

II. OPENING STATEMENTS

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Standing Vice Mayor, Shanghai Municipal
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Cities are the important carriers of industrialization and the engines of the modern economy. During the present transition from one century to the next, the information revolution has taken place. It has made cities all over the world face important historic challenges and opportunities. With the coming of the new era, more importance should be given to strengthening international communication and cooperation among cities. The Asian Mayors' Forum is a very significant event in this regard, and Shanghai City gives its full support to this Forum.

As the biggest economic entity in the People's Republic of China (PRC), Shanghai is now facing the coming of the new century with a proactive attitude. We are aiming to pursue the economic and social development of Shanghai on the basis of urban information and to radically improve our global competitiveness. We have the confidence to meet this challenge and opportunity when the PRC enters the World Trade Organization and economic globalization.

At present, we are accelerating construction of the Shanghai information port. Within this year it is expected to form an internationally advanced information network platform and multilevel city-area network with wide band, high speed, and big capacity. The annual gross production in the information industry will exceed Y100 billion. It will

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become an important pillar of industry in Shanghai. At the same time, the industrial structure will be adjusted to pay more attention to the progress of science and technological innovation. The important point is to enhance the combination of industry and academe and promote industrialization of the outputs of science and technology. We will concentrate our strengths on accelerating the development of the science and technology park in Zhangjiang at Pudong. We will actively utilize modern information technologies to transform traditional industries. Urban infrastructure will be continuously developed on a large scale. Road transportation and high-class roads will become new investment focal points.

In the course of urban development and adjustments in the industrial sector, Shanghai has been faced with some difficulties and challenges. These include the loss or transfer of staff positions, environmental pollution that has accumulated through the years, and the burden of transforming old areas. Thus, we have tried hard to move forward in order to develop the economy, expand employment, transform the old areas, improve the environment, and promote better living conditions among the people. We have established social security systems for medical care, retirement, unemployment, and low-income groups. Moreover, Shanghai is in the process of transforming 3.65 million square meters of old sheds and shabby houses in the central areas of Shanghai City; this is expected to be finished before the end of 2000.

We plan to increase net employment by 0.3 million positions in the next three years over the whole city. Shanghai is also developing a three-year plan for urban management and environment rehabilitation. The plan attempts to improve water pollution treatment, solid waste management, urban green areas, and ecological systems, and to promote clean energy use.

The Forum this year has undoubtedly a very practical significance for the cities in Asia, especially for those that are reforming both their economic system and economic structure. We believe that this Forum will present many experiences of city management, explore relevant issues, and result in new measures for overcoming urban poverty and promoting the healthy development of cities in the region.

Finally, I hope this meeting is very successful, and wish every delegate a happy time in Shanghai.

MASARU YOSHITOMI

Dean, Asian Development Bank Institute

The Asian Development Bank Institute is indeed pleased to be able once again in this Forum to work with our other cosponsors, the Asian Development Bank (ADB); the Regional Urban Development Office, South Asia, of the United States Agency for International Development (USAID); the United States-Asia Environmental Partnership Program; the United Nations Development Programme (UNDP)/ United Nations Centre for Human Settlements (UNCHS) (Habitat) Urban Management Programme; The Urban Governance Initiative of UNDP, Kuala Lumpur; and CityNet from Japan. We are also grateful to the Shanghai Municipal Government for kindly agreeing to host this Forum and for tirelessly assisting us by making the excellent arrangements for the conduct of the Forum.

Theme of the Forum: Fighting Urban Poverty

Notwithstanding the 1997/98 financial and economic crisis, our region has achieved remarkable growth over the past several decades, with some countries achieving consistently double digit economic expansion year after year. This has led

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the World Bank and others to describe our achievement in the period before the crisis as the Asian Miracle. However, despite such good economic performance, the Asia-Pacific region has high incidence of poverty. In fact, we are home to close to a billion of the world's 1.3 billion poor, defined as those surviving on less than one dollar a day. A large majority lives in the urban areas. Many are from the cities represented in this Forum today. We cannot be proud of our achievements when the majority of our citizens continues to remain poor. It is time that we double our effort to help them and that is what this Forum is all about.

Urban Poverty Issues

How can we best help the urban poor? If we are to be of any help to them, we must first understand the problems they face. The problems of the urban poor are often more formidable and frequently more acute and complex than those faced by the rural poor. Their problems, as I see them, are

- a higher sense of deprivation and demoralization than their poor cousins in the rural areas;
- access to food only through trade, whereas their rural counterparts can gain access to food directly as well as through trade;
- typically poor education, accompanied by lack of experience and skills;
- unstable incomes, mainly earned in the informal sector, often by retrieving and selling wastes or by performing minor personal services;
- little protection from sickness and injury;
- unpredictable demand for their services;
- little human capital and almost no physical capital;
- no access to credit markets;

- discrimination in the provision of government services; and
- often illegal settlements with no access to education and health services, usually in dirty and unhealthy environments or in slum areas.

The poorest of the poor are in households with the largest number of consumers relative to income earners. Frequently in households in which there is no income, the most disadvantaged are the children, their mothers, and grandparents.

As I enumerate their many problems, I wonder if fighting urban poverty will be too tall an order. I know that it will not be easy, as poverty reduction involves resolution of multidimensional social and cross-cutting issues. However, we must not lose heart. How should we go about doing it?

First, we need many people like yourselves to be involved. We need all of you represented here, the mayors, the nongovernment organizations (NGOs), the private sector, the multilateral and bilateral agencies, and other government agencies to do your part. Fighting poverty can only succeed if all stakeholders including the poor themselves are involved. Second, our region is a dynamic one as demonstrated in the past when, as I had indicated earlier, it achieved rapid economic development. We need to use the strength of the region to focus on poverty reduction. We should concentrate in supporting pro-poor growth strategies. Third, we must improve our own knowledge and capacity on poverty reduction. Part of the Forum's objective is to do just that. Fourth, we must adopt a strategy and set some priorities in areas where assistance should be provided. We have accordingly targeted five priority areas as session topics in this Forum:

Fighting poverty can only succeed if all stakeholders including the poor themselves are involved.

- Creating Jobs for the Poor
- Poor No More: Reducing Poverty Through Partnerships

- We Can Do It: Working Together to Improve Slums
- Providing Housing for the Poor
- Getting Rid of Urban Wastes

Creating Jobs for the Poor

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We thought that the first thing we must do is to make better use of the only asset that the poor have in abundance: their labor. If we can create employment for them and let them earn an income, it will go a long way toward generating the funds they need to feed, clothe, and house themselves. But how can we create jobs for the poor? Some of you have achieved great success in this and we want to hear and learn from the mayors, the NGOs, and the private sector how this was done. We want to listen to you on how you manage to attract labor-intensive investments; increase the entrepreneurship of the urban poor so they can start small-scale enterprises such as food stalls, candy production, etc.; and upgrade their skills to enable them to find employment.

Poor No More: Reducing Poverty Through Partnerships

The next question we want to ask concerns who are the people who can help. The people who can help are you. We know that no single agency or government will be able to do the job by itself. We need help from the governments, the multilateral and bilateral aid agencies, the NGOs, the community organizations, the private sector, and the poor themselves. We need to tap the resources and expertise of everybody to cooperate and work together as partners to help our less fortunate citizens get out of poverty. We know that partnerships have succeeded well in providing health, education, and water supply, and in creating employment for the urban poor in some cities. We want such

information to be disseminated. The discussion in this session will focus on development and financing of urban development investments through public-private sector partnerships that directly address poverty reduction in terms of jobs created, access to basic infrastructure and services, and development of holistic urban community processes to enable the poor to participate in the political and economic mainstream.

We Can Do It: Working Together to Improve Slums

Many of our cities are overcrowded with inadequate sanitation facilities that often result in the proliferation of urban slums and marginal settlements. This has directly caused our environment to deteriorate. You often hear of communal riots and inadequacy of basic services. They all contribute to the physical degradation of cities. But some cities in Asia have successfully managed to solve some of the slum problems. We want to learn how they did it. We want to know how some cities have successfully adopted an integrated approach to provide physical infrastructure like housing, sanitation, drainage, community latrines, etc., that have resulted in slum improvement.

Providing Housing for the Poor

Decent shelter remains one of the basic needs of people. Due to lack of resources, the urban poor are unable to meet this basic need. So what do they do? They encroach on government or private land or build temporary shelters in whatever space is available to them. We want to hear how some cities have come up with various types of socialized housing programs that have successfully addressed this need of the poor.

Getting Rid of Urban Wastes

As cities become more populated, increasing quantities of urban wastes are generated. Municipal waste management is complex and often, when garbage is not collected on time, the urban poor have no choice but to throw their wastes in the streets and canals, causing deterioration of the environment, contaminated water supplies, and increased impoverishment. We need to create awareness of proper hygiene, sanitation, and waste disposal. Thus, we decided to include this session to focus on the fact that getting rid of urban wastes is the collective responsibility of the various stakeholders and also on appropriate measures to improve municipal waste management.

Finally, we need your active participation and your subsequent contribution to help our less fortunate citizens achieve better living standards. The hope is on you, because you, as mayors, do exert a vast amount of influence on the lives of the people that you represent. The ADB Institute can only do so much to support you, through this Forum, to do more for the poor. It is our hope that you gain additional insights from your colleagues, which on return to your cities will help you to place poverty reduction at the forefront of your agenda for effective urban governance. This Forum will have achieved its objectives if a year from now you tell us that you have redirected and redoubled your efforts to assist the poor. We would then have cause for some celebration.

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MYOUNG-HO SHIN

Vice President (Region West)
Asian Development Bank

I am very happy to be here with you. ADB is delighted once again to join forces with the ADB Institute and to work with our cosponsors in staging this, the third Asian Mayors' Forum.

I would like to express deep gratitude to the Shanghai Municipal Government and its staff for their warm hospitality and for making this Forum possible. ADB's presence in the PRC is really growing: just two weeks ago, we opened our resident mission in Beijing.

ADB and Poverty Reduction

I am particularly pleased that the Forum's main theme is Fighting Urban Poverty, because the eradication of poverty is the central, dominant concern of ADB.

Ladies and gentlemen, the human race is clever enough and has enough physical, financial, and intellectual resources available to it to end absolute poverty in the world within a generation. The targets set by the UN and others are not so ambitious and recognize the practical and political obstacles that separate actuality from ambition. But let me say that global social stability is at least as important as global financial stability. What we must put in place is a global architecture for poverty reduction. Efforts must be made at global, regional, national, and community levels if we want to see our world truly free of absolute poverty.

Last year, ADB reexamined its own role in development. I am happy to report that it rededicated itself to fighting poverty. Poverty reduction is now its overarching objective. ADB's long-term strategic framework is being rethought. All of ADB's strategic development objectives will

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be now pursued in ways that help end poverty. A fundamental shift has begun in the way ADB conducts its operations. Every loan we make, every technical assistance grant we provide, is now expected to make a practical contribution to the cause of poverty reduction.

Poverty Reduction Strategy

ADB is deploying a poverty reduction strategy built on three pillars: pro-poor, sustainable economic growth; social development; and good governance.

ADB is deploying a poverty reduction strategy built on three pillars: pro-poor, sustainable economic growth; social development; and good governance. I would like to discuss these with you briefly.

First, pro-poor, sustainable economic growth is growth that increases economic opportunities, raises workers' productivity and wages, and increases the public revenue available for basic health care, education, and amenities. In East Asia, most countries reduced the incidence of poverty by half or more in just two decades; this is a clear demonstration of the importance of economic growth for poverty reduction.

Second, economic growth can most effectively reduce poverty if it is accompanied by well-targeted programs for social development, which can increase employment opportunities for and living standards of the poor. Every country needs a comprehensive poverty reduction strategy that provides adequate budget allocations for development of human capital, targets basic social services for the poor, removes gender discrimination, addresses population growth, and provides social protection.

Third, good governance is absolutely critical to poverty reduction. ADB strongly supports the improvement of governance in its borrowing countries. Sound, transparent, and accountable public institutions are indispensable elements for pro-poor growth and social progress. The sustainability of growth, the enhancement of social

equity, the participation of the poor, and the administrative efficiency and effectiveness of government are all in jeopardy without good governance.

Fight against Urban Poverty

While most of Asia's poor live in rural areas, urban poverty is an increasing challenge for the public authorities. People leave the land for the city in search of employment and a better way of life, but all too often they end up with no work and no prospects. Thus, many cities of Asia are homes to squatter communities, in which life is lived with no amenities and little dignity. The urban poor are too often caught in a vicious circle of deprivation. Local government resources are often exhausted just in providing palliatives for ever-increasing numbers of people. There is nothing left for investment in economic growth and the poor are condemned to stay poor.

Ladies and gentlemen, the situation for the urban poor is desperate. We need renewed dedication, revitalized efforts, and vigorous action if we are to confront and overcome urban poverty.

ADB's Poverty Reduction Framework

ADB wants to intensify its cooperation with its developing member countries (DMCs) in fighting poverty, both in the towns and countryside. We have developed a framework in which ADB and other international agencies can join forces to help DMCs. Let me mention some of its elements.

First, ADB has set itself specific targets against which to measure its own progress in helping to reduce poverty. From 2001 onwards, at least 40 percent of our public-sector lending will be for poverty reduction projects. There will be emphasis on social and infrastructure development to provide

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the poor with access to essential services, including electricity, access roads, water supply and sanitation, education, and primary health care. Put the basics in place and keep them there, ladies and gentlemen, and you give the poor a chance to earn income and break free from destitution.

Second, we are formulating country-specific antipoverty strategies leading to partnership agreements with DMC governments. Bangladesh and Mongolia have already signed such agreements, which stipulate monitorable goals for poverty reduction and social development by 2010, and they commit ADB to support government efforts to reach them. Support for urban development investment through public-private sector partnerships figures strongly in our thinking. We are also updating our broader country operational strategies to ensure a better and more consistent focus on poverty reduction.

Third, ADB has put together a new private-sector strategy. A competitive and efficient private sector is a primary engine of development. It is the major creator of income opportunities. We believe it to be an essential component of an effective and lasting attack on poverty. I would mention here that we see a key role for the private sector in the development of small and medium enterprises.

Fourth, and related to what I just said, ADB has developed a new microfinance strategy. It entails support for innovative, sustainable programs aimed at poverty reduction, and it requires the integration of microfinance programs into the overall financial sector programs of each country. We see microfinance as a powerful tool for helping the urban poor to start small enterprises as well as upgrade their skills so they can find a job.

Fifth, ADB is looking for new financing mechanisms in the area of poverty reduction. For example, in May 2000, ADB's Board approved the establishment of the Japan Fund for Poverty

Reduction in an initial amount of US\$90 million. This fund will be used to provide grants for poverty reduction and capacity-building efforts associated with ADB loan projects.

Sixth is the all-important matter of dialogue, not only with DMC governments but also with other stakeholders, including NGOs and—most notably—the poor themselves. We are very mindful too of coordination with multilateral and bilateral aid agencies, including the World Bank and UN agencies.

Finally, ADB is using its technical assistance funds to study poverty-related issues in its DMCs. For instance, ADB recently cosponsored an international conference in Beijing on the PRC's Poverty Reduction Strategy. The conclusion was that poverty reduction efforts in the next decade should focus on the poor areas of western PRC, on ethnic minorities, and on improvements to the quality of life. ADB endorses the PRC's drive to develop its impoverished western regions. Over the next three years, ADB lending for projects in the west is likely to rise to 75 percent of its total PRC lending. ADB is also undertaking an urban poverty study in the PRC. This will help the Government to measure urban poverty and identify an analytical framework in line with ADB's poverty strategy. It may lead to more investments similar to the US\$25 million it put into a water supply project in Chengdu, the capital of Sichuan Province. A similar urban poverty study will be undertaken shortly in India, and others may follow.

Portfolio Consequences

As a consequence of our renewed efforts to fight poverty, ADB's portfolio of water supply, wastewater, and sanitation projects is likely to increase steadily. I need hardly tell you, ladies and gentlemen, that reducing the extent of waterborne disease

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substantially enhances the well-being of the poor. Clean drinking water is absolutely basic for development and improvement of living conditions. So too is provision of wastewater services. These are very much a matter of concern to municipal authorities, as is also the provision of shelter for the urban poor. ADB is looking again at ways to provide housing loans to low-income households.

Conclusion

Distinguished participants, these are some of the things ADB is doing. Among you are policymakers from our DMCs and international scholars. I thank you for coming to this Forum to share your views and experiences and I want to hear your comments on our work.

I am confident that this Forum will contribute to a deeper understanding of the nature and causes of urban poverty and of the challenges that lie ahead in tackling it. I hope it will yield practical recommendations for joint future actions. Poverty is overwhelmingly the social issue confronting Asia in the 21st century. We must all work seriously together, yet with glad hearts, to make our region a better place, to make our cities fit to live in, and to make our citizens more healthy, better fed, and better educated.

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LOU JIWEI

Vice Minister, Ministry of Finance
People's Republic of China

I am pleased to have the opportunity to attend this Forum. Please allow me, on behalf of the Ministry of Finance of the PRC, to extend our warm greetings at the opening of this meeting and our heartfelt welcome to all the representatives present.

Since the PRC joined ADB, friendly cooperation of both sides has continuously developed. As of April 2000, ADB has provided a total of approximately US\$9.5 billion in loans to the PRC. The loan projects involve many sectors, such as agriculture, forestry, water conservation, and environmental protection. ADB has also offered about US\$0.17 billion for technical assistance to the PRC, which has mainly been used in research on the macroeconomy and policy. These loan and technical assistance projects have played important roles in promoting economic reform and development in the PRC. I believe that, with the economic reform in the PRC deepening constantly, friendly cooperation between the PRC and ADB will be further developed.

The PRC is a large developing country that is undergoing transition to a socialist market economy. In the process of transition, the great responsibility of policymaking falls on our shoulders. We must maintain fast and sustainable economic growth, adapt ourselves to drastic structural adjustment, steer and accelerate the process of urbanization, set up an organizational structure that fits into all these processes, and introduce appropriate policies. Faced with such great policymaking responsibility, we should enlarge our horizon, understand the actual situation of the dual economy and the social structure in the PRC, attach great importance to the significance of the urban development and urbanization process, pay close

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attention to the problems of urban poverty and environmental pollution brought about by urbanization in other countries, and learn from their approaches how to address these problems earnestly on the basis of our present situation.

The PRC Government has made sustainable efforts over a long period in all these aspects. In the past two years, with the implementation of expansionary fiscal policy and reinforcement of measures, we have invested more than Y100 billion in the areas of ecology restoration, pollution control, and urban environment improvement. We have also made great endeavors to reduce urban poverty by improving the present system and ensuring a basic living standard.

The PRC Government has now implemented a basic living-standard insurance system and an unemployment insurance system for laid-off workers in state-owned enterprises; a minimum living-standard insurance system in urban and township areas; and established and gradually improved a pension and health insurance system for urban and township residents that combines government and individual contributions. At present, 668 cities and 1,638 townships throughout the country have established a minimum living-standard insurance system.

Since July 1999, the PRC Government has enhanced the living standard of urban and township residents to a great extent, including increasing the basic living wage, unemployment insurance benefits, and minimum living-standard insurance benefits for laid-off workers in state-owned enterprises by 30 percent; enhancing the pension distribution standard; and enhancing the allowance and favorable treatment standard for soldiers on active service, veterans, disabled veterans, and their families.

The PRC's large population makes the task of helping the poor very hard. With the development of urbanization and the continuous increase in the

number of cities, towns, and urban populations, the cities are confronted with such problems as heavy employment pressure and deterioration of the environment. Mr Deng Xiaoping, the general designer of PRC reform and opening-up policies, stated that the nature of socialism is to liberate and develop productive forces, eliminate exploitation, remove polarization, and finally reach the objective of common prosperity. To solve the problems arising from urbanization, the PRC must adopt the basic requirements of developing a socialist market economy. With the deepening of economic reform and the adjustment of industrial structure, the PRC Government has full confidence to make use of all available resources to solve the difficulties and problems of urban development.

This Forum is very timely and necessary. It provides us a very precious opportunity to communicate. We would like very much to take this opportunity to further strengthen cooperation with ADB and other international organizations and learn about valuable experiences on urban management in other countries.

I would like to express my heartfelt thanks to the ADB Institute for their great efforts. At the same time, I hope through this meeting we can strengthen international links; jointly make strong efforts to eradicate poverty; and promote the stable, healthy, and sustainable development of cities.

To solve the problems arising from urbanization, the PRC must adopt the basic requirements of developing a socialist market economy.