, causing local governments to look for additional revenue sources to meet the increasing demands/needs.

Reforms of the banking and finance sector have created a source of borrowing for creditworthy cities with well-prepared and presented projects. Further development of capital markets to

provide enterprises and investors in infrastructure with an alternative source of long-term financing is needed, particularly to attract investments to develop the country's interior regions.

The Government recognizes that the current master urban planning and land management procedures cannot keep pace with a rapidly changing economy and should be restructured. Urban plans need to be formulated for a market economy and land management requires institutional and legal reforms.

Increasing urban unemployment as a result of the restructuring of state owned enterprise (SOE) has resulted in rising urban poverty since the mid-1990s. The urban poor in the PRC comprises (i) the disabled and the elderly without family support; (ii) laid-off workers; and (iii) migrant workers. Most of the urban poor do not have access to public services such as education, health care, and social protection. Rural migrants in the urban areas also face the problem of poor housing, as there is a shortage of decent affordable housing for those without urban household registration. The urban social insurance system precludes migrant workers from rural areas. The Government's response to SOE reforms and increasing urban unemployment has been two fold: (i) introduce safety net programs in urban areas and (ii) promote the development of small and medium enterprises and the tertiary sector to create new jobs. In September 1999 the State Council promulgated the Regulations on the Minimal Living Standards for Urban Residents. Under these programs, laid-off workers are being trained at reemployment centers and will receive some living allowances. The Government's goal is the gradual setting up of a multi-pillar social security system that will provide a safety net to maintain social stability and will ease the financial burden on SOEs.

The Government recognized the need for forward thinking in balancing the objectives of achieving sustainable urban development. The Government's development vision as set out at the November 2002 16<sup>th</sup> Party Congress, at the March 2004 10<sup>th</sup> National People's Congress (NPC), and in the Tenth Five-Year Plan (2001-2005) is to establish an all-round well-off society by maintaining steady and equitable growth and by continuously improving people's living standards. Key strategic themes include (i) maintain stable and rapid economic growth (7% growth target); (ii) increase rural incomes and agricultural production; (iii) continue to support western development and also revitalize the northeast and other old industrial bases; (iv) promote sustainable development, especially through education and technology; (v) intensify efforts in the health sector in light of emerging challenges brought on by SARS and AIDS; (vi) deepen economic restructuring such as state asset management system, non-public sector economy, commercial and policy banks, fiscal and taxation systems, and enterprise investment; (vii) intensify job creation and social security to improve quality of life; (viii) strengthen the rule of law and political democracy; and (ix) better balance rural and urban development.

### **III. ADB's Strategy and Experience in Urban Development**

ADB's support in urban development cuts across a number of sectors including environment, water supply and sanitation, transport, energy, governance, and finance. The main focus has been on solving urban environmental problems to improve urban dwellers' living conditions and standards and reducing the bottlenecks in urban infrastructure and services to support the growth of industries and services in urban areas. These support the Government's objective in balancing urbanization and environmental management, and ADB's PRC operational strategy in promoting environmental sustainability. ADB is supporting priority projects for urban wastewater, sewage treatment, water supply, and water resources management. To maximize development impact, especially among urban poor, ADB's involvement has been targeted in densely populated urban areas.

Urban development assistance has covered the following areas: (i) improving the policy, legal, and regulatory framework to strengthen urban environmental management; (ii) promoting the efficient use and conservation of water in cities; (iii) preventing and controlling upstream water pollution; (iv) municipal wastewater management; (v) tariff reforms for urban raw water supply and wastewater treatment; (vi) promoting the use of cleaner production technology and reducing vehicle emissions to reduce urban air pollution; (vii) strengthening corporate governance and enterprise reform; (viii) strengthening municipal finance management and public administration reform; (ix) supporting efficient delivery of public services such as education, health and social security; (x) promoting private sector involvement; and (xi) supporting legal reform.

#### **A. Improving the Policy, Legal, and Regulatory Framework to Strengthen Urban Environmental Management**

The Government has enacted several environmental laws, including those on the prevention and control of air, water, and solid waste pollution that have significant impact on urban development. These laws and ancillary regulations emphasize prevention first, the polluter pays principle, and environment management. Two key legal requirements are now well established: (i) prior evaluation of the environmental impact of projects; and (ii) the principle that the design, construction, and operation of a project should be carried out simultaneously with the design, construction, and operation of the associated environmental protection measures. The Government has issued a series of laws on the use of natural resources and has instituted a system of monitoring, recording, and reporting the discharge of pollutants. The laws stipulate administrative, civil, and criminal responsibilities for environmental violations.

Developing an appropriate legal and regulatory framework for good environmental management is a comparatively recent concern in PRC. To help build the necessary capacity, ADB has provided assistance to train the staff of the Environmental Protection Committee (EPC) of the National People's Congress. ADB has also helped to develop a Legal Information System to support EPC's law drafting and other activities. In the area of legislation, assistance was provided to help draft the amendments to the Water Pollution Prevention and Control Law which were passed in May 1996, anti-desertification law passed in 2001 and a clean production law which is under consideration by the National People's Congress. Under ADB assistance, the general environment law was also reviewed. The ADB has provided assistance to improve PRC's legal framework for resettlement, which culminated in the enactment of the new Land Administration Law that became effective on 1 January 1999. The Law provides new requirements for the management, monitoring and evaluation of projects for which land acquisition and resettlement are necessary.

#### **B. Promoting the Efficient Use and Conservation of Water in Cities**

About 400 of the 668 cities in the PRC are facing water shortage problem. The issue of water conservation has been an important part of the Government and ADB's agenda in the water sector. The water conservation policies that have been pursued in conjunction with ADB financed Projects include ensuring that system losses are minimized through efficient commercial operations, improved lining of water delivery channels, leakage detection, and repair; and providing market-based incentives to reduce water use through adequate pricing of water and wastewater tariffs. Water conservation policies have been addressed by ADB projects through the adoption of adequate pricing of water and promoting commercial operations. Under the tenth Five Year Plan (2001-2005) pricing mechanisms are being used to help allocate water resources between competing uses such as agriculture, industry and

municipal. This will encourage the efficient utilization of scarce water resources and will encourage water conservation, particularly for water intensive industries.

### **C. Preventing and Controlling Upstream Water Pollution**

Many of the cities in China are located along watercourses. Upstream pollution has seriously affected the quality of surface water for downstream users. Many pollutants are transported in rivers across provincial/county boundaries, affecting areas several hundred kilometers downstream from the source. Consideration of trans-jurisdiction pollution issues is one of the important features of the revised Water Law. Although national legislation addresses trans-jurisdictional water pollution, operational application has been slow, primarily due to the lack of appropriate precedents and practical experience in the PRC. Potential transjurisdictional environmental issues were noted in some ADB projects (e.g. Suzhou Creek Environmental Improvement Project; the Tianjin Water Supply Project; the Harbin Water Supply Project). In the case of Suzhou Creek, the water quality improvement from ADB's project may not meet expectations because of the high pollutant load upstream and at the creek source, Taihu Lake. Taihu Lake and polluted tributaries of Suzhou Creek are outside the boundary of the city of Shanghai, the project site. In Tianjin, two large fertilizer plants in Hubei province have the potential to affect the integrity of the water supply source. Similarly, pollution in the upstream regions of the Songhua River rendered it unfit as a source of raw water. Consequently, a more distant water source needed to be used for the Harbin Water Supply Project.

### **D. Municipal Wastewater Management**

The focus of the policy dialogue on wastewater management is integrated management of industrial and domestic wastewater including on-site treatment and public sewer connections. ADB has supported the Government's policies for wastewater management by providing a number of related environmental loans that included wastewater treatment components in Beijing, Chaohu, Chengde, Fuzhou, Hefei, Qingdao, Shanghai, Tangshan, Tianjin, Wuhan and along the Hai River system. Wastewater treatment was also addressed under the Urban Environmental Improvement Planning TA that strengthened institutions responsible for environmental improvement in a number of cities, and identified future infrastructure requirements. ADB's wastewater management projects in the PRC also support the Government's enterprise reform through assisting utilities companies to achieve full cost recovery from tariff revenues.

### **E. Tariff Reforms for Urban Water Supply and Wastewater Treatment**

Historically, water tariffs were low in the PRC. Although tariffs increased by 18% per annum from 1986 to 1998, they are still not high enough to ensure the financial viability of water companies. Similarly, wastewater tariffs have also been below the costs to operate and maintain the facilities. ADB financed projects have been pursuing to support the Government's ongoing economic and enterprise reform programs that require that all wastewater and water supply projects be financially sustainable and capable of cost recovery. Under Government policy directives to promote the market economy, the water supply and wastewater companies need to improve their cost recovery capability. The ADB is actively encouraging this transition in its policy dialogue and lending operations. Having appropriate mechanisms for tariff setting is a critical factor in attracting the needed investment to the sector, ending the reliance of water supply companies on governments subsidies and providing incentives to users to conserve water resources.

Important policy milestones related to water and wastewater tariffs include (i) the "Regulation on Management of Pricing of Urban Water Supply" (1998), which was the first national guidelines on water tariffs, which include the principle of full cost recovery through tariffs; and (ii) the Circular on Strengthening the Collection of Wastewater Treatment Tariffs" which came into effect in 1999. The ability to attract private sector partners in PRC water and wastewater sectors will depend on the future prospects for cost recovery including a reasonable return on capital investment. ADB's two water tariff study TAs<sup>1</sup> implemented over a four-year period has contributed significantly to water tariff reforms in the PRC. Also, ADB's Chengdu Water Supply project, the first internationally bid BOT water supply project in the PRC, contributed to the reform of the water sector. ADB's wastewater tariff study TA<sup>2</sup> implemented between 2002 and 2003 also contributed to Government's initiative to wastewater tariff reforms.

#### **F. Promoting the Use of Cleaner Production Technology and Reducing Vehicle Emissions to Reduce Urban Air Pollution**

ADB's efforts to introduce cleaner technologies for industries has been complemented by its lending for energy projects. ADB has financed: (i) cleaner forms of energy (e.g., hydropower; natural gas); (ii) modern technology to reduce emissions from thermal stations to internationally acceptable standards; (iii) cogeneration projects which have allowed inefficient, polluting boiler and coal stoves to be replaced; (iv) the planting of trees to absorb the emissions of thermal stations; and (v) the preparation of a long term strategy and investment plan to improve the efficiency and reduce the emissions of existing thermal stations. ADB has provided five loans totaling \$778 million to support energy conservation and environment improvement. These projects help improve energy efficiencies and reduce waste by introducing advanced process technologies and improving management practices. To complement these loans ADB has promoted price and enterprise reforms to ensure sustainable resource use.

ADB has also helped the State Science and Technology Commission to establish a national center in Beijing and two regional centers in Tianjin and Chengdu to promote the transfer of environmentally sound technology. These centers will help to increase the ability of enterprises to select, evaluate, import and use environmentally sound technology. ADB approved a \$3.5 million TA cluster in 1998 to help improve national-level policies, institutional capacity, and financing mechanisms for the promotion and application of clean technologies to achieve sustainable environmental development. The six-component cluster will be implemented over several years.

Air quality in most PRC cities is poor. While the major cause is the burning of coal in power plants, boilers, district heating systems, and factories, pollution from vehicles is increasing rapidly and has drawn attention to particular pollutants. In some cities, vehicles already account for 80% of total carbon emission levels, 50% of nitrogen oxides, and a substantial proportion of lead. The Government has recognized this problem and the amendments to the Air Pollution Law. ADB is assisting governments in developing and implementing policies to reduce vehicle emissions on a regional basis, including the PRC, with activities focusing primarily on fuel quality, alternative fuels, the regulation of two and three wheeled motorized vehicles, vehicle testing, inspection, and transport planning. An ADB case study in Beijing explored the use of

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<sup>1</sup> ADB. 1997. *Technical Assistance to the People's Republic of China for Water Tariff Study*. Manila. ADB. 1999. *Technical Assistance to the People's Republic of China for Water Tariff Study II*. Manila.

<sup>2</sup> ADB. 2001. *Technical Assistance to the People's Republic of China for National Guidelines on Urban Wastewater Tariffs and Management Study*. Manila

market-based instruments such as subsidies, vehicle taxes, fuel taxes, emission charges, congestion charges, and tradable area licenses, to help reduce vehicle emissions.

### **G. Strengthening Corporate Governance and Enterprise Reform**

ADB's urban infrastructure projects are aimed to address various aspects of corporate governance and enterprise reform: (i) structuring the utility companies along commercial lines; (ii) assisting these utilities to prepare business plans; (iii) strengthening the operations of the board of directors for the companies; and (iv) implementing external and internal audit arrangements. This is in support of the State Government Circular No. 1192, which identified the establishment of enterprise companies as the preferred institutional model for urban infrastructure services. PRC's accession to the WTO will put more pressure on economic enterprises (including state-owned enterprises) to adopt modern principles of corporate governance including increased transparency and accountability (through supervisory boards of directors) and disclosure of audited financial statements. ADB projects have encouraged the use of accounting systems that accord with international practice.

### **H. Strengthening Municipal Finance Management and Public Administration Reform**

ADB's technical assistance work has focused on public finance management, public administration reform, legal and regulatory system reform, public service delivery, accountability, and public-private interface. Specifically, ADB has supported a number of efforts to strengthen public administration reform through support to the development of economic laws, and strengthening asset management companies. ADB has also assisted in improving accountability through TAs that improve the Government's auditing system and accounting profession.

In the urban sector, ADB undertook a Study of Municipal Public Finance that proposes policy changes to improve the capacity of municipal governments to deal with growing pressure of urbanization and market reforms. The purpose was to assist Government in establishing a municipal public finance system that would equitably mobilize and efficiently manage financial capital to support the effective delivery of public services by local governments that households and enterprises cannot provide as economically. ADB also provided assistance in strengthening public infrastructure investment policy, supporting fiscal management reforms, and policy and institutional support for the social insurance administration.

### **I. Supporting Efficient Delivery of Public Services Such as Education, Health and Social Security**

ADB has provided technical assistance to support equitable and efficient delivery of education and health services. These includes policy and planning support for education for all, institutional strengthening of the education administration, improving basic education in underdeveloped areas through information communication technology, strengthening minority education, improving public nutrition planning, and combating SARS and other communicable diseases.

In light of Government's urbanization policy, ADB will continue to support the Government in identifying and establishing policies and programs to ensure that rural migrants in the urban areas have access to job opportunities and public services such as education, health and social security so that urban poverty does not increase substantially. ADB will help the Government encourage the private sector, nongovernmental organizations, and civil society to play an increasingly important role in the delivery of public services.

## **J. Promoting Private Sector Development**

ADB played a leading role in promoting private sector involvement in the PRC's urban water supply. In October 1996, an ADB-sponsored seminar in Beijing brought together more than 100 senior Government officials, bankers and potential private sector investors to discuss private sector involvement in build-operate-transfer (BOT) water supply projects. As a follow-up to this seminar, ADB approved a technical assistance project to help the Government prepare the first pilot BOT water supply project to be awarded on the basis of a transparent international competitive bidding. The objectives of the technical assistance were to build the capacity of government agencies involved in BOT projects in water supply by providing assistance in the bidding and negotiation process. The technical assistance also helped to prepare model project documents to be used for future BOT water supply projects in the PRC. This competitive process was used for awarding the BOT 40,000 cubic meters per day Chengdu No. 6 Water Supply Plant. ADB provided a \$26.5 million loan and a complementary loan of \$21.5 million to finance the project. Construction was completed in 2001 and the plant began commercial operations in February 2002. The Project Finance International and the International Finance Review as "Deal of the Year" cited the Chengdu Project for excellence. ADB is now actively pursuing other private sector investment opportunities related to urban water supply and wastewater treatment.

ADB also provided support to the Government through a recently completed TA to strengthen policy reform on the use of market-based instruments in enhancing private sector partnership in public utilities focusing on water supply and wastewater treatment.<sup>3</sup> The Government is considering using market instruments to improve investment and management efficiency in the public utility industries. The Regulation for Chartered Operation in Urban Infrastructure Facilities (Regulation) was issued in May 2004. The Regulation (i) outlines the principles and procedures for regulating chartered urban infrastructure operations, (ii) defines the qualifications of a concessionaire, (iii) outlines the contents of a concession agreement, and (iv) defines responsibilities of the concession granting agency and the concessionaire. The outputs of the TA included (i) an analysis of the issues that need to be resolved to attract private sector investment in the PRC from a perspective of international best practices and recommendations on how these could be addressed in the PRC context; (ii) a study of the Government regulatory framework in the water sector; and (iii) comments on the Regulation and recommendations for amendments to the Regulation.

ADB will continue to provide assistance to improve the environment for private sector investment by promoting conditions favorable to private sector-led growth; enhancing prospects for private sector equity participation; and improving transparency and accountability by strengthening the legal and regulatory framework for investment.

## **K. Supporting Legal Reform**

Sustainable urbanization and urban growth requires an efficient and transparent legal regulatory system. ADB is supporting the Government's efforts to develop a legal system suitable for a market economy. Under the ADB's Law and Policy Reform assistance is being provided in a systematic manner to help tackle the legal dimensions of significant financial, economic and social reform initiatives. ADB's Law and Policy Reform Program is designed to support: (i) "rule of law" as proclaimed in the PRC Constitution; (ii) the improvement and development of the

<sup>3</sup> ADB. 2003. *Technical Assistance to the People's Republic of China for Policy Reform Support*. Manila.

legal and judicial systems; (iii) the establishment of a market oriented economy integrated into the global economy; (iv) efforts to protect the environment and natural resources; (v) reform of the process used to determine public spending decisions; and (vi) improvements in governance by increasing legal transparency; (vii) reform of administrative functions through administrative licensing law; and (viii) strengthening of the capability of judicial system.

## **L. Supporting Town Development**

ADB is providing a technical assistance to assist the Government in formulating town-based urbanization strategies.<sup>4</sup> Urbanization in the PRC has largely been driven by the migration of surplus rural labor to the cities and to a lesser extent the changing definition of urban areas. The Government is expecting at least another 150 million surplus rural labor to migrate to the cities over the next 15-20 years. While the Government has encouraged urbanization as a way to reduce rural-urban inequalities and to sustain the country's transition to a market economy, it also wants to manage urban growth by promoting town development while controlling the growth of large cities. The Government considers town development as an integral part of the countries urbanization process. A range of policy measures has been introduced to encourage development of towns. However, local governments are faced with a wide range of constraints in promoting town development. These include, among others, ineffective urban management and institutional structure, economic growth mainly focused in large cities, lack of public finance to construct the necessary economic and environmental infrastructure, and inadequate social security. To ensure that town development will play a key role in facilitating the PRC's urbanization and industrialization process, ADB is working with the National Development and Reform Commission to strengthen the Government urbanization strategies and to establish sound approaches for the development of towns.

## **IV. How does ADB Tackle Poverty Through Assistance in the Urban Sector?**

ADB's assistance in the urban sector is in support of Government's policy to create a well-off society that is sustained through growth with equity. ADB's urban infrastructure projects have supported poverty reduction directly and indirectly through improved living conditions (better water supply and wastewater treatment), job creation (permanent and temporary), reduction in risk of job losses from industry closures (due to noncompliance with environmental standards), and promotion of sustainable economic development in areas where the poor are likely to benefit, such as tourism. Supporting urbanization in smaller cities and towns will assist in the creation of jobs for rural migrants thereby raising income growth rates in poor rural areas. The objective of the ongoing Town-Based Urbanization Strategy TA (footnote 4) is to establish patterns of urban settlement and development that contribute to efficient growth, poverty reduction, and improved urban environmental quality in the PRC. ADB will seek opportunities to support Government's plan to reform the urban and rural social security systems to aid people in coping with the risk of poverty, e.g. establishment of universal access to basic health care and basic education, extending social security in urban areas to migrants.

## **V. What Urban Development Projects Has ADB Supported in the PRC?**

ADB's urban development projects have largely been focused in urban infrastructure to address the growing demand for urban environmental protection. Assistance in other sectors such as transport, energy, governance, legal have contributed to establishing an enabling environment for sustainable growth in the urban areas.

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<sup>4</sup> ADB. 2004. *Town-Based Urbanization Strategy Study*. Manila.

**Approved Loans**

<b>Item</b>	<b>LN No.</b>	<b>Project Name</b>	<b>Amount (\$ million)</b>	<b>Approval Date</b>
	1205	Qingdao Environmental Improvement	103.00	10-Dec-92
	1336	Beijing Environmental Improvement	157.00	29-Nov-94
	1543	Xi'an-Xianyang-Tongchuan Environment Improvement	156.00	24-Sep-97
	1584	Xiamen Port	50.00	27-Nov-97
	1313	Dalian Water Supply	160.00	20-Sep-94
	1490	Anhui Environmental Improvement Project for Municipal Wastewater	28.00	26-Nov-96
	1544	Zhejiang-Shanxi Water Supply Project (Phase I)	100.00	24-Sep-97
	1636	Fuzhou Water Supply and Wastewater Treatment	102.00	30-Sep-98
	1692	Suzhou Creek Rehabilitation	300.00	29-Jun-99
	1797	Tianjin Wastewater Treatment	130.00	11-Dec-00
	1985	Hebei Wastewater Management	82.36	20-Dec-02
	1995	Harbin Water Supply	100.00	11-Mar-03
	1996	Wuhan Wastewater Management	83.00	25-Apr-03
	2024	Xi'an Urban Transport Project	270.00	27-Nov-03
	<b>Total</b>		<b>1,821.36</b>	

**Approved Technical Assistance**

<b>Item</b>	<b>TA NO.</b>	<b>TA Project</b>	<b>Amount (\$)</b>	<b>Approval Date</b>
1	1145	Beijing-Tianjin Water Resources Study	550,000	17-Apr-89
2	1518	Formulation of Economic Reform Policies and Infrastructure Planning	920,000	28-May-91
3	1681	Beijing Region Water Resources Management	256,000	30-Mar-92
4	1784	Tertiary Sector Economic Reform Policies and Redevelopment Planning	600,000	17-Nov-92
5	1852	Dalian Water Supply	100,000	10-Mar-93
6	1917	Beijing Environment Improvement	600,000	280-Jul-93
7	2015	Urban Environment Improvement Planning	480,000	14-Dec-93
8	2037	Township and Village Enterprise Development	540,000	23-Dec-93
9	2187	Anhui Municipal Wastewater Treatment	283,000	19-Oct-94
10	2188	Anhui Industrial Pollution Abatement	450,000	21-Oct-94
11	2210	Capacity Building of the Beijing Municipal Environmental Protection	600,000	29-Nov-94
12	2211	Capacity Building of the Beijing Industrial Hazardous Waste Management	425,000	29-Nov-94
13	2456	Pilot Environmental Plans for Selected Medium Size Cities	537,000	4-Dec-95
14	2504	Seminar on BOT in the Water Supply Sector	100,000	22-Dec-95
15	2675	Market-Based Energy Conservation and Environmental Improvement	597,000	30-Oct-96
		Market-Based Energy Conservation and Environmental Improvement (supplementary)	150,000	3-Dec-97
16	2726	Water Quality Management Planning for Suzhou Creek	600,000	23-Dec-96
		Water Quality Management Planning for Suzhou Creek (supplementary)	400,000	13-Feb-98
17	2751	Capacity Building of Wastewater Treatment Operations in Anhui Province	400,000	27-Jan-97
18	2770	Fuzhou Water Supply and Wastewater Treatment	598,000	14-Mar-97
19	2773	Water Supply Tariff Study	600,000	24-Mar-97
20	2804	Build-Operate-Transfer (BOT) Chengdu Water Supply	600,000	
21	2893	Hohhot Urban Development	430,000	14-Oct-97
		Hohhot Urban Development (supplementary)	150,000	23-Dec-98
22	2906	Leadership Training on Urban Environmental management in Key Cities	600,000	3-Nov-97
23	2922	Restructuring Xiamen Harbor Management and Improving Ports MIS	575,000	27-Nov-97

24	2924	A Study of Municipal Public Finance	600,000	27-Nov-97
25	3025	Suzhou Creek Environmental Rehabilitation	965,000	4-Jun-98
26	3049	Zhejiang-Shanxi Water Supply (Phase II)	540,000	21-Jul-98
27	3095	Hai River Basin Wastewater Management and Pollution Control	570,000	10-Nov-98
28	3096	Urban Policy Workshop	150,000	11-Nov-98
29	3211	Improving Environmental Management in Suzhou Creek	840,000	29-Jun-99
30	3215	Heilongjiang Water Supply	1,000,000	1-Jul-99
31	3216	Tianjin Wastewater Treatment and Water Resources Protection	800,000	2-Jul-99
32	3250	Water Tariff Study II	950,000	3-Sep-99
33	3253	Strengthening Public Infrastructure Investment Policy	600,000	8-Sep-99
34	3377	Urban Poverty Study	410,000	27-Dec-99
35	3447	Strengthening Urban Solid Waste Management	600,000	25-May-00
36	3488	Hebei Province Wastewater Treatment	850,000	30-Aug-00
37	3493	Development of a Small and Medium-Sized Enterprises Credit System	750,000	30-Aug-00
38	3521	Assessment of Small and Medium Cities Urban Infrastructure Development	150,000	25-Oct-00
39	3534	Development of Financing Policies and Mechanisms for Small and Medium-sized Enterprises	700,000	10-Nov-00
40	3571	Harbin Water Supply	720,000	12-Dec-00
41	3638	Wuhan Wastewater Treatment	500,000	19-Mar-01
		Wuhan Wastewater Treatment (supplementary)	199,000	1-Mar-02
42	3749	National Guidelines for Urban Wastewater Tariffs and Management Study	700,000	25-Oct-01
43	3863	Mudanjiang Water Supply	150,000	15-May-02
44	3963	Study of Carrying Capacity of Water Resources	600,000	4-Nov-02
45	3907	Xi'an Urban Transport	750,000	27-Aug-02
46	3979	Fiscal Management Reforms	875,000	8-Nov-02
47	4014	Fuzhou Environmental Improvement Project	600,000	5-Dec-02
48	4061	Songhua River Basin Water Quality and Pollution Control Management	1,000,000	19-Dec-02
49	4195	Jiangsu Urban Environment Improvement	550,000	14-Oct-03
50	4223	Shandong Hai River Basin Pollution Control Project	600,000	21-Nov-03
51	4227	Jilin Water Supply and Sewerage Development	650,000	26-Nov-03
52	4233	Henan Wastewater Management Project	800,000	3-Dec-03
53	4335	Town-Based Urbanization Strategy Study	750,000	6-May-04
54	4342	National Food Safety Strategy and Regulatory Framework	400,000	28-May-04
55	4363	Support for Reforms in Compulsory Education Financing	500,000	22-Jul-04
56	4385	Guangxi Nanning Urban Infrastructure Development	560,000	3-Sep-04
57	4436	Wuhan Waste Water and Stormworks Management Project	700,000	18-Nov-04
		<b>Total</b>	<b>34,220,000</b>	

## VI. What Are ADB's Future Plans in Supporting Urban Development?

ADB's assistance in urban development will remain focused in supporting urban infrastructure to improve the environmental conditions for the urban residents. ADB will work with the Government to explore opportunities for ADB to be more directly involved in the social sectors, such as education, health and social security in support of Government's latest development priorities in promoting equitable growth. Apart from the public sector operations, ADB will continue to promote private sector investment in the urban infrastructure. Private sector investments in urban water supply, wastewater treatment and solid waste management are being pursued.

No.	Proposed Loan	Proposed Amount (\$ million)	Expected Approval Year
1	Fuzhou Environment Improvement	60	2005
2	Shandong Haihe Water Pollution Treatment	100	2005
3	Water Supply and Sewerage System Development in Jilin Province	100	2005
4	Henan Hai River Wastewater Treatment Project	100	2006
5	Wuhan Wastewater & Stormworks Management Project	100	2006
6	Anhui Hefei Urban Environment Improvement	150	2007
7	Nanjing Qin River and Huai River Rehabilitation	100	2007
<b>Total</b>		<b>710</b>	

No.	TA Proposal	Proposed Amount (\$)	Expected Approval Year
1	Internal Crediting and Ranking Framework for Small and Medium Domestic Commercial Banks	500,000	2005
2	Nanjing Qin River and Hi River Rehabilitation	500,000	2005
3	Anhui (Hefei) Urban Environment Improvement	500,000	2005
4	Urban Poverty Strategy Study	300,000	2005
5	Study of Housing Policy for Rural Migrants in the Process of Urbanization	500,000	2005
6	Road Safety and Urban Transport Improvement	500,000	2005
7	Capacity Building in Judicial System on Financial and Economic Laws	500,000	2005
8	Urban Environment Improvement Project	500,000	2006
9	Education Development	500,000	2006
10	Housing Finance Development	500,000	2006
12	Integrated Urban Development Project I	500,000	2006
13	Private Education Program	500,000	2007
14	Improving Nutrition Structure for Young Students	500,000	2007
15	Sustainable Road Asset Management –Pilot Road Concession Project	500,000	2007
16	Policy Study on Financing, Building, and Maintaining Local Road Network	500,000	2007
<b>Total</b>		<b>7,300,000</b>	

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