

## International Policy Workshop on Rural-Urban Poverty Linkages

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### Welcome Remarks

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Distinguished urban poverty experts, and all who assisted in making this important knowledge sharing event possible. A very warm welcome and good morning.

It is indeed a great pleasure for me to open the International Policy Workshop on Rural-Urban Poverty Linkages on behalf of the Asian Development Bank, and on behalf of the Regional Knowledge Sharing Initiative, an initiative between the ADB and PRC's Ministry of Finance. The ADB is very much honored to have organized this seminar with our long-term partner the International Poverty Reduction Center in China (IPRCC) and we are very grateful for the strong support of Zhejiang Province and the City of Hangzhou.

It was possible to attract participants from 14 Asian countries and representatives from 10 of China's provinces. We are further very grateful for another testimony of strong development partner support by welcoming representatives from Japan International Cooperation Agency (JICA), the German Kreditanstalt für Wiederaufbau (KfW), the Swiss Development Cooperation, the United Nations Development Program (UNDP), and our partner organization the World Bank. I am also honored that distinguished scholars from Chinese thinktanks such as from the State Council Development Research Council (DRC), the Zhejiang university (CARD), Tongji university, China Agricultural University (CAU), and the Research Institute for Fiscal Science under the Ministry of Finance will give expertise in this conference. Finally, I'd like to welcome our national and international resource speakers and consultants from China, Canada, France, Germany, India, Thailand, Netherlands, and the United States.

By looking into the audience I am confident that we are having all ingredients for a very successful policy workshop.

Last year the ADB and IPRCC jointly organized an international workshop on urban poverty, held in Suqian, Jiangsu province. That time, we concentrated our view on poverty more from the city's perspective. In today's workshop our focus is on the inter-relationships between rural and urban poverty.

The following trends and observations will be important for our discussions here in Hangzhou:

First, Asia, while still predominantly rural, is rapidly urbanizing. The urban population of the PRC alone rose from 20% in 1978 to currently around 53%, and will reach about 60% in 2020. The ADB expects that by 2015 about 48 percent of the population of its Asian member countries will reside in cities. Urbanization is claimed to contribute to poverty reduction through new job opportunities and migration. The question is whether this pull effect is sufficient to reduce poverty, or whether poverty is just migrating to the slums of the cities, like in many Asian countries. In other words, how can we avoid the negative costs of urbanization, and how can we push for a more balanced rural-urban development path?

Second, megacities seem to thrive in the urbanization process in many Asian countries. However, many of these megacities rank low on livability indexes, especially for the poor and low income people: housing prices are becoming unaffordable, congestion and lack of relevant urban services compromises living quality not only for the poor but also for the middle class. Contrary to Asia, in OECD countries many smaller cities rank high on livability indexes and also the neighboring hinterland is often well integrated. What can we learn to achieve a better and harmonious society for the rural and the urban people?

Third, about one-third of the urban population in Asia is living in slums or in unfavorable living conditions. And at the same time, globalization actually increases the size of the informal economy with often very minimal social protection. Would a more balanced urbanization with smaller cities and better integration to their hinterland result in higher livings standards, more equality, and perhaps less poverty in Asia?

Fourth, urbanization can push up income inequality. As a result, many cities and governments are increasingly concerned about worsening social instability. Better integration especially of migrants in the social system of the cities will help smoothen, but not avert rising tensions due to inequalities. What can be done to address this potential source of social instability?

Fifth, migrant workers are often the source of cheap labor with less rights and protection, less access to services, and less opportunity compared to workers in the formal economy. How can migrants be better integrated into the formal segments of society? Are costs so high that growth risks exist? Some of the studies presented in this conference argue that peri-urban areas can develop into better neighborhoods than the urban villages in the center of the megacities. What can we learn from "hinterland" promotion policies?

Sixth, while most of the migration debate in Asia, especially in the PRC, is concentrated on village to megacity migration, it seems that this focus misses the option of living in the rural areas and commuting to smaller cities, or placing adequate industrialization in the rural areas. What values does the hinterland have for urban citizens? And what policies can drive small city development? What would be sustainable development policies that work in other countries?

And finally, the result of PRC's successful and rapid development is and was urbanization. Urbanization is driven by two factors, first the expansion of cities to rural areas that led to the influx of new urban residents that make up in average 40% of a city and by migration which can amount to 60% of the urban population. More than 260 million migrant workers contribute to PRC's development. Most Chinese documents do not use rural-urban linkages but speak about rural-urban integration (城乡一体) demanding a holistic approach of joint development that includes populations and unifying (i) their household registrations; (ii) service standards; (iii) access and provision of education, skill trainings and employment; (iv) transport, information and communication connectivity; and (vi) natural-cultural resources—both in terms of quantity (competing uses) and quality (pollution, degradation, and protection). What does that all mean for China's 21<sup>st</sup> century urbanization strategy, the framework of which we can see perhaps in the very elaborated DRC/World Bank study published in April this year?

We will hear more about these and other development challenges in the next days. I am looking forward to learn about different approaches to rural-urban poverty linkages in other countries with the hope that good practices can be replicated and modified under the specific national characteristics.

Hoping that this workshop will contribute with useful recommendations to PRC's 13<sup>th</sup> Five Year Plan.

I wish the workshop all success.