**China's "New Urbanization" Needs to Be Inclusive and Sustainable**

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<http://www.huffingtonpost.com/sri-mulyani-indrawati/china-urbanization_b_5035433.html>

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Here is a brief overview of the six policy priorities the World Bank has identified for China, taking into account the realities of its political economy:

1. Land management and ownership are among the most pressing issues. Because so much farmland was converted for urban expansions, the amount of available farmland has dropped to the "red line" of what is considered to be the minimum necessary to ensure China's food security. Limits should be set up on rural land taken for public purposes by local governments. Efficient and equitable use and conversion of rural of land will require stronger property rights for farmers and appropriate compensation based on fair value. And urban land allocation needs to be driven by market prices as well.
2. China needs a mobile and versatile labour force with equal access to quality services. The hukou system needs to evolve into a residency system over time. This will remove barriers to labour mobility from rural to urban areas, as well as between cities, and boost workers' wages. I am very pleased to see that the authorities have already announced a reform of this system and its application.
3. Place urban finances on a more sustainable footing and create financial discipline for local governments. The recent audit of local government debt is a call for action. In the future a higher portion of local expenditures needs to be financed through local revenues, such as phased-in property taxes and adequate charges for urban services. Transparent financing will impose financial discipline on local leadership, making them more accountable to residents. Local governments will borrow, but within strict central government rules to avoid over-indebtedness.
4. Reforming urban planning and design will be critical. Moving towards market-driven pricing for industrial land can encourage land-intensive industries to move to smaller, secondary cities. Cities could move to flexible zoning, with smaller plots and more mixed land use, which would make them denser and more efficient. To accord smaller cities a stronger economic base and increase services, zoning needs to shift away from industries toward commercial and residential use. Linking transport infrastructure with urban centres and promoting coordination among cities would encourage better management of congestion and pollution.
5. Environmental degradation needs to be halted and reversed. China already has tough environmental laws, regulations and standards. China has also piloted many technical solutions to address pollution and increase resource use efficiency for many years that could be brought to scale. Now the most important task for achieving greener urbanization is vigorous enforcement of those standards. At the heart of this are better institutions and incentives. Better data collection and sharing will encourage greater public participation in holding polluters accountable.
6. Improving local governance. The performance evaluation of local officials should give greater weight and incentives to successful urbanization.

Over the last three decades China has grown faster than any other country in the world. It has lifted over 500 million people out of extreme poverty. These are extraordinary achievements.

Ending extreme poverty by 2030 and promoting shared prosperity is our shared vision. China has shown the world that it is well on track to end poverty. It can build on this success by getting urbanization right and ensuring that all citizens will benefit from development and growth on an equitable basis.