

Financing for effective, inclusive and sustainable urbanization

-----China Case

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Main issues

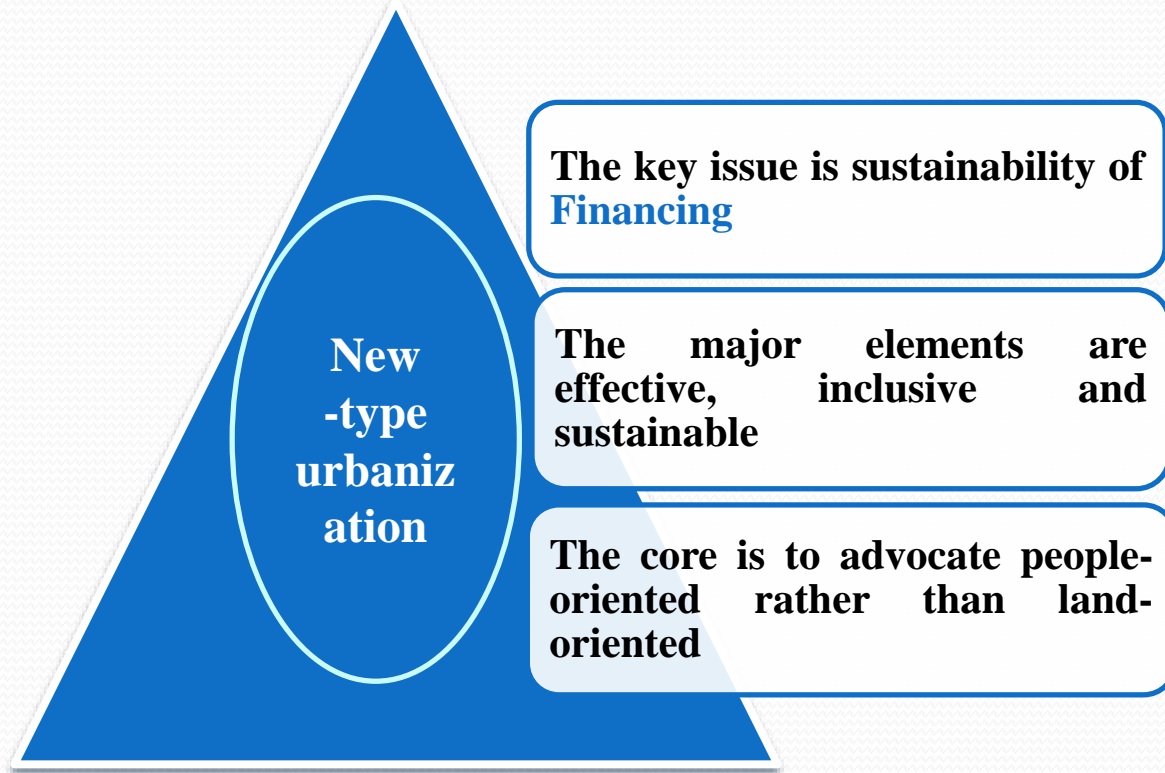
What is new-type urbanization in China?

Features of new-type urbanization from the perspective of financing

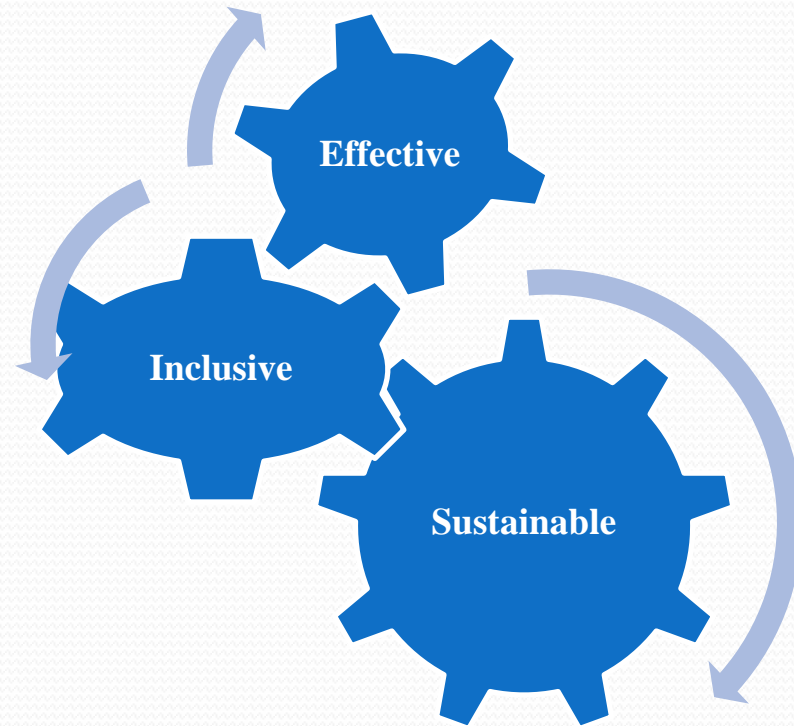
Financing bottlenecks and new problems

Strategic choices of financing for new-type urbanization

What is new-type urbanization in China

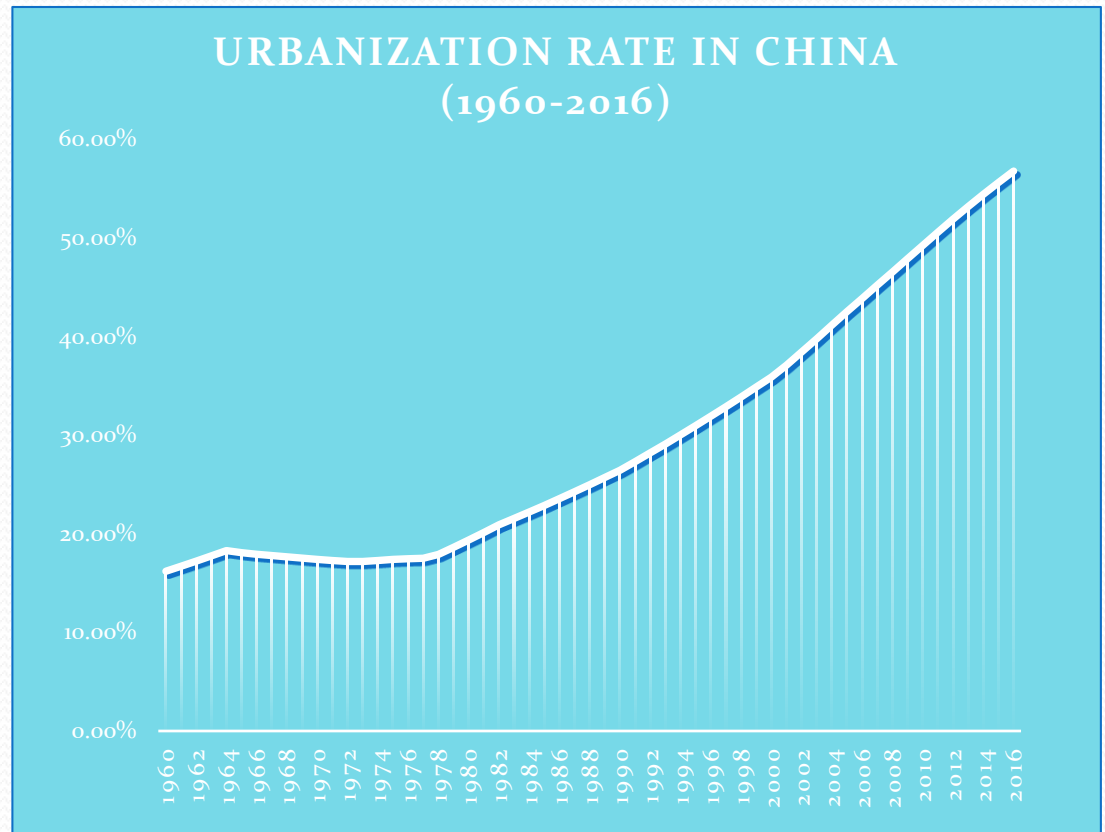


What is new-type urbanization in China



A snapshot of urbanization in China

- Urbanization rate in China is up to 56.7% in 2016 from 35.88% in 2000, but only 16.2% in 1960, above 1 % year-on-year growth since 2010.
- Propels domestic demand growth.
- Calls for sustainable financing mechanism



Financing for Urbanization will answer three questions

Why to finance for new-type urbanization?

How to finance for new-type urbanization?

How to improve financing efficiency?



Features of new-type urbanization from the perspective of financing

Features of new-type urbanization from the perspective of financing



Different Development Concepts

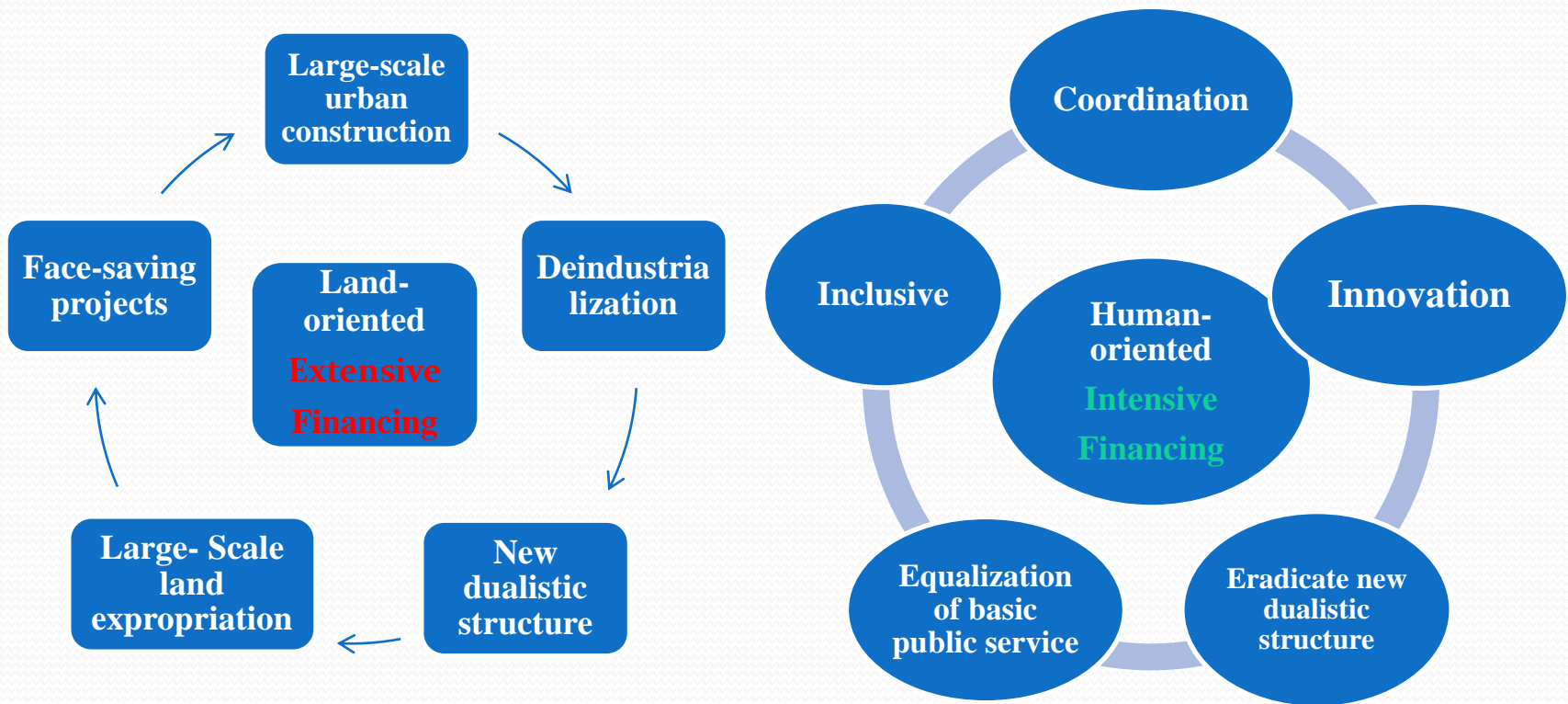


Different Urban Appearance



Different Financing Mode

Different Development Concepts



Different Urban Appearance

**“Reinforced concrete”
cities of the same imagine**



**Cities and towns with their own
characteristics of “green hills, clear
water and nostalgic elements”**



Different Financing Mode

Land Financing

- Land financing is the most popular method.
- Depends on local government financing vehicle.
- Low degree of participation by social capitals in urbanization.
- Easy to lead to implicit and explicit heavy debts and higher debt risks.

Multiple Financing Model

- Fiscal taxation policy, local bonds, public-private partnership.
- Strict constraints on local government debt to lower fiscal risks.
- Abstract more low-cost social capitals to participate in new-type urbanization.
- Lay emphasis on financing efficiency.

Financing bottlenecks and new problems



Obscure Boundary

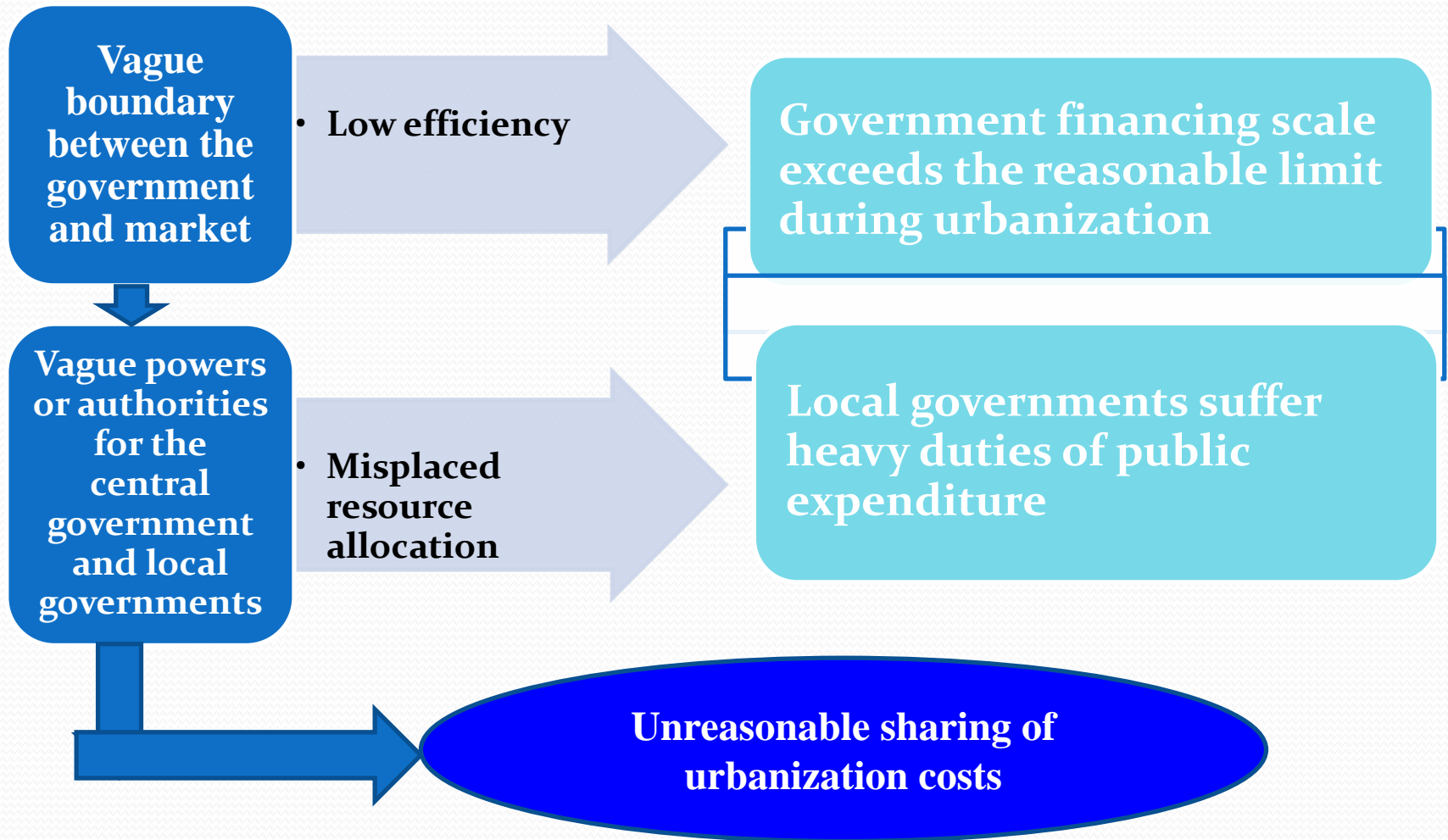


Capital bottlenecks

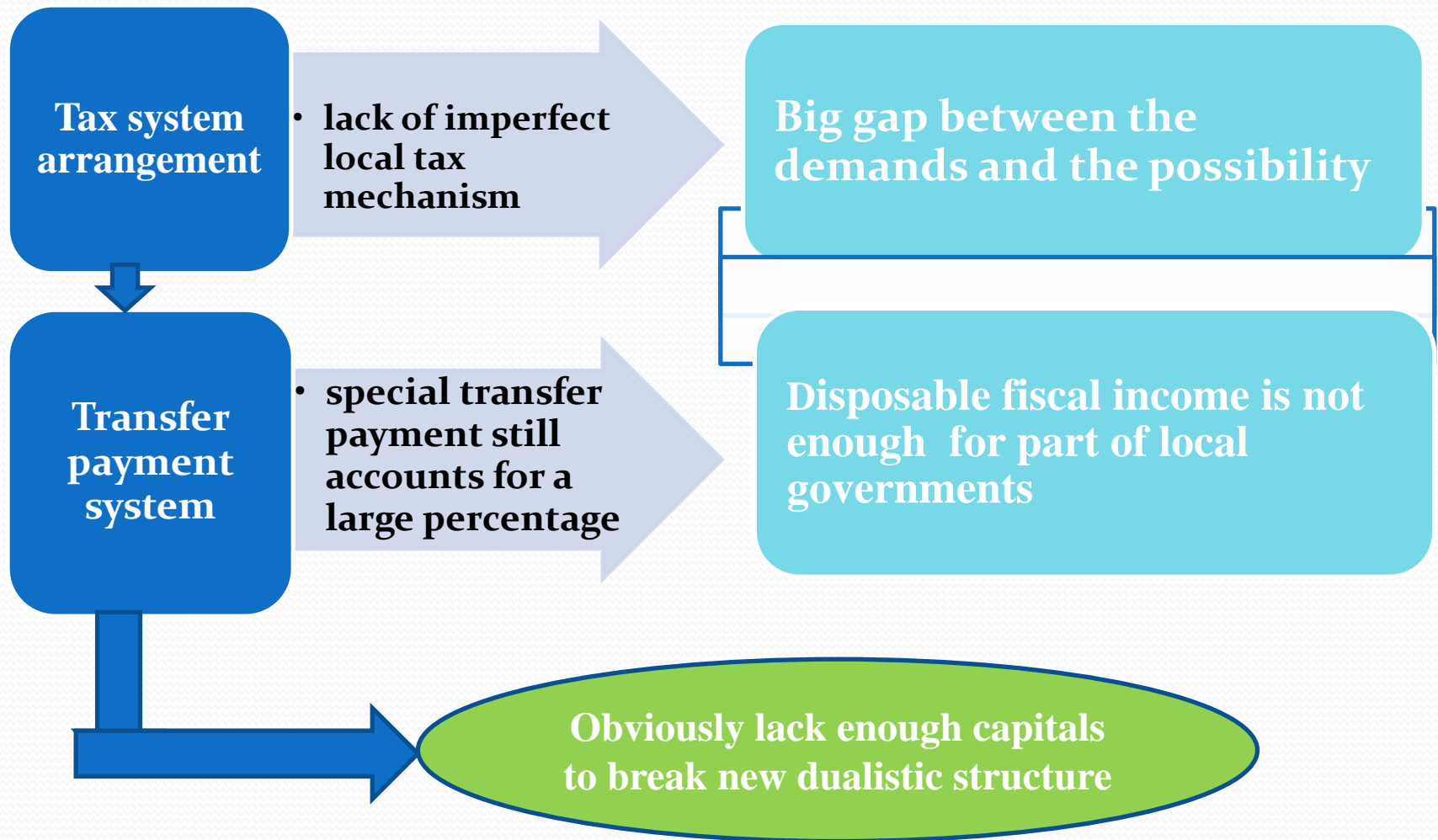


Path Dependence

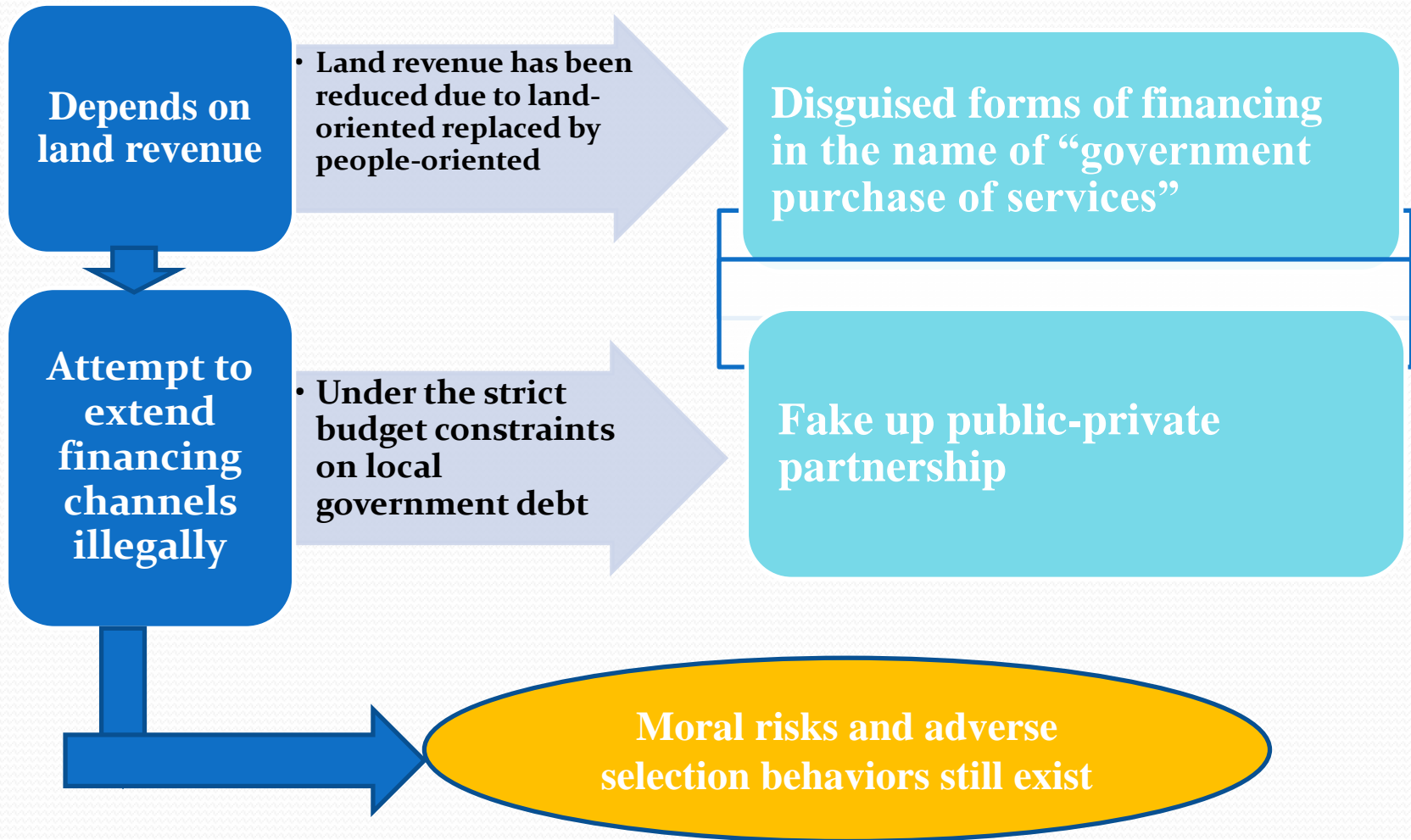
Obscure Boundary




Capital Bottlenecks



Path Dependence





Strategic Choices of Financing for New-Type Urbanization

Strategic Choices of Financing for New-Type Urbanization



Clarify Financing boundary



Prioritize resources allocation



Expand financing channels



Improve financing efficiency

Strategic Choices of Financing for New-Type Urbanization

Clarify Financing boundary

Clarify the boundary between the government and market

Clarify the boundary of authorities and duties of expenditure for respective government

Clarifying Financing boundary answers

Why to Finance for

**Financing for the costs of the
citizenization of rural migrant
workers**

- **Maintain appropriate level of fundamental public service**
- **Education and training, medical treatment, public health and social security**
- **Municipal utility**
- **Affordable housing**

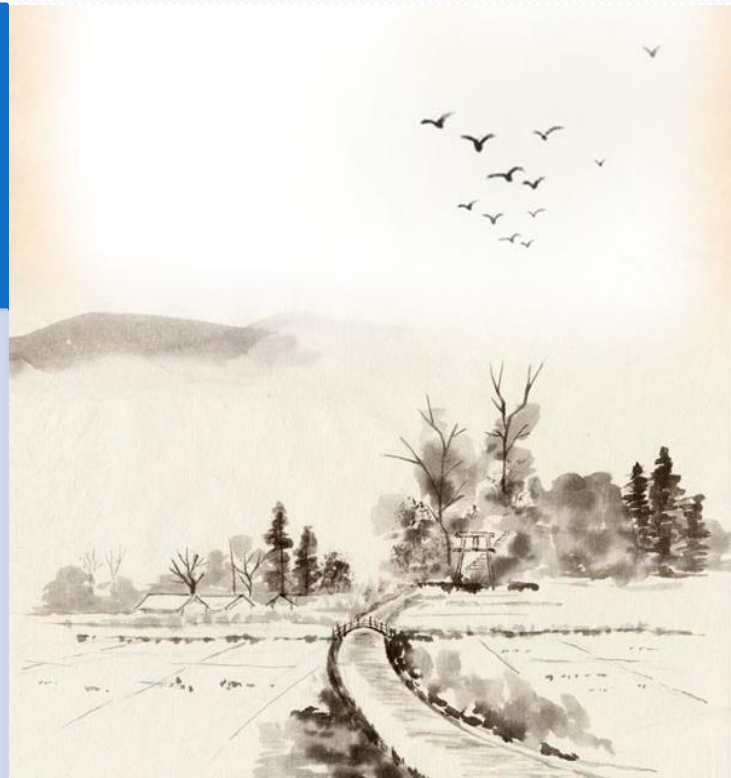


Clarifying Financing boundary answers

Why to Finance for

Financing for infrastructure

- **Public and Private Partnership**
- **Special local bond**

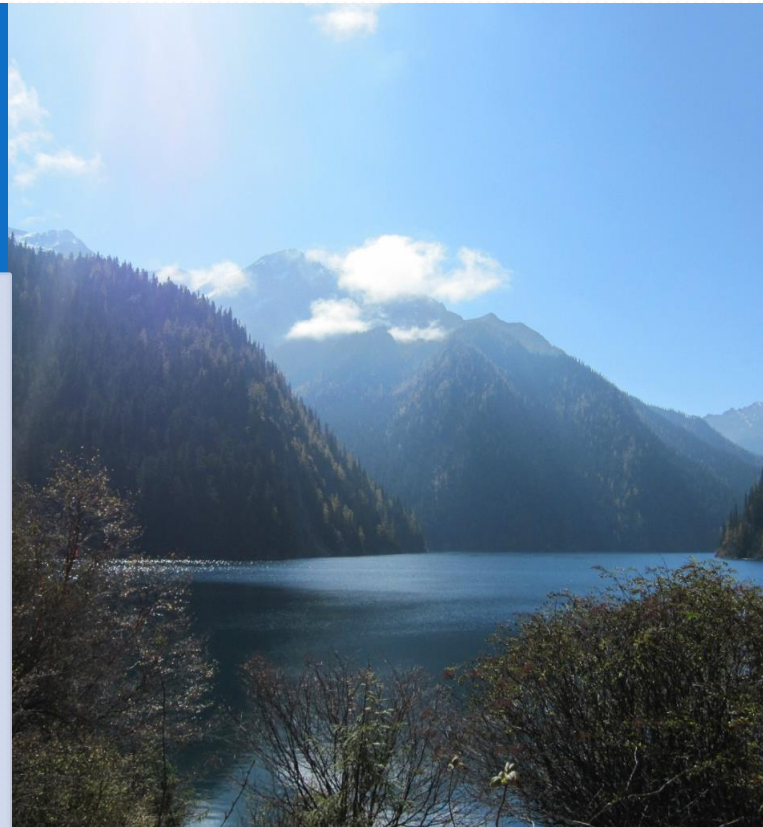


Clarifying Financing boundary answers

Why to Finance for

Financing for good environment and friendly ecology

- **Improve protection and management of ecological environment**
- **Improve the efficiency of resource utilization**



Strategic Choices of Financing for New-Type Urbanization

Prioritize resources allocation

Basic Principle

Focus on solving equity and congestion problems

The first priority

Break the barriers to labor mobility

In the long run

Establish “portable fundamental public service package”

Strategic Choices of Financing for New-Type Urbanization

Expand financing channels

“Financing”
covers
capitals,
resources and
assets

Improve the
division of
inter-
governmental
revenues

Measuring
reasonable
scale of local
government
debt

Strategic Choices of Financing for New-Type Urbanization

Improve financing efficiency

**Optimize
institutional supply
and improve public
governance**

**Accountability
system should be
implemented**

Inclusion

As for the relationship among the government, market and society in the process of new-type urbanization,

- **Efficiency problems** at economic level shall be almost solved by the market
- **Equity problems** shall be resolved by the government through regulations
- Social capitals can participate in urbanization orderly through market mechanism under government guidance to achieve **Sustainable Urbanization**



Thank you !

Contact details



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