City Development Strategy (CDS)
Support to Ten Chinese Cities
- Impacts, Approaches, Experiences

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NOTE: Maps and graphs by Chreod Ltd. Canada
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1. Urban Development in China
Regional Urban Systems in China, 2000
China’s Urban Profile

- Urbanization - national policy – as the “engine” of economic growth (and poverty reduction)

- China’s urban population (total pop. now ~1.3 billion)
  - 1980 200 million (<20% of total pop)
  - 2002 500 million, in 700 cities (39%)
  - 2020 >800 million, in 1,000 large cities (55%)

- Some 40 cities have urban population > 1 million, but small/medium cities are growing fastest.
# Urban Growth Projection in China

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Urban Population</strong></td>
<td>~ 500 M (39%)</td>
<td>~ 850 M (55%)</td>
</tr>
<tr>
<td></td>
<td>(total 1.3 B)</td>
<td>(total 1.5 B)</td>
</tr>
<tr>
<td><strong># Cities &gt; 1 M</strong></td>
<td>40</td>
<td>~80</td>
</tr>
<tr>
<td><strong># Cities &gt; 100,000</strong></td>
<td>660</td>
<td>&gt; 4,000</td>
</tr>
<tr>
<td><strong>Towns (5,000 – 150,000)</strong></td>
<td>20,000</td>
<td></td>
</tr>
</tbody>
</table>
Examples of Challenges in China

- Large urban - rural growth and income gaps (about 3:1 and 2:1)
- Growing regional imbalances and inequalities
- Rapidly growing peri-urban areas in larger cities (presenting institutional challenges)
- Maintenance of existing assets due to constrained municipal finances
- Emergence of vulnerable groups in urban and suburban areas
Zhengzhou Metropolitan Region: center and suburb
CDS Programs in China

- **Fuling CDS (1999)** - Funded by Japan

- **CDS 1 Program (2001-2002):**
  - Changsha - Zhuzhou - Xiangtan in Hunan Province
  - Guiyang, the capital of Guizhou Province

- **CDS 2 Program (2003-2004):**
  - Co-financing from DFID (UK)
  - 3 Provincial capitals - Chengdu, Zhengzhou, and Lanzhou
  - Two smaller cities - Xinxiang and Erdos

- **Under preparation: Cities in NE Heilongjiang Province**
## Participating Cities

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Population (in Mil)* in 2003</th>
<th>Urban population’ 2003</th>
<th>Municipality Land Area (km²)</th>
<th>Density (inh/ km²)</th>
<th>GDP per capita ‘2003 (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changsha</td>
<td>6.02</td>
<td>2.96** (49%)</td>
<td>11,820</td>
<td>509</td>
<td>1,790</td>
</tr>
<tr>
<td>Zhuzhou</td>
<td>3.74</td>
<td>1.52** (41%)</td>
<td>11,272</td>
<td>331</td>
<td>1,295</td>
</tr>
<tr>
<td>Xiangtan</td>
<td>2.82</td>
<td>1.12** (40%)</td>
<td>5,007</td>
<td>562</td>
<td>1,216</td>
</tr>
<tr>
<td>Guiyang</td>
<td>3.49</td>
<td>1.60*** (46%)</td>
<td>8,034</td>
<td>434</td>
<td>1,326</td>
</tr>
<tr>
<td><strong>Chengdu</strong></td>
<td>10.44</td>
<td>3.86*** (37%)</td>
<td>12,398</td>
<td>843</td>
<td>2,183</td>
</tr>
<tr>
<td>Lanzhou</td>
<td>2.99</td>
<td>1.73*** (58%)</td>
<td>13,271</td>
<td>226</td>
<td>1,753</td>
</tr>
<tr>
<td>Zhengzhou</td>
<td>6.48</td>
<td>2.50*** (39%)</td>
<td>7,511</td>
<td>862</td>
<td>2,063</td>
</tr>
<tr>
<td>Xinxiang</td>
<td>5.47</td>
<td>1.21*** (22%)</td>
<td>8,169</td>
<td>670</td>
<td>839</td>
</tr>
<tr>
<td>Erdos</td>
<td>1.36</td>
<td>0.57*** (32%)</td>
<td>86,800</td>
<td>16</td>
<td>2,490</td>
</tr>
</tbody>
</table>

* Register Residents
** Urban Population
*** Non-Agricultural Residents
Characteristics of China CDS Programs

- Complements current planning instruments, i.e. Master Plan, 5-Year Plan & Sector Master Plans
- With emphasis on selected aspects for most added value, e.g.
  - City competitiveness for job creation
  - Regional / city-regional urban development
  - Stakeholder workshops
  - Urban environment issues (incl. heritage preservation)
  - Financial management & sustainability
  - Emerging urban poverty
- And supports sharing of experience among cities in China and the Region (seminars, VCs, tours)
Municipal Characteristics in China

**Manageable**
- ‘Silos’
- Urban - Rural
- Very decentralized

**Competitive**
- Specialized
- Limited tertiary industry
- Local protectionism

**Bankable**
- Weak transparency
- Limited instruments

**Livable**
- Rapid growth
- Environmental challenge
- Cultural heritage
Municipal Finance: Fiscal Resources by Level

- **China**: Center (20%), Province (40%), Local (40%)
- **Germany**: Center (20%), Province (40%), Local (40%)
- **USA**: Center (20%), Province (40%), Local (40%)
Financing of Urban Services & Investments

- **O&M**
  - Beneficiary (User) Charges: Extensive
  - Budget Allocation: Other than w/ww

- **Investment**
  - Inter-governmental Transfers: Minimal
  - Land/property lease revenues: Extensive, declining
  - Market Borrowing from Banks: Extensive
  - Private Sector Finance (market provision of services): Some; increasing
  - Corporate Bonds: Emerging
  - Local budget allocation: Limited
  - Own Cash Generation for Inv.: Limited
3. Impacts in the Participating Cities

Chengdu Metropolitan Region: Outer Core
Impacts of the CDS 1 Program

- Introduced a more strategic, cross-cutting, flexible, and participatory approach (with SWOT analysis)

- Strengthened integrated planning in the region of Changsha - Zhuzhou - Xiangtan

- Triggered a $400 million Hunan Urban Development Project financed by the World Bank.

- Adjusted the infrastructure investment program in Guiyang, and strengthened various domestic and international (to JBIC) funding proposals
Impacts of the CDS 2 Program

- **Region-based (Metropolitan) City Strategies:**
  - **Chengdu:** Development of Chengdu - Deyang link as central facet of 11\textsuperscript{th} Five Year Plan (FYP)
  - **Zhengzhou and Xinxiang:** Definition of the cities’ role in the Central Hunan Urban Cluster
  - **Lanzhou:** Incorporation of the concept of travel time (vs.distance) in spatial development strategy. Incorporation of the wider Lanzhou Metropolitan Region into the upcoming 11\textsuperscript{th} FYP
  - **Erdos:** Timing revisited of planned new town south of Erdos. Now likely to be delayed until existing town reaches 500,000.
Example of Environmental Infrastructure Subjects

- **Chengdu**: Water Resource Management
- **Lanzhou**: Air Quality Issues
  Urban Transport (rapid bus transit)
- **Zhengzhou and Xinxiang**: Transport / logistics
- **Erdos**: Water shortage
  Soil erosion
General impacts in the Cities:
- Significant input to the cities’ 11th Five-Year Plan.
- Increased capacity in the participating cities.
- Participatory process applied more broadly
- City comparison (domestically & internationally)

In China:
- Broad-based awareness of the CDS approach among Chinese national entities.
- Knowledge sharing among the CDS cities
Impacts regarding Vulnerable Groups

• Increased awareness among officials and stakeholders of existing conditions and needs.

• Improved recognition of need:
  – To incorporate rural migrants into regional labour and housing markets and into social services net.
  – To address compensation, job training, and education for new, emerging class of ‘landless farmers’ in suburban areas (with their land requisitioned for conversion to urban use)
Source: 2002 Household Data  (MLSI=Minimum Living Standard Income)

<table>
<thead>
<tr>
<th>City</th>
<th>Poverty Line</th>
<th>MLSI enrolled</th>
<th>% of City pop</th>
<th>Est. % under poverty line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chengdu</td>
<td>$22</td>
<td>132,000</td>
<td>2.7%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Zhengzhou</td>
<td>$25</td>
<td>49,000</td>
<td>1.6%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Lanzhou</td>
<td>$21</td>
<td>105,000</td>
<td>3.9%</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

Notes:
If based on expenditures incurred, the estimated % double.
High portion of migrants in Zhengzhou; same as others in Lanzhou.
4. Approaches Applied

Lanzhou Metropolitan Region: center and suburbs
Approaches Applied - General

- Priority subjects selected together with the city teams (related to Economic development; Social/human development; and Environmental sustainability)
- One large consulting assignment; smaller ones on specific subjects (environment, poverty, land use)
- Extensive use of GIS, satellite images (land use), and existing statistics
- Review of industry productivity & profitability. Focus on agglomeration economies, (market access, production & innovation capacity), clusters/corridors, supply chains, etc.
- Stakeholder workshops, study tour, national seminar
Key Elements and Outcomes

**Elements**
- Economic development analysis of the city/region
- Formulation of a broad-based vision / goals
- Development of a strategic plan

**Outcomes**
- Vision and Strategy
- Policy advancement
- Enhanced institutional capacity
- Investment programs (including social, cultural)
- Program monitoring mechanisms
STRATEGIC PLANNING
1. Establish Relevant Scales
2. Establish Vision and Development Goals
3. Define Problems and Opportunities
4. Define Issues and Priorities
5. Define Objectives
6. Define Policies and Instruments

PROGRAM AND PROJECT PLANNING
7. Formulate Programs
8. Formulate Projects / Activities

IMPLEMENTATION AND OPERATIONS
9. Implement Projects / Activities
10. Operation / Service Delivery
5. Experiences from the China CDSs

Erdos Urban Region: center and suburbs
Experiences from the CDS Programs

✓ Focus CDS support on few cities; concentrate time and efforts

✓ Align with other urban planning processes, e.g. Five-Year Plans

✓ Stakeholder participation of great value.

✓ Provincial and national governments have key roles in knowledge dissemination.
Temper long-term ‘visioning’ with related concrete, short & medium-term action plans.

Need to address municipal /infrastructure finance and transparency issues.

Need to address ‘poverty’ issues as part of CDS

Further focus on benchmarks (international and domestic) would be useful in future CDS support
6. City Spatial Structures
Chengdu Metropolitan Region: 11.2 million (2000)
Chengdu Metropolitan Region: population densities (2000)
Paris Metropolitan Region
Zhengzhou Metropolitan Region: 6.4 million (2000)
Zhengzhou Metropolitan Region: population densities (2000)
Lanzhou Metropolitan Region: 2.4 million (2000)
Lanzhou Metropolitan Region: population densities (2000)
Xinxiang Urban Region: 2.2 million (2000)
Xinxiang Urban Region: population densities (2000)
Erdos Urban Region: 320,000 (2000)
Erdos Urban Region: population densities (2000)
7. Conclusions: CDS’s role in China

- CDS - “an anchor” for rapidly changing cities
- Helps revisit and refine traditional processes
- Broadens focus to metropolitan / regional level
- Highlights importance of sustainable finance
- Strengthens engagement of civil society and enterprises in strategic planning and monitoring
- Promotes exchanges among participating cities
- International input adds value (ideas & process)
Thank You