

## **HUMAN SETTLEMENTS COUNTRY PROFILE**

### **CHINA**

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## **Housing Development in Urban and Rural Areas**

Time-bound Targets and Commitments: In the 10th Five-Year Plan for National Economic and Social Development (2001-2005) published in 2001, the Chinese government planned to increase the per capita floorage for Chinese people to 22 square meters by 2005. Between 2001-2005, China built 2.7 billion square meters of housing for urban residents. Every urban household owned a flat with all the basic amenities.

Globally, according to the goal of “appropriate housing for all (particularly the poor in urban and rural areas)” set at HABITAT II and JPOI, the living conditions for the 100 million people living in slums should be significantly improved by 2020.

### Latest Progress

(a) In recent years, the Chinese government has, in harmony with the two themes of “proper housing for all” and “sustainable development of human settlement in the urbanization process” adopted at the UN Human Settlement Conference, deepened urban housing reforms and stepped up the housing industry. As a result, the scale and quality of housing in China has increased by leaps and bounds. By the end of 2002, per capita floorage in urban areas had reached 22.8 square meters.

(b) With the further unfolding of housing reform and the implementation of the strategy to expand domestic demand, China has activated the housing market. Homes are now predominantly privately-owned, as opposed to state-owned a few years ago. In urban areas, between 84-89% of homes are privately owned. Housing has become the major property of family-unit. Fueling the growth of the industry, the secondary housing market has also been opened completely, the real estate market is becoming better regulated, estate agents are growing rapidly, property management is expanding, and overall the housing industry is becoming more market-driven. Major progress has also been made in low-cost housing construction, with completed floor space reaching 425 million square meters between 1998-2001, providing housing for more than 4 million medium- and low-income households. At the same time, old-city renovation has also picked up, with clusters of old dilapidated houses torn down and new houses built to relocate tenants. Much headway was also made in the development of low-budget leased housing.

(c) Large-scale and modern housing has also emerged in rural areas. Land-saving condominiums are becoming more popular, and the installation of tap water, electricity, telecom and other amenities has greatly improved the quality of rural housing. In 2002, per capita floorage in rural areas reached 26.5 square meters, up 49% over 1990. Of that total, 29% was built with steel and concrete.

(d) The quality of housing has improved steadily, as evidenced by climbing quality-compliance rates. Improvements have also been made in the planning, designing, landscaping and functions of housing.

### Means of Implementation

(a) In housing supply, great attention has been paid to building low-cost housing for medium- and low-income households. Improving housing conditions for urban residents has always been the fundamental goal of housing reform and development to the Chinese government. The cost for such housing is reduced through such measures as waiving land compensation fee, and reducing by half other administrative fees applicable to the real estate business. At the same time, limits are placed on pricing, buyer eligibility and profit margin of developers, making low-cost housing affordable to medium- and low-income households.

Housing cooperatives and self-funding have also been encouraged to speed up housing construction for the needy. While promoting commercialization of the housing industry, the Chinese government encourages industrial, mining and public institutions to raise funds and build housing on their own land as long as their project conforms to the master municipal plan, the development plan of their own unit, and the principle of land conservation. Housing cooperatives provide affordable housing through government incentives and autonomous management of employees.

Renovation of ramshackle old houses in cities has also steamed ahead to improve housing conditions for medium- and low-income households. Governments at all levels provide various incentives such as preferential land and tax policies to encourage developers to get involved in the endeavor.

Other measures include liberalizing the secondary market and leasing market, and raising funds from multiple channels to finance housing projects. Local governments have taken various measures – such as simplifying procedures, lowering tax rates for secondary and leasing markets – to encourage low income-earners and new employees to purchase or lease affordable housing from the secondary or leasing market.

(b) In housing consumption, we have implemented a policy of converting government-subsidized housing into cash for public-sector employees and taken steps to increase incomes for medium- and low-income households. Housing allowances are provided to employees who have no housing or whose housing is not up to government-certified criteria in areas or organizations where the housing price-income ratio is more than 4:1 and the original housing construction fund disbursed by the government can be converted into housing allowance. Housing allowances have increased the purchasing power of residents.

Housing credit has also been developed to increase the purchasing power of residents. The government has issued the Rules for Managing Personal Housing Loans and Rules for Managing Housing Funds for this purpose. By the end of 2002, the balance of personal housing loans issued by commercial banks amounted to 783.1 billion yuan, a 41-fold increase over 1997. The amount of the housing fund has also been increasing steadily, providing an alternative option for homebuyers.

For medium- and low-income households, services such as housing swapping, leasing agency

and housing guarantees have been launched. Tax breaks have also been made available to them for purchasing or transferring housing.

(c) In housing welfare, the government has issued the Rules for Managing Low-Budget Housing for Lease in Urban Areas to provide housing for lowest-income households. Housing allowances are issued to those households to enable them to lease housing in the market that suits their needs. In some cases, the government either builds or purchases housing and then lease them to those households.

(d) In rural areas, the government has taken measures such as returning farm fields to lakes, returning farmland to forestland and relocating residents in areas under flood threat to help them resettle. In addition, it has focused on small town-building, providing public utilities to help farmers build their own housing.

#### Major Groups Involvement

(a) The Chinese government encourages all quarters and groups of society to take part in housing construction and community management and safeguard residents' rights and interests.

(b) All groups, in particular women, youth and senior citizens groups are encouraged to participate in the drafting of medium- and long-term housing development plans; when making policies, laws and regulations on housing- and community-development, the government also solicits opinions and suggestions from the public. Residents are also encouraged to form homeowners' committees to participate in the building and management of their community and maintain their lawful rights and interests.

(c) Social organizations have also been given a full role to play in the building of low-cost housing for medium- and low-income households; social organizations and enterprises are also encouraged to contribute to the building of low-budget housing for leasing to the lowest-income households.

#### Challenges and Obstacles to Implementation

(a) Despite the marked improvement in the housing conditions – including the quality of housing and the living environment – for urban residents, overall, China is still at a low level of housing development compared with developed countries due to its huge population and weak foundation. Furthermore, because of the vast differences in socioeconomic development across different regions, the situation varies from region to region. At present, 150 million square meters of dilapidated old housing remains to be rebuilt, 1.56 million households are still in need of housing, and 350,000 households' per capita floorage is under eight square meters.

(b) The housing welfare system has just been introduced, its coverage is still very limited and related policies and mechanisms still lacking. Housing construction is still at a resource-depleting stage with a low level of industrialization and productivity – China's labor productivity in the construction industry is less than one fifth of that in the developed countries. Furthermore, science and technology contributes less than 30% to the development of the housing industry.

(c) Old-house demolition and relocation, as a result of a sweeping old-city rebuilding and urbanization movement, has been a very difficult target. And the policy of compensation and relocation package needs further improvement.

#### Recommendations

(a) Step up the issuing of housing allowances to boost the purchasing power of medium- and low-income households.

(b) Continue to build affordable housing for medium- and low-income households, reduce the cost for building low-cost housing; regulate and develop fund-raising channels for cooperative housing; improve the low-budget housing market for leasing and ensure adequate funding to provide housing for lowest-income households.

(c) Shore up old-house rebuilding through initiatives such as real estate development and formation of housing cooperatives.

(d) Further deregulate the real estate market by lowering the threshold for existing housing to be traded at secondary markets, modifying regulations governing sales of housing, and encouraging residents to improve their housing conditions through home-swapping or buying.

(e) Regulate the investment and financing regimes and improve the housing fund system. Further overhaul the personal housing loan program, improve the housing insurance policy, build a national guarantee institution for personal housing loans, and improve risk-control mechanisms, thereby facilitating further growth of the loan program.

(f) Accelerate the commercialization of property management by introducing a bidding system and accreditation system into property management to regulate property management; subject more residential compounds to property management.

(g) Promote the modernization of the housing industry by developing economic and technical policies to encourage and support the application of advanced and practical new materials, technologies, equipment and processes in the building industry. Focus on residential landscaping and interior designs and ensure the installation of supporting facilities with the buildings.

(h) Provide greater guidance to farmers in building design and engineering, promote multiple forms of typical design and building innovation among farmers; increase funding for infra-structural building in rural areas.

(i) Simplify approval procedures for rural housing requests; settle disputes involving the demolition and relocation of houses and help farmers solve their housing problems. Develop the building materials industry for rural residents, reduce cost, increase the product portfolio and supply of products and materials. Furthermore, improve relevant policies with regard to rural housing, house demolition and relocation, and land supply.

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### **Urbanization and Urban-Rural Coordination**

Time-bound Targets and Commitments: In June 1996, the Chinese government submitted a Report on Human Settlement Development in the People's Republic of China to the second United Nations Conference on Human Settlement. In that report, China suggested that the country's urbanization would reach 35% by 2000 and 45% by 2010.

In 2001, China published another policy document entitled 10<sup>th</sup> Five-Year Plan for National Economic and Social Development (2001-2005). In that plan, China proposed the following principle for urbanization during those five years: urbanization should take its own course, compatible with the level of economic development and the growth of market forces. Urbanization means the development of cities of all sizes – large, medium and small – and small towns in a coordinated manner, in line with China's national conditions.

#### Latest Progress

- (a) The pace of urbanization has accelerated in China, as evidenced by the growing size and number of cities and towns in a coordinated and proportionate fashion, thanks to a systemic effort to plan and readjust the country's urban sector. By the end of 2002, China had 660 officially certified cities and 20,601 officially certified towns, with the urban population reaching 502 million and urbanization level standing at 39%.
- (b) The quality and level of urban and rural planning is improving steadily, as are laws and regulations. All the cities, most towns and 70% of villages have modified their master plan. Provincial governments, in line with requirements of the central government, have mapped out plans for urban development on a local level. To date, 14 provinces have obtained State Council approval of their plans.
- (c) The Chinese government pays great attention to the distribution, size and features of cities and towns, insisting that urbanization develop in a healthy and orderly manner, in harmony with rural development, and in line with the country's level of economic development, industrial distribution, and resource/environmental conditions.
- (d) Emphasis has been placed on building infrastructures for small towns, particularly roads, water supply and sewage, and electricity. Since the 1990s, urbanization has been making steady progress in eastern China with small town-building and massive migration of farmers into cities. Small town-building in turn has boosted rural economic development and helped close the gap

with urban areas.

#### Means of Implementation

(a) Wherever possible, the Chinese government has implemented a strategy to move rural populations into small towns in a planned and step-by-step manner. County seats have been the driving force for the small town-building movement, a movement designed to boost rural socioeconomic development. Measures taken include introducing integrated management of urban and rural development, developing guidelines and policies for small-town development based on pilot programs conducted in select towns, improving small-town planning, and allowing market forces to participate in building infrastructures and public utilities in small towns. All these moves have promoted the healthy and rapid development of small towns in China.

(b) Great attention has been paid to urban and rural planning and the implementation of plans. In particular, we have stepped up efforts to draw up and implement urban plans for select regions and reinforced the drafting and execution of urban plans within a province. Special attention has been paid to clarifying the compulsory parts of urban plans and efforts made to facilitate the completion of near-term plans. Protection of well-known towns or villages of historical or cultural significance have been greatly improved on three levels: city-wide, block-wide or building-wide.

(c) The government has also moved to discipline itself by introducing the concept of “governing by law”. The revision of the Urban Planning Law prompted the modification or development of related laws, regulations, standards and norms concerning urban planning. At present, 18 laws, regulations and rules have been promulgated and 15 national-level technical standards and norms on urban planning have been issued and enforced. To protect historical and cultural heritage and harmonize urban development with preservation of historical and cultural heritage, the Chinese government issued the Methods for Managing Urban Purple Line (Management of historic culture and heritage).

(d) China has also built an efficient system for regulating urban planning. This system consists of regulatory authorities at the central, provincial and municipal/county levels. Township governments have also set up corresponding administrative bodies to regulate village or town planning. Recent years have witnessed stricter supervision over plan implementation and new attempts at reforming urban and rural planning. Sichuan Province, for example, has piloted the appointment of Urban Planning Supervisors; Guizhou Province has experimented with reforms to the planning system from the provincial to the county level. In addition, the Ministry of Construction has launched a remote-sensing monitoring system for cities whose master plans for urban development were approved by the State Council and cities designated as “national-level well-known cities of historical and cultural significance”. A pilot program is being implemented in 10 cities.

#### Major Groups Involvement

(a) Local governments have improved transparency of governance, encouraging the public to participate in the whole process of plan drafting and implementation. Urban planning

authorities solicited public comment on urban planning for of their own area. They publish all work-related information, including procedures, rules, rationales, results, deadlines, etc., and subject themselves to public scrutiny.

(b) Planning committees have been set up all over the place to allow members of the public, experts, NGOs and government officials to comment and advise on the drafting and implementation of urban and rural plans. This has produced positive results.

(c) Publicity campaigns and training programs have been launched to promote public awareness of planning and preservation of cultural and historical heritage.

#### Challenges and Obstacles to Implementation

(a) Urbanization still lags behind economic development and disparities between urban and rural areas remain wide. The consequences of the urban-rural divide – man-made separation of rural areas from urban ones – are still deeply felt in socioeconomic development. Overall, the country's urbanization trails its economic growth by 5-10 percentage points. Seen from another perspective, urbanization also falls behind industrial restructuring and the new employment situation.

(b) The contradictions between urbanization and resource scarcity have aggravated. Growing urbanization has led to a drastic increase in demand for water, land and energy. Resource shortages have become a major handicap limiting regional economic development and urbanization.

(c) A cross-regional coordinating and regulatory mechanism is still absent despite numerous cases of irregularities in urban construction. Urban development is not in harmony with regional development, and major infrastructure projects deviate from the blueprint, resulting in redundant investments and heavy losses. Small towns are dispersed all over the place in a disorderly manner due to a lack of coordination.

(d) Because of the excessively small size of towns, infrastructures cannot reap benefits of the economy of scale, making it difficult to build systemic water supply and sewage disposal systems, power supply facilities and other public utilities; likewise, public services such as science and technology and education are also difficult to develop.

(e) Master urban plans have failed to play their role in guiding urban development. Some local governments and government departments have violated the plans or statutory procedures by approving projects without authorization or modifying approved plans without authorization, resulting in serious losses.

(f) Restructuring of the planning sector on the whole falls behind economic restructuring and the rapid pace of socioeconomic development. The planning sector is still a far cry from the requirements for improving the socialist market economy, and planning laws and regulations need to be improved.

(g) Some cities of historical and cultural significance pay excessive attention to development while neglecting preservation. They demolished authentic antique buildings and built replicas in their place, damaging historical and cultural heritages. Some localities pitched modern urban development against preservation of heritages, adopting expedient policies and doing great damages to ancient cities.

#### Recommendations

(a) Improve macro-regulation and guidance for urban development, paying special attention to the proper handling of some fundamental relations in the course of urban development. Develop policies and institutions to support and encourage the healthy development of small towns. Guide surplus rural laborers to migrate orderly between rural and urban areas and between different regions. Reform the investment and financing regimes for urban development to improve the financing environment for small-town development and diversify the investor portfolio. Develop standards for township establishment by gradually increasing the size of key towns and hub towns. While reorganizing townships, improve the village relocation and merger program and build hub villages.

(b) Accelerate the drafting of the Program for Planning National Urban System to guide provincial governments in planning their urban development and key cities and to inform the central government in its macro decision-making.

(c) Improve macro-regulation of regional development for better inter-regional and policy coordination. This can be done through improved legislation which will authorize the establishment of a coordinating body and a supervisory body to oversee macro-regulation and coordinate the planning and implementation of urban development at all levels. We need to further delineate the scope of responsibility between central and local governments. While giving full play to local autonomy, we need to strengthen macro-regulation by the central government to promote coordinated development. Improve macro-regulation and guidance for the development of densely urbanized areas across provinces – such as the Yangtze River Delta, the Pearl River Delta and the Bohai Rim region – by coordinating the layout of urban development and the building of major infrastructures. The goal should be joint development and benefit-sharing, optimized allocation of resources, and concerted regional development.

(d) Identify priority areas for human-centered urban development and accelerate housing construction for medium- and low-income households, rebuilding of falling-apart old houses, and development of necessary infrastructures to improve the environment for human settlement. Be practical in urban development by relying on internal resources for expansion. Control the scale of near-term construction in line with near-term plans and resolutely put an end to illegal practices of encircling and occupying land without legal authorization and blindly expanding the scale of construction. Take measures to control construction of land-consuming projects such as establishment of development zones and golf courses.

(e) Promote transparency of government affairs and democratic decision-making; strictly enforce legal procedures for plan drafting, opinion-solicitation, examination and approval, and

modification; strictly enforce the master urban plan and detailed plans that have already been approved; and coordinate management of urban and rural planning. Integrate the planning of the city proper with that for development zones in the suburbs, college towns, science parks and resort areas.

(f) Establish an accountability system for urban and rural planning, strengthen inspection of law enforcement and subject administrative departments to the scrutiny of the People's Congress, the public and the media. Leaders should be held administratively accountable for unlicensed projects without approval from the planning department, projects that illegally occupy land, projects whose scale of investment is increased at will, making or modifying plans in violation of statutory procedures, or approving projects in violation of approved plans. Step up the establishment of a national management information system to monitor rural and urban planning and scenic spots.

(g) Bolster supervision over the development and construction at key scenic spots, nature reserves and ecologically sensitive areas; tighten control over spatial development and construction within a region to protect resources and the ecological environment. Attach great importance to the protection of well-known cities of historical and cultural significance: draw up plans for protection, delineate the boundaries for protection, specify the rules of protection, and incorporate protection into the master plan for urban development.

(h) Revise and promulgated the Urban Planning Law at an early date to reinforce the legal status of urban and rural planning as a public policy to macro-regulate the development of the market economy and curb unbridled construction.

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### **Urban and Rural Infrastructures and Environment**

Time-bound Targets and Commitments: The 10th Five-Year Plan for National Economic and Social Development (2001-2005) proposed that urban infrastructures be reinforced to meet people's growing needs for a better life. Specifically, the plan proposed the following goals:

- During 2001-2005, increase urban water-supply capacity by 16 billion cubic meters, or 45 million cubic meters per day; by 2005, the access rate of urban water supply to reach 98.5%
- By 2005, industrial water reuse rate to reach 60%, increase urban wastewater treatment capacity by 26 million cubic meters per day, centralized urban sewage disposal rate to hit 45%, and waste treatment capacity to amount to 150,000 tons per day
- By 2005, increase natural gas supply by 9 billion cubic meters for civilian use in urban

areas, increase liquefied petroleum gas supply by 3.4 million tons per year, increase urban central heating capacity by 500 million square meters, and bring the urban gas access rate to 92%

- By 2005, bring the green areas in cities to over 30%, green coverage over 35%, per capita public green space over 8 square meters, and per capita public green space in downtown areas more than 4 square meters; by 2010, bring the green area in cities to over 35%, green coverage over 40%, per capita green space over 10 square meters, and per capita public green space in downtown areas more than 6 square meters.
- During 2001-2005, build 30,000 km in-city roads totaling 800 million square meters; by 2005, bring the total length of in-city roads to 180,000 km, totaling 2.6 billion square meters (10 square meters per capita), public-transit vehicles 300,000, and taxis 1 million.

Globally, the JPOI proposed that by 2020, the living conditions of the 100 million people living in slums be improved significantly; by 2015, the number of people without access to safe drinking water be reduced by half, and the number of people with no access to basic health services be reduced by half.

#### Latest Progress

(a) In recent years, with increased funding for urban infrastructures from governments at all levels, urban infra-structural shortages have been eased. Cities have witnessed improved functions and natural environment.

(b) By 2002, total natural gas supply for cities had reached 12.6 billion cubic meters per year. During 2001-2002, in particular, it rose by 4.4 billion cubic meters; LPG supply hit 11.36 million tons per year, an increase of 2.26 million tons; urban central heating reached 1.5 billion square meters, an increase of 430 million square meters. By 2002, urban gas access rate reached 67%.

(c) Urban water access rate reached 78%, and water-using population numbered 274.2 million. During 2001-2002, the urban water supply capacity has increased by 19.94 million cubic meters per day. In 2002, 81% of urban industrial water was reused nationwide.

(d) By the end of 2002, 40% of urban sewage was centrally treated with a capacity of 38.13 million cubic meters per day. Between 2001-2002, that capacity has increased by 12.30 million cubic meters per day. By the end of 2002, 651 waste treatment plants had been built in 660 cities across the country, with a combined capacity of 220,000 tons per day.

(e) By the end of 2002, the length of city roads reached 180,000 km, an increase of 23,300 km in two years; in terms of acreage, the total acreage of city roads stood at 2.8 billion square meters, an increase of 860 million square meters in two years. The total number of public-transit vehicles in cities totalled 247,000 and taxis 867,000. Four cities had built 200 km of light-railways, easing traffic jams and saving land resources in those cities.

(f) By the end of 2002, China had built 770,000 hectares of green space in its cities, representing a 30% green coverage; public green space reached 190,000 hectares in the cities, or 5.36 square meters per capita. The number of parks grew to 5,178 nationwide, with an estimated 32.4 billion visits recorded a year.

(g) A national Garden City contest was launched. By 2002, Jiangmen, Haikou, Changshu, Minhang District and Jinshan District of Shanghai had been certified as Garden Cities. Many other cities won the UN Human Settlement Award for marked improvements in their living environment, including the building of flood-control facilities and infrastructures, the rebuilding of out-of-shape old buildings, and environmental cleanups. These include Dalian, Chengdu, Ningbo, Zhongshan, and Tangshan. A post-flood rebuilding project undertaken in Poyanghu, Jiangxi won the Dubai International Award for Best Practices in Improving the Living Environment.

(h) Similar progress was also made in urban development in western China.

#### Means of Implementation

(a) Aggressively promoted market-driven reform of the public-utility sector. The Chinese government issued Opinions on Accelerating the Commercialization of the Municipal Public-Utility Sector to guide the public-utility sector to break monopoly and introduce competition. Private and foreign investment was encouraged to participate in the building and management of public utilities. Efforts were stepped up to set up a franchising system to promote the industrialization of the sector.

(b) Drafted urban and rural development plans and specific plans for developing infrastructures such as transportation, roads, power supply, water supply, sewage drainage, waste treatment and disaster alleviation.

(c) Adjusted the policy on infrastructure-building in rural and urban areas by implementing the policy of “paying for public utilities and making polluters pay”.

(d) Increased funding for urban infra-structural development through diversifying fund-raising channels.

(e) Improved management of urban development. Priority was given to the public transit system; maintenance of public utilities was improved; local governments were urged to step up environmental cleanup efforts.

(f) Improved greening planning for cities. The Outline for Drafting Plans for Urban Green Space Systems was issued to guide cities in planning their green space. Most cities revised their green space plans. Implementation of the Urban Afforestation Regulations and the State Council Notice on Improving Urban Afforestation was tightened. In addition, Methods for Urban Green Line Management were implemented to improve protection of green space in cities.

(g) Launched national- and provincial-level Garden City contests to encourage cities to invest more in greening and harmonize environmental development with economic growth.

#### Major Groups Involvement

(a) Local governments set up procedures to encourage the public to oversee the franchising of public utilities – the selection of the franchisee and the services they provide. Hearings were held for price hikes in public utilities to ensure that the interests of both the operators of those utilities and the public are safeguarded.

(b) Municipal and township governments implement a number of mission-specific projects a year to solve practical problems for citizens. Public opinions are sought on urban development. In some cities, the blueprints for major public-utility projects were determined through popular votes.

(c) Private investors and the general public were mobilized to participate in the building and operation of small facilities.

(d) Urban dwellers took an active part in tree-planting. Local governments made plans and allocated tree-planting tasks to organizations and individuals. Technical guidance and nursery stock supply were boosted to ensure the survival of the young trees planted.

(e) Garden Compound and Garden Organization contests were launched to encourage communities and organizations to beautify their surroundings. Organizations and individuals were also encouraged to subscribe to a piece of land for afforestation.

#### Challenges and Obstacles to Implementation

(a) Urban construction relies too much on debt-financing. In 2002, of the 315.4 billion yuan spent on urban development, 30% was borrowed money. In some cities, municipal governments were unable to repay the loans, incurring risks to local fiscal revenues and banks.

(b) Because of serious shortages of funding, urban infrastructures and public utilities have failed to keep pace with the rapidly growing economy and people's needs for a better life.

(c) While on the whole urban infrastructures are inadequate, some facilities have been lying idle. The absolute aggregate of facilities has been growing fast, but relatively speaking it is still insufficient. The efficiency of the facilities has been seriously limited by an underdevelopment of supporting infrastructures such as sewage drainage pipelines and waste clearance systems.

(d) Many facilities are run-down and dilapidated. Surveys show that in 2002, 20% of the water-supply pipelines in medium-and-above-sized cities leaked; many of the 40,000 bridges in the cities were still in service long after their service life had expired; in northeast China, gas pipelines were seriously worn-out and replacement was slow, creating great safety hazards.

(e) Some local governments, misguided by impractical ambitions, expanded the size and

population of their cities blindly and built “image projects” and “performance projects”, causing land resource wastage and environmental pollution.

(f) An effective urban management system is absent and duplicate responsibilities exist for many government offices. In addition, urban development law enforcement personnel are not well-trained.

(g) Afforestation in cities is not even, with little green space in downtown areas and residential areas. Funding for green space maintenance is also seriously inadequate, and illegal intrusion of green space and unauthorized modification of green-space plans are still very common.

(h) The operational mechanism of urban infrastructures is still not compatible with the market mechanism, with some facilities running inefficiently because of lack of funding.

#### Recommendations

(a) Establish a scientific and appropriate philosophy on development and urbanization, determine the proper size of cities in a scientific manner, put an end to impractical “performance projects” and “image projects”, strictly control funding for urban construction, improve investment efficiency, and promote sustainable urbanization.

(b) Accelerate the construction of major urban infrastructures, and improve urban functions and living conditions. Focus on environmental cleanup. Give priority to water supply, sewage disposal and waste treatment; vigorously develop gas supply, promote central heating and adjust urban energy structure; promote large-volume public-transit facilities and improve atmospheric conditions; step up urban afforestation and protect and develop natural resources such as scenic spots in a reasonable and restrained manner. Shift the focus of urban development from quantitative growth to a combination of quantitative and qualitative growth.

(c) Expand the channels for fund-raising for urban and rural infrastructures and public utility development. Deepen the investment and financing regimes by opening new channels for investment and financing and diversifying the investor portfolio. Move gradually toward a financing regime whereby public spending plays a dominant role supplemented by non-state funding.

(d) Speed up the restructuring of public utilities by encouraging private and foreign-invested enterprises as well as companies of other forms of ownership to participate in the building and operation of municipal facilities such as water supply, gas supply, heating supply, sewage disposal, waste treatment and public transit. Promote the franchising system for public utilities by establishing a set of quality standards and rating systems for service providers, improving supervision and price controls, and rationalize the pricing mechanism for public utilities.

(e) Reinforce supervision and inspection of infra-structural projects to ensure compliance with quality standards.

(f) Bolster afforestation efforts in urban areas, along roads and railways, riversides, lakesides, coastlines and on slopes. Build a number of city parks with a size and level compatible to local conditions and which are distributed reasonably across different regions. Wherever possible, build botanical gardens, zoos, forest parks and children's parks. Expand green space in downtown areas in conjunction with the old house-rebuilding effort and industrial reorganization plans. Make it mandatory for all sorts of urban construction projects to comply with the Regulations on Quotas to Be Met for Urban Green Space Planning with regard to land use reserved for green space purposes.

(g) Determine plant varieties for local afforestation projects in light of local conditions, giving priority to ecological benefits while also taking into account landscaping considerations. Assign high importance to water-efficient afforestation development. Attach great importance to biodiversity studies for urban green-space systems, paying special attention to the protection and development of region-specific plant species and to plant pest control. Ensure the proper mix of tree, shrubs, flowers and grass plantation in afforestation, giving priority to tree and indigenous plants.

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