

# »» German Financial Cooperation 德国财政合作

International Policy Workshop on Rural-Urban  
Poverty Linkages

Hangzhou, 3 September 2014

This presentation is an input to the international policy workshop on rural-urban linkages in Zhejiang, PRC on 2-4 September 2014. The views expressed in this presentation are those of the author, and do not necessarily reflect the views and policies of the organizers (the Asian Development Bank [ADB] and the International Poverty Reduction Center in China [IPRCC]), or ADB's Board of Governors, or the governments they represent. ADB and IPRCC do not guarantee the accuracy of the data and information in this paper.

Bank aus Verantwortung

**KFW**

# »» German Financial Cooperation

KfW – Implementing Institution for German FC  
银行- 德国财政合作执行机构

Shareholders:

Central government 80%  
State governments 20%

Seat:

Frankfurt a. M., Germany  
畔)

Balance sheet total in 2013:  
464.8 billion Euros

Rating 评级:

Employees 员工:

股东:

联邦政府80%,  
州政府20%

所在地:

法兰克福（美因河

总资产:

4648 亿欧元

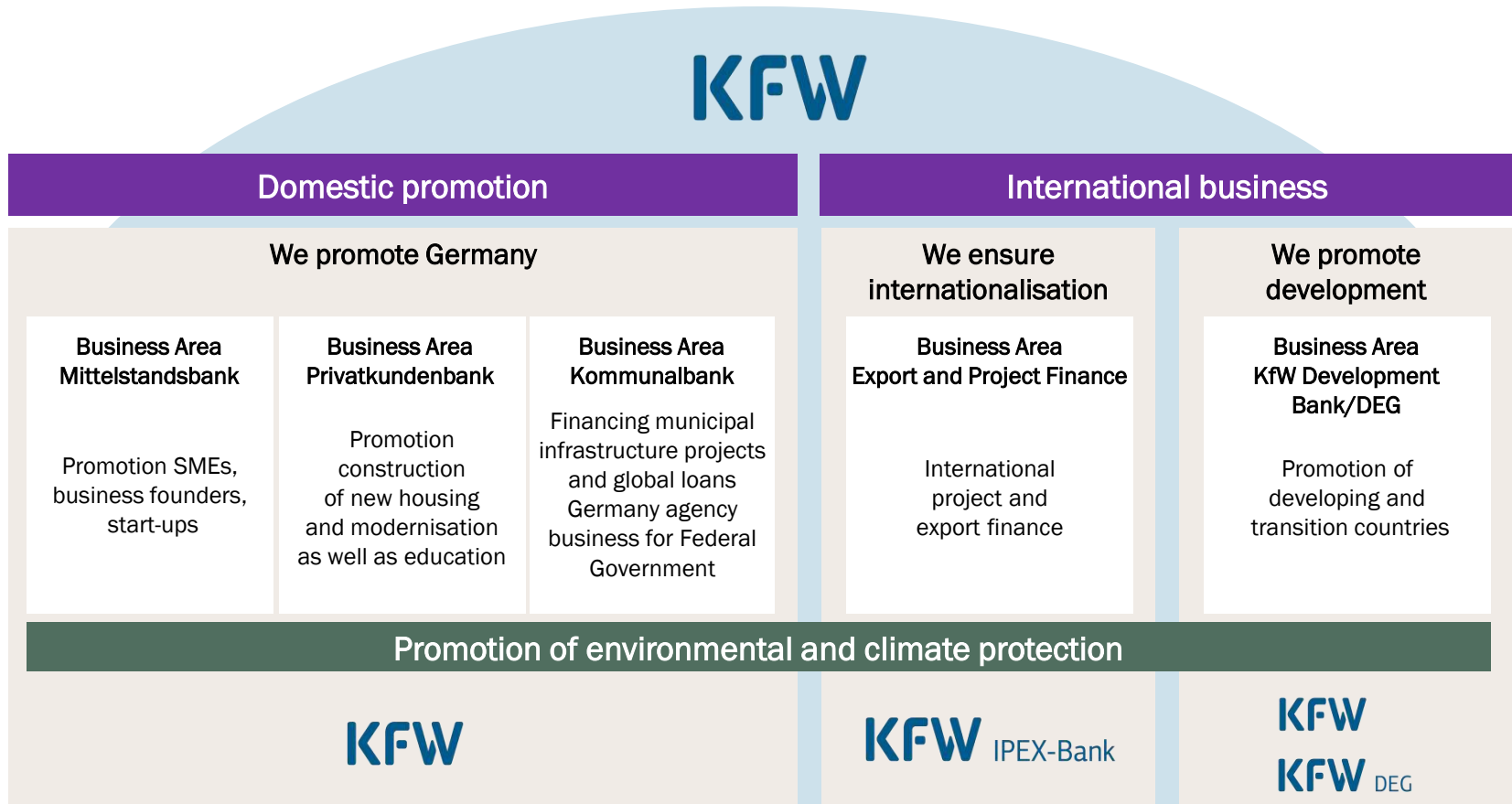
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5,374



# »» German Financial Cooperation

A bank with a wide array of functions



# »» Key Principles of Rural-Urban Development in Germany

Decentralized urbanisation benefits rural and urban areas

## **Central-Place System:**

- › Classifies settlement structures (low-, middle-, and high order centers and surrounding areas)
- › Includes service and development functions for the entire catchment area

## **Decentralized Concentration**

- › Balanced spatial and settlement structures
- › Creation of many efficient centers to minimise strong spatial disparities

## **Compact cites:**

- › High densities
- › Max. diversification of land uses

## »» FC Approach to pro-poor, sustainable Urban Development

„Dreiklang“ of social, economic and environmental development

### **Interdependencies in urban development (exp. of transport):**

- › Compact cities and growth boundaries not only discourage sprawl and save land for purposes of biodiversity, safe water supply and food production, but also reduce area that needs to be served by transport (shorter distances)
- › Higher density developments allow for development of integrated and climate-friendly mass transit, including providing access to services for the poor
- › Mixed-use developments reduce transport demand further (shorter distances, better modes of transport)
- › Transport planning and investments plays a key role in shaping future urban form and function and is key to facilitate rural-urban flows of people and goods and therefore the economic potential of regions.

# »» FC Approach to pro-poor, sustainable Urban Development

Focus on strengthening regional centers

## **Urbanisation has huge potential benefits:**

- › Economic growth and income opportunities
- › Access to basic services (health, education, water, etc.)
- › Substantial reduction of poverty

## **Why focus on smaller and regional centers?**

- › High urbanisation rates, often lower capacities to realize potential benefits, but also often locally grounded and committed leadership
- › Growth pattern more likely to be positively influenced by strategic planning and investments (if done in time)
- › Potential to offer relief to large centers, provide economic stimulus and services for region and protect surrounding areas
- › Mostly pronounced need for (concessional) funding

## »» Urban-Rural Linkages

Regional approach should be default

### **Intensifying linkages between rural and urban areas:**

- › Movements / exchange of people, goods, money, services, information, (natural) resources

### **Linkages as mutual benefits and dependencies:**

- › Urban areas as providers of public services, employment opportunities, markets for rural products
- › Rural areas as providers of (natural) resources, labour, outlets for urban goods and services

### **Further enhancement of linkages by :**

- › Providing better (transport-) infrastructure and facilitating movements / exchange
- › Strengthening resource efficiency and reducing pollution

# »» Example from practical Financial Cooperation

## Waste Water Treatment in Chinese Cities

### Challenges:

- › Rapid urbanisation: > 50% of population in urban areas
- › Environmental pollution through untreated wastewater
- › Water scarcity

### FC approaches and results:

- › Financing of construction or rehabilitation/upgrading of waste water treatment plants, sewer network, sludge treatment, water supply and waste disposal facilities
- › Minimizing water pollution and related health risks through water protection and treatment
- › Since 1993 commitments in the water sector amount to 380 million Euros
- › Appr. 50 projects in 16 provinces





# »» German Financial Cooperation

Examples of projects financed in china

资助项目举例

Waste Water Treatment/Waste Disposal

垃圾管理/污水处理



# »» Example from practical Financial Cooperation - China

## Suining Municipal Infrastructure Project

### Suining City, Sichuan

Area: 5,300 sq km; Population: 3.2 Mio.

#### Objectives and results:

- › Improving environment and living conditions of local population. The measures are part of a larger long-term development plan for the new district of Anju District with area 1,200 sq km and 80,000 population.

Co-financing of 7 municipal roads, including a new larger city road, riverbank landscaping and amenity works, industrial waste water treatment plant.

- › Total loan amount: 20 Million Euro.

2011

2014





# »» Example from practical Financial Cooperation China

## Yunnan Shangri-La Comprehensive Urban Environmental Improvement Project

### Shangri-La (Diqing Tibet Autonomous Region)

Area: 11,613 sq km; Population: 174,500

#### Objectives and Results:

- › Raise flood control capacity, sewage interception rate and water quality of the Nachi River, Longtan River and Naizi River and thus raise overall residential environment conditions of Diqing Prefecture and Shangri-La County. In addition it comprises municipal infrastructure (municipal roads and lighting, bridges, parks, etc) for new sub-district development in Shangri-La County.

Total Loan amount: 25 Million Euro

2010

2013



## »» Example from practical Financial Cooperation China

Environmentally friendly transport solutions

有利于环境的交通解决方案

Financing of urban and train traffic systems

为城市和铁路交通提供资金

Nine projects in eleven provinces

11个省有9个项目

Commitments amount to 1.6 billion Euros

承诺额16亿欧元

CO<sub>2</sub>-savings: about 4 million tons p.a. through modern long-distance transport infrastructure

通过现代化远距离交通基础设施，

CO<sub>2</sub>年减排量达400万吨

About 1.5 million passengers e.g. daily use the KfW-financed urban light-rail lines in Shanghai and Guangzhou

约有150万乘客每天利用KfW资助的城市轻轨设施



# »» German Financial Cooperation

Examples of projects financed in China

资助项目举例

Environmental friendly transport solutions

有利于环境的交通解决方案



## »» Example from practical FC - India

### Urban Development through the National Capital Region Planning Board (NCRPB) / India

National Capital region comprises parts of three states (Haryana, Uttar Pradesh, Rajasthan), eight counter-magnet areas with about 46 million inhabitants (census 2011)

#### **Challenges:**

- to strengthen regional settlements capable of absorbing the economic impulse of Delhi with the objective to reduce the migration pressure on Delhi
- to enable NCRPB to perform a sustainable intermediation role linking finance to investment needs of municipalities

#### **FC approach and results:**

- Financing of environmentally related urban infrastructure mainly water supply, sanitation and sewerage as well as solid waste.
- Projects in 13 municipalities in all three states under preparation
- Positive impact on environment by improved surface water quality
  - Technical support to NCRPB strengthens its role as an intermediary

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Contact in Beijing

联系地址

**Fr. Ulrike Lassmann, Director**

Ext: 11 [Ulrike.Lassmann@kfw.de](mailto:Ulrike.Lassmann@kfw.de)

## Portfolio Management

**Fr. Wang Lei,**

Ext: 13 [lei.wang@kfw.de](mailto:lei.wang@kfw.de)

Senior Financial Sector Coordinator

**Fr. Pang Xiaokui,**

Ext: 15 [xiaokui.pang@kfw.de](mailto:xiaokui.pang@kfw.de)

Deputy Director,  
Transport, Health, Promotional Loan

**Hr. Zhai Guoliang,**

Ext. 17 [guoliang.zhai@kfw.de](mailto:guoliang.zhai@kfw.de)

Senior Sector Coordinator,  
Climate & Vocational Education Coordinator

**Fr. Li Ping,**

Ext: 14 [ping.de@kfw.de](mailto:ping.de@kfw.de)

Sector Coordinator,  
Resource Protection & Rural Development

**Hr. Xiang Zheng,**

Ext. 12 [zheng.xiang@kfw.de](mailto:zheng.xiang@kfw.de)

Senior Sector Coordinator,  
Technical Expert, Energy & Urban Infrastructure

KfW Office Beijing, 1170, Beijing Sunflower Tower, No.37 Maizidian Street, Chaoyang District, Beijing  
100125

Tel: +86-10-8527 5171 • Fax: +86-10-8527 5175 •