POVERTY REDUCTION

STRATEGY PAPER

Sustainable and Inclusive Urbanization in Asia Pacific

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UNDP

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About the Authors

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Front Cover Photo

Central Bangkok City, Thailand - Brian H Roberts (2009)

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ACRONYMS AND ABBREVIATIONS

ACCA	Asian Coalition for Community Action
ACHR	Asian Coalition for Housing Rights
ACVN	Association of Cities of Viet Nam
ADB	Asian Development Bank
AIT	Asian Institute of Technology
AMCC	Academy of Managers for Construction and Cities
BOOT	Build Own Operate and Transfer
BOT	Build Operate and Transfer
CBO	Community Based Organization
CDF	Community Development Fund
CDIA	City Development Initiative for Asia
CDM	Cleaner Development Mechanism
CITYNET	Citynet
ESCAP	Economic and Social Commission for Asia and the Pacific
GDP	Gross Domestic Product
GHG	Green House Gasses
ILO	International Labour Organization
NGO	Non Government Organizations
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
PCSI	Pacific Cities Sustainability Initiative
PPP	Public Private Partnership
PRIF	Pacific Region Infrastructure Facility
SDI	Slum Dwellers International
UCLG-ASPAC	United Cities and Local Governments Asia Pacific
UMPAP	Urban Management Programme for Asia and the Pacific
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Program
UNEP	United Nations Environment Programme
UN-Habitat	United Nations Human Settlements Programme
UPPR	Urban Partnerships for Poverty Reduction

EXECUTIVE SUMMARY

Urbanization linked to economic growth is transforming the Asia Pacific region. It brings new opportunities and challenges for sustainable and inclusive development. This strategy paper was commissioned by UNDP to inform the organization's current and future policy and programming work in Asia Pacific. It argues the case for greater UNDP involvement in urban issues in the region and sets out a framework to guide this involvement.

The Asia Pacific region is rapidly transforming from a predominantly rural to an urban society. Over the next 40 years to 2050, it is estimated the Asia Pacific urban population will increase from around 1.9 to 3.2 billion people. Asia Pacific was 45% urban in 2010; this is projected to increase to 56% urban in 2030 and to 64% urban in 2050.1

The growth of cities in the region has been driven by and underpins economic growth. It is estimated cities account for as much as 80% of the region's economic output.2 With projected future economic growth, the region could account for more than half of global GDP, trade and investment by 2050. 3

Asia Pacific cities are the primary location of this rapid economic growth. Their efficiency is an important determinant of the extent to which agglomeration economies and rising productivity can be achieved; they provide the environment and social milieu in which more and more people live their lives. While urban areas are centres for economic growth, businesses and employment opportunities, increased urbanization does not necessarily lead to improved livelihoods for the poor. In Asia-Pacific, the urban population has been growing faster than the capacity of cities to accommodate them, resulting in the expansion of the informal sector with low-quality unsafe employment. As poverty and inequalities in cities are growing, it is now widely recognized that urban areas are central to increasing productivity and incomes, and reducing overall levels of poverty. Conversely, their success also strengthens rural development and rural productivity. Urbanization trends and patterns continue to drive rural development in many ways, such as through increased demand for labour and remittances. In Viet Nam, domestic demand from rapidly expanding urban centres stimulates food production more than export markets. In China, in 2004, remittances by migrant urban workers overtook earnings from farming in rural households' budgets. 4

Urbanization has been occurring for millennia. What is unique in Asia Pacific is the speed and scale of urbanization. This has linkages to productivity gains enabled by new technologies, the globalization of information and technology and to the liberalization of world trade and capital markets (and increasingly labor markets). Domestic policies of Asia Pacific governments and investments in education, health, and infrastructure have also played an important role.

Unsurprisingly, the outcomes of the urbanization process have been a complex mix. They vary widely from country to country in Asia Pacific with countries at very different stages of their urban transitions, and between regions and cities within countries. Projecting the future for particular cities, nations and globally is fraught with difficulties. What is clear is that, barring some unforeseen disaster or return to global protectionism, the growth of cities will continue.

Within this trend, there is an increasing concentration of the urban population in larger cities, and cities have increasingly come to merge together to form mega-regions, urban corridors and city-regions. In general, the larger 'primary' cities have national and global linkages and have fared better in accommodating growing urban populations. However, over half the urban population in Asia Pacific lives in cities and towns with fewer than 1 million people. These smaller, 'secondary' cities are facing the greatest difficulties. They often have less developed linkages to markets, weak local governments and poor infrastructure. They have

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1 United Nations, Department of Economic and Social Affairs, Population Division: World Urbanization Prospects, the 2011 Revision. New York, 2012.

2 Asian Development Bank, Asia 2050: Realizing the Asian Century. Manila, 2011 p3.

3 Asian Development Bank, Asia 2050: Realizing the Asian Century. Manila, 2011 p1.

4 Tacoli, C. Links between rural and urban development in Africa and Asia. United Nations, Department of Economic and Social Affairs, Population Division: Expert Group Meeting on Population Distribution, Urbanization, Internal Migration and Development. New York, January 2008.

generally fewer financial and skilled human resources to plan and manage growth. It is becoming increasingly difficult for these cities to compete economically – the business environment is unattractive to all but locally based service industries, there is slow employment growth in the formal economy, poor access to infrastructure services, growing poverty and slum settlements.

A paradox of this rush to urbanize in Asia Pacific is that standards of living are increasing while aspects of the physical and social environment at both local and global levels are degrading. Water availability and quality, prime agricultural land, fish stocks, forests, and biodiversity are all declining, and air and water pollution, slum housing, traffic congestion, and greenhouse gas levels increasing. This cannot continue indefinitely.

The pace of urban growth has caught many governments and communities in Asia Pacific unprepared. The demand for land, shelter, transport, energy supplies and social and environmental services has outstripped supply. City governments have struggled to plan and manage urban growth, finance and provide necessary services, and facilitate broad community involvement in decision making. Land management - land release and development - in peri-urban areas is a particular challenge with confusion between urban and rural responsibilities and the growth of slums and other informal settlements on the periphery of cities. These problems are compounded by policies in some countries that have decentralized the provision of services from central government but have not been accompanied by necessary fiscal equalization arrangements. The result is cities, and particularly secondary cities, with weak revenues, large infrastructure and service shortfalls, and growing urban poverty, slum settlements and inequalities. Cronyism and corruption further stifle development in many Asia Pacific cities making inequality worse and undermining social mobility and cohesion. Rising crime and social dislocation in some urban areas is also a threat to human security and the rule of law. The safety and opportunities of women and youth require specific interventions to protect them and to provide opportunities for their meaningful participation.

While people are generally better-off in cities, governments in Asia Pacific now face a changed social context with new development challenges. As societies become more affluent and people concentrate in cities, national and local governments are starting to have to contemplate the design and implementation of social safety net policies to ameliorate growing poverty and income and service inequalities within and between urban areas and between urban areas and rural areas; policies in areas such as housing, minimum service levels, basic health insurance, pensions, minimum wages and public-work schemes for the poorest. This is complicated where employment and job creation is heavily centred in the informal economy where productivity is lower and any government controls of employment conditions for health and safety or minimum wages are not applied or enforced. The size of the informal economy also makes it difficult to implement effective, broad based income taxation or property taxation further restricting the ability to provide services.

The future prospects for cities in Asia Pacific will be determined by the management of three closely interrelated aspects of their sustainability:

(i) economic sustainability - the ability of cities to attract profitable businesses and grow as centres of production - to attract investment, create jobs, facilitate efficient communications and linkages, and enable continuing improvements in productivity and standards of living;

(ii) environmental sustainability - the ability of cities to provide resilient habitat – shelter, safe water, air quality, waste management, energy efficiencies, climate change adaptation and mitigation measures - necessary for healthy, productive, satisfying lives for their citizens now and into the future; and

(iii) social sustainability - the ability of cities to provide a safe, vibrant community where the opportunities and benefits of economic growth are equitably shared, broad community views are incorporated in decision-making, community leaders are accountable, laws are applied impartially and which is inclusive of women, marginalized, vulnerable and diverse ethnic and religious groups. Cities must create opportunities and vertically bridge different sectors of the population, enabling individuals and groups to interact, thereby strengthening social cohesion.

Building sustainable cities in this period of rapid economic and population growth will always be a work in transition. The ability of cities to anticipate growth by managing outcomes across these three areas of sustainability and to plan, finance, and deliver services

is largely dependent on the capacity and effectiveness of urban governance. Urban governance comprises the formal national, regional and local government jurisdictions and arrangements with responsibilities for city management and services, and the formal and informal arrangements for community, business and non government organization (NGO) engagement in decision-making. The structure, effectiveness and inclusiveness of urban governance vary greatly between countries and cities across the Asia Pacific region. Frequently, effectiveness and coordination is dependent on the drive and vision of particular city leaders. Inaction, poor planning and prevarication are costly as urban growth inexorably continues. Haphazard development including the development of flood prone or otherwise unsuitable land and occupation of potential infrastructure corridors can have legacy costs for decades.

The analysis in this strategy paper canvasses issues and 'best practices' that have been adopted by countries and cities in the Asia Pacific region grouped under five headings: urban governance, urban economics and finance, urban development and management, social development, and environmental systems. While there is considerable variation across the region, there are core problems with the planning, financing and management of urban systems and the delivery of efficient, sustainable outcomes. These problems are complex and have resulted from the interplay of governance and resource issues; they are not easily resolved; and their impacts are exacerbated by the speed of change.

- At the central government level, national urban policies and strategies, if they exist, are often ambiguous about urban growth; national urban planning systems and laws are antiquated with urban planning delinked from both budgeting and long term financial planning; decentralization and devolution policies are frequently not aligned with the tax bases of different levels of government and do not create sufficient incentives for cities to improve their own revenues; property rights are often unclear with limited control over corruption and manipulation of public land assets.

- At the city level, planning, management and financial skills are in short supply; participatory governance is often weak with limited community and business involvement in setting priorities; land management and administration is also often inadequate and compounded by confusion over responsibility on the urban periphery; this in-turn can lead to uncertainty, forced evictions, speculation and inflation in local land markets which in the absence of planning for growth, constrains the supply of both housing and infrastructure and results in the continued growth of slums.

UNDP ASIA PACIFIC URBAN STRATEGY

Managing the growth of cities in Asia Pacific is proving a daunting task for all levels of government. The stakes are high – job creation and poverty reduction, climate change and environmental sustainability, disaster risk reduction, community development, social inclusion and stable, safe societies. The next forty years will see a massive transition to urban living involving physical, economic and social change, and local and global environmental consequences. What is clear is that the growth of cities will continue and successfully managing city growth will be critical to development outcomes.

The importance of cities to inclusive development and poverty reduction provides a compelling case for a greater and more strategic UNDP involvement in urban issues in the Asia Pacific region. This is supported by UNDP being increasingly sought out by partner governments and communities in the region for assistance with urban projects and strategic partnerships on urban issues. The argument for a greater UNDP focus on cities also reflects the UNDP development interventions in poverty reduction, democratic governance, crisis prevention and recovery, and energy and the environment.

- Limited institutional governance is one of the most significant barriers to improving the sustainability of cities in the region. Lack of local capacity in secondary cities is of special concern and is particularly relevant for local authorities' capture by elites and vested interests.

- Reducing the growth of urban poverty and income, gender and horizontal inequalities is critical to sustaining economic growth, as well as to maintaining social stability in the region.

- Crisis prevention and recovery is increasingly focusing on Asia Pacific cities and their vulnerabilities to natural disasters and climate change.

- Opportunities for improved energy efficiency and demand reduction in cities are often not being realized in the region and there are major problems with urban emissions, congestion and waste on productivity and health and well being.

While cities now occupy centre stage in Asia's economic growth and development, the opportunities and challenges posed by rapid urbanization are not yet reflected in most national policies and plans, or in the development priorities or strategies of UNDP. Governments at all levels and their development partners are only slowly adapting their policies and programs to the challenges and opportunities of urban development. This observation was born out by feedback from UNDP's country offices in Asia and the Pacific that uniformly welcomed this initiative. Almost all country offices expressed the need for a more strategic partnership with cities and local governments, since cities are where economic growth, poverty reduction, social inclusion, participatory governance and environmental impacts can all be acted upon with immediate impacts. While some country offices in the region have important programs in place either with ministries responsible for local government, or with one or more urban local authorities, most expressed a need for a more strategic approach to build on UNDP's cross-sectoral programming capacity. Moreover, in most countries in the region poverty is still seen as a rural issue, notwithstanding the fact that across the region all growth of poverty is now taking place in cities.

The aim of the UNDP Asia Pacific urban strategy is to assist national and local partner governments and local communities achieve inclusive, resilient and sustainable cities. There is a very wide range of activities that UNDP could become engaged in the urban sector. Details of specific objectives, programs and arrangements will need to be tailored to country priorities and contexts and to specific cities or groups of cities within countries. They will also be limited by UNDP's resources.

This UNDP Asia Pacific urban strategy has been conceived as a framework to help inspire and guide the process of developing national urban strategies and strategic urban program interventions by UNDP country offices in Asia and the Pacific. The strategy focuses on: sustaining economic growth by promoting the growth of cities which are inclusive, resilient and sustainable; on what UNDP can do to address this challenge; and on how UNDP can best use and build upon its existing strengths, and where it does not have capacity and competencies, to leverage its resources to respond to the challenges and opportunities of rapid urbanization.

UNDP has particular strengths for work on cities. Its in-country representation and strong leadership role as an impartial multilateral partner provide it with a unique ability to facilitate policy dialogue and reforms at the regional, national and sub-national levels, to develop strategic partnerships on urban issues and to leverage resources to achieve objectives. A further strength derives from its crosscutting programming capacity to align resources and engage partners across sectors, including the talents of women and young people, into well integrated support programs. This potential to work with cities as urban systems rather than on a sectoral basis provides the opportunity for significant development benefits.

Ownership of the strategy development and implementation process clearly needs to be at the country level with UNDP country offices. While urbanization is occurring across the region, countries are at very different stages of their urban transformation. Moreover the challenges faced by cities are often uniquely local – as cities have their own topography, governance, economic structure and opportunities, and relationships with other levels of government.

To be effective, a UNDP Asia Pacific urban strategy must be both bold and sharply focused: bold in scale by targeting citywide and nationwide impacts; and sharply focused on cities - listening and learning from cities and their citizens in the development of national policies and in improvements in local governance, and helping cities to sustain and improve the quality of their growth.

UNDP's urban strategy in Asia Pacific should be based on a framework of individual country strategies. In implementation, the urban strategy is a set of individual country strategies based on a common objective and broad guidelines. These country strategies should aim to achieve impacts at scale by facilitating and strengthening partnerships and strategic alliances. Points of entry will depend on country circumstances but could include:

- Integrating priority urban issues into national development plans, CPD/CPAPs and UNDAFs;
- Strengthening the policy dialogue between national authorities and mayors and local government associations;
- Facilitating the efforts of community-based organizations and their networks to engage in local development in partnership
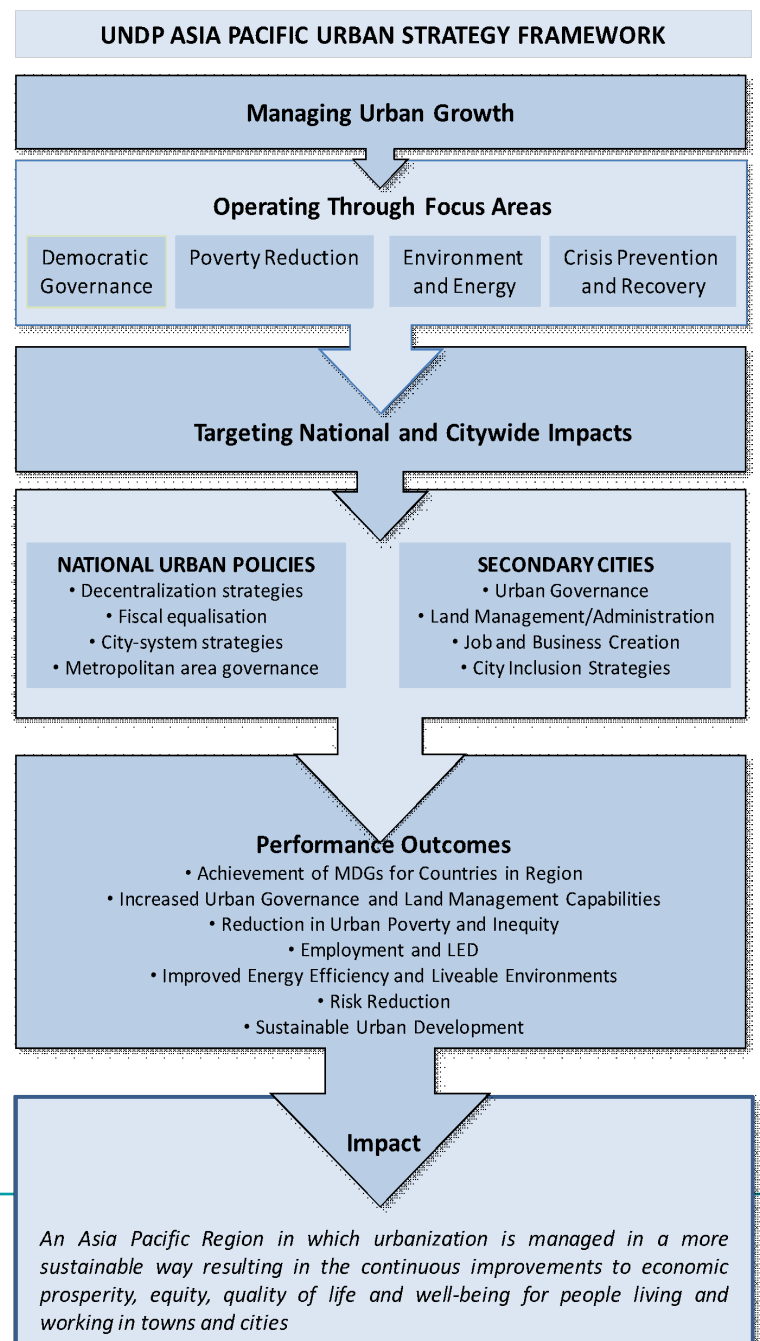
with local authorities;

- Helping align the efforts of local civic leaders in the business community and local financial and education institutions around the goal of improving their city's ability to deliver the competitive environment needed for growing investment, production and employment;

- Improving the coherence of effort among the development organizations supporting cities by enhancing coordination and alignment across sectors towards shared objectives;

- Strengthening linkages between technical cooperation and the planning and implementation of capital investments in infrastructure and services that are being made in the region's cities; and

- Supporting research and knowledge dissemination to bring about changes in practices used in managing the growth and development of cities.

COUNTRY STRATEGY FRAMEWORK

The analysis of the challenges facing cities in Asia Pacific suggests UNDP country strategies be developed following the framework shown in the figure. The strategies would have a broad focus on managing urban growth and should be developed working with both national and local authorities, civil society, as well as with other development agencies investing in urban infrastructure and services. While they will need to be guided by particular country circumstances, in many countries in Asia Pacific secondary cities and issues at the urban periphery are likely to be areas of greatest need.

At the **national level** UNDP country strategies should focus on facilitating the urban policy dialogue and on mainstreaming urban issues into national policies and plans, budgeting processes and regulatory reforms. Priorities will vary between countries but might include national policies for decentralization and fiscal equalization arrangements, increasing energy efficiency, the appropriateness and effectiveness of city-wide governance and planning arrangements to anticipate and plan for urban growth, and strengthening property rights and the management of public land assets.

At the **local level,** the analysis suggests UNDP country strategies focus on the distinct development challenges faced by secondary cities and in peri-urban areas. Improvements might be sought in four strategic areas: urban governance; land administration and management; quality job growth; and city inclusion strategies. City inclusion strategies would target the city's most vulnerable communities with improvements in infrastructure, social services, environmental improvements and risk reduction with gender equality being a cross cutting issue across all focus areas. UNDP would seek to: facilitate policy dialogue in these areas; help strengthen coordination arrangements;

UNDP ASIA PACIFIC URBAN STRATEGY FRAMEWORK

Managing Urban Growth

Operating Through Focus Areas

| Democratic Governance | Poverty Reduction | Environment and Energy | Crisis Prevention and Recovery |

Targeting National and Citywide Impacts

NATIONAL URBAN POLICIES
- Decentralization strategies
- Fiscal equalisation
- City-system strategies
- Metropolitan area governance

SECONDARY CITIES
- Urban Governance
- Land Management/Administration
- Job and Business Creation
- City Inclusion Strategies

Performance Outcomes
- Achievement of MDGs for Countries in Region
- Increased Urban Governance and Land Management Capabilities
- Reduction in Urban Poverty and Inequity
- Employment and LED
- Improved Energy Efficiency and Liveable Environments
- Risk Reduction
- Sustainable Urban Development

Impact

An Asia Pacific Region in which urbanization is managed in a more sustainable way resulting in the continuous improvements to economic prosperity, equity, quality of life and well-being for people living and working in towns and cities

undertake technical assistance; and support activities for research and development, learning, knowledge and information dissemination.

IMPLEMENTATION

Cities in Asia Pacific are at the forefront of innovation. Many are engaged in organized networks and forged partnerships that sustain innovations as well as competition. In virtually every country in the region there are mayors and civic leaders who are local champions for more inclusive urban growth. Strategy implementation in the region needs to be anchored at the local level working closely with and learning from these local champions and political advocates. While it is important to leverage the vertical role of UNDP in mobilizing the support of national government, embracing change by working directly with cities, drawing on the experience and expertise of mayors and other local leaders and helping to inspire their innovation should be the cornerstone of implementation. This also implies UNDP develop a flexible capacity to respond to local innovations and to invest in strengthening local knowledge-based partners and their networks to support capacity building, replication and monitoring.

Implementation pathways will vary in countries across the region. What is critical is that UNDP mainstream sustaining economic growth by promoting the growth of cities that are more inclusive, resilient and sustainable in its policy dialogue with government and its development agency partners. Where there is a local constituency this should be reflected as a priority in the UNDAF, and where the constituency is less clear UNDP should become an effective advocate in facilitating the urban policy dialogue and reforms at the national and sub-national level. Of equal importance UNDP should fully deploy its crosscutting programming capacity to align resources and engage partners across sectors targeting the outcomes outlined in this strategy. Encouraging national and local research, analysis and discussion of urban issues to help build consensus on how best to respond to the specific challenges and opportunities of urbanization in the country may well prove useful.

While the strategy focuses on implementation through strengthened partnerships and will operate though the UNDP four focus areas, taking a city perspective to enhance development effectiveness and coherence across sectors will be a big step for UNDP. It adds complexity and will require leadership at the country level with technical advisory and knowledge brokering services, policy and programme support from a multidisciplinary urban development team at the Asia-Pacific Regional Centre. While there is no doubt that UNDP will be able to leverage considerable resources in implementing this strategy, at the outset it will need to build the research and professional capacity to guide and inform implementation as a high priority. Success with this strategy will depend on the ability at the country level to establish clear priorities, which are consistent with available staff and financial resources.

1 INTRODUCTION

Urbanization in Asia Pacific is proceeding at a scale and speed unprecedented in human history. It took Latin America over 210 years for urbanization rates to rise from 10% to 50%. In Asia and the Pacific it will take 95 years. For some countries in the region it will be less than 60 years[5]. While the growth of cities in Asia Pacific has been driven by and underpins economic growth, this continued rapid urban growth is creating many challenges – especially how to improve the quality of life in cities as they accommodate an additional 1.3 billion people projected to be living in the region's cities by 2050.[6]

There are many challenges to be overcome in the development of towns and cities in the region. In a number of countries, there is still a strong anti-urban bias towards the growth of cities. Notwithstanding overwhelming evidence to the contrary, urbanization is still seen by many as a problem rather than a positive force in development. However, as country populations become more urbanized, the pressures to manage urbanization so as to take better advantage of its positive impacts should make promoting sustainable and inclusive urban growth a development priority. The battle for sustainable economic growth in the Asia Pacific region will be won or lost in its cities.

The United Nations Development Program (UNDP) has had a long involvement in urban development activities. During the 1980s, most of these activities were developed in partnership with UN-Habitat, the United Nations principal agency concerned with the development of human settlements. By the mid-1990s UNDP diversified its program of activities and scaled back many of its urban activities while continuing to support some sector projects in water, sanitation, waste management and energy in urban areas. Support for urban development programs by international development agencies has also gone through several cycles. Recently, given the recognition of the direct linkage between urbanization and economic growth, a number of international development agencies have developed strategies and programs that focus on addressing urban poverty, social inclusion and the environmental challenges posed by rapid urbanization.

This strategy paper was commissioned by UNDP to inform the organization's current and future policy and programming work in Asia Pacific. It argues the case for greater UNDP involvement in urban issues in the region and sets out a framework to guide this involvement. The paper is divided into 6 sections. Following this introduction, Section 2 outlines and analyses some of the key urban development challenges in the region, including the importance of cities to achieving sustainable development and poverty reduction. Section 3 analyses the challenges posed by rapid urbanization and includes examples of best practices of cities and countries striving to meet these challenges. Section 4 summarizes feedback received from UNDP country offices in the region and makes the case for a more strategic approach. Section 5 outlines the parameters of a strategic approach, including how UNDP might best impact at scale and achieve a much greater coherence of effort across the many development partners working with cities. Section 6 proposes a UNDP Asia Pacific Urban Strategy that builds on the organization's strengthens and proposes where and how to focus on clearly defined strategic points of entry at the country level in developing UNDP urban strategies that will achieve the greatest development impacts.

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5 World Bank, Cities and Climate Change: an Urgent Agenda. 2010

6 United Nations, Department of Economic and Social Affairs, Population Division: World Urbanization Prospects, the 2011 Revision. New York, 2012.

2   ANALYSIS OF URBANIZATION AND URBAN DEVELOPMENT CHALLENGES

Since the end of World War II and the creation of the modern economic order, the role of cities in development has been largely ignored. While the World Bank and Asian Development Bank initiated some modest urban lending in the early 1970s and UN-Habitat was established in 1978, it was not until the late-1990s that the central role of cities in economic development and poverty reduction gained a prominent place on a crowded international development agenda.

The reasons for this are complex. Many developing country governments were suspicious of the growth of cities; they were seen as places of political activism and social unrest. Development theory and international development institutions tended to focus on capital creation and sectoral issues while ignoring their spatial dimension. Most international development agencies and non government organizations (NGOs) saw direct assistance to the poor which were predominantly located in rural areas as their priority, rather than focusing on the potential for productivity growth, increased employment and poverty reduction through economic development in cities.

A key factor in focusing attention on cities has been their role in the social and economic transformation of the Asia Pacific region[7]. A result has been a blossoming of research on urbanization and development over the past fifteen years and the development of more sophisticated strategies for urban development by national governments and multilateral institutions. The most recent comprehensive reports and information encompassing the Asia Pacific region are:

- "The State of Asian Cities 2010/11"[8]

- "The State of the World's Cities 2012/2013: Prosperity of Cities"[9]

- "World Urbanization Prospects: The 2011 Revision"[10]

- "Asia 2050: Realizing the Asian Century"[11]

- "The State of Pacific Towns and Cities: Urbanization in ADB's Pacific Developing Member Countries"[12]

- "The World Development Report 2009: Reshaping Economic Geography"[13] and

- "Planning, Connecting, and Financing Cities—Now; Priorities for City Leaders"[14]

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7 The definition of Asia Pacific varies between institutions and sources. Data constraints also often define what is presented as 'regional', ignoring where data is unavailable. For this paper, Asia Pacific is a vast, diverse region comprising 63 countries and territories grouped into five sub-regions:

East and North-East Asia (China, China Hong Kong SAR, China Macao SAR, Democratic People's Republic of Korea, Japan, Mongolia, Republic of Korea)

South-East Asia (Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste, Viet Nam)

South and South-West Asia (Afghanistan, Bangladesh, Bhutan, India, Islamic Republic of Iran, Maldives, Nepal, Pakistan, Sri Lanka, Turkey)

North and Central Asia (Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Russian Federation, Tajikistan, Turkmenistan, Uzbekistan)

Pacific (Australia, New Zealand, Fiji, New Caledonia, Papua New Guinea, Solomon Islands, Vanuatu, Guam, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Northern Mariana Islands, Palau, American Samoa, Cook Islands, French Polynesia, Niue, Pitcairn, Samoa, Tokelau, Tonga, Tuvalu, Wallis and Futuna Islands)

8 UN-HABITAT/ESCAP, The State of Asian Cities 2010/11. 2010.

9 UN-HABITAT, The State of the World's Cities 2012/2013: Prosperity of Cities. 2012.

10 United Nations, Department of Economic and Social Affairs, Population Division: World Urbanization Prospects, the 2011 Revision. New York, 2012.

11 Asian Development Bank, Asia 2050: Realizing the Asian Century. Manila, 2011.

12 Asian Development Bank, The State of Pacific Towns and Cities: Urbanization in ADB's Pacific Developing Member Countries, Pacific Studies Series, Manila, 2012.

13 World Bank, World Development Report 2009: Reshaping Economic Geography, Washington, 2009.

These reports have a wealth of information that is not reproduced here. Rather this paper attempts to draw out some key points that might guide the development of UNDP programming and policy work.

This section will draw on this research and focus on:

- the main urban trends in the Asia Pacific region;

- the challenges to continuing urban development; and

- the interrelationship between economic growth, poverty reduction and developing dynamic, sustainable cities.

Three important cautions:

First, the data on cities is often broad and imprecise. It is not the product of generally accepted international accounting conventions, which underpin, say, a country's National Accounts. Often data, such as city GDP information, is not collected at the city level but rather inferred from national statistics with 'adjustments' for a city's characteristics.

Second, comparisons between cities are difficult. Cities are uniquely local – they have their own topography, governance, economic structure, relationships with more central levels of government and the like. Moreover, definitions of a 'city' or 'urban area' vary greatly between countries. An urban area might be a mega city region encompassing all built areas and associated peri-urban areas such as greater Jakarta, Bangkok or Shanghai, or a small administrative area defined by central government.

Third, past projections of city population growth have proven far from accurate. Forecasts of national populations are far more reliable than of the spatial distribution of people in a country. As the 2009 World Development Report points out "spatial transformations - the growth of cities and leading areas – are linked closely to changes in the economy, especially the sectoral transformations that accompany growth and the opening of an economy to foreign trade and investment. So predicting the size of a city is economic forecasting, a hazardous occupation."[15]

Analyses of city data, city comparisons and city projections require caution. The data looks 'solid' but is more useful in indicating broad directions than precise magnitudes. The future is always uncertain.

ANALYSIS OF URBAN TRENDS

Urbanization – the spatial concentration of people and economic activity – has been occurring for millennia. What is unique in Asia Pacific is the speed and scale of urbanization, its linkage to productivity gains enabled by the liberalisation of world trade and capital markets (and increasingly labour markets), and the threats to sustainable urbanization posed by issues of social and environmental sustainability at both local and global levels.

Urban Population Growth

Over the next 40 years to 2050 there will be an unprecedented increase in the world's urban population with the Asia Pacific and Africa regions accounting for some 86% of the world's urban population growth (Graph 2.1). Asia Pacific's urban population will increase from around 1.9 billion to 3.2 billion; Africa's from 414 million to over 1.2 billion. In Asia Pacific, the largest increases in urban population are expected in India, which will add 497 million to its urban population, China - 341 million, Indonesia - 92 million, Pakistan - 92 million, Bangladesh - 60 million and Philippines - 56 million[16].

14 World Bank, Planning, Connecting, and Financing Cities—Now; Priorities for City Leaders, Washington, 2013.

15 World Bank, World Development Report 2009: Reshaping Economic Geography, Washington, 2009, p. 198.

16 United Nations, Department of Economic and Social Affairs, Population Division: World Urbanization Prospects, the 2011 Revision. New York, 2012.

Graph 2.1. Projected Changes in urban and rural population by major regions between 2011 and 2050 (millions)
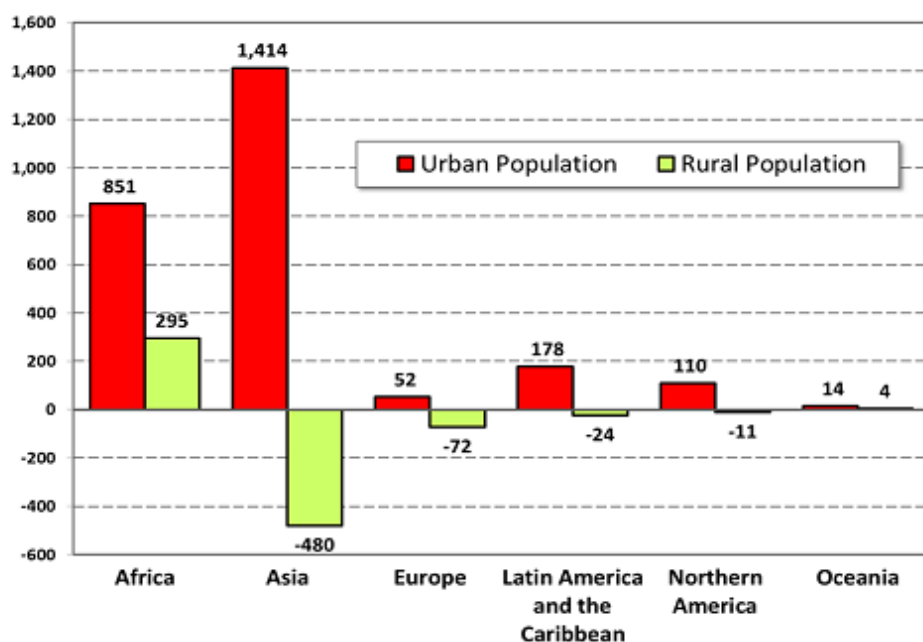
Source: UN World Urbanization Prospects, the 2011 revision, Press Release, NY, 5 April 2012, p. 2.

Population projections to 2050 and some other urban data by country and sub-region in Asia Pacific are at Attachment 1. This data indicates:

- Asia Pacific is transforming from a predominantly rural to an urban society. Asia Pacific was 45% urban in 2010; it is projected to increase to 56% urban in the 20 years to 2030, and to 64% urban in 2050.

- While urbanization has been occurring around the world for centuries, the scale and absolute numbers of this transformation are unprecedented. The number of urban dwellers is estimated to increase by 43% from 1.9 billion in 2010, to 2.7 billion in 2030; urban dwellers are projected to increase by a further 21% to 3.2 billion in 2050.

- In the 20 years to 2030, the urban population will increase by over 800 million people and by another 550 million in the next 20 years to 2050.

- The immediate challenge is to sustainably feed, water, shelter and generate employment for the around 3.3 million people who will be added every month to the urban population in Asia Pacific to 2030.

While urbanization is occurring across the region, sub-regions and countries are at very different stages of their urban transformation.

- Most countries of the East and North-East Asia sub-region are already highly urbanised. The main exception is China, which is in the middle of its urban transformation. China's urban population is estimated to increase by 297 million to 958 million by 2030, from 49% to 69% of China's total population.

- South-East Asia is urbanising rapidly – it is projected to increase from 44% urban in 2010 to 56% in 2030 and 66% in 2050. However, a number of countries such as Cambodia, Laos, Myanmar and Timor-Leste are at a very early stage of the urbanization process. Major issues include secure land tenure, the provision of affordable housing, and urban environment and disaster risk management.

- South and South-West Asia is the least urbanised sub-region in Asia Pacific (34% urban), and one of the least urbanised

regions in the world. Only two countries Turkey (71% urban) and Iran (69% urban) are highly urbanised. This sub-region, which includes India (31% urban), Pakistan (36% urban) and Bangladesh (28% urban), is poised for a major urban transition and the numbers of people involved are very large. It is estimated the urban population in this sub-region will increase by 346 million from around 600 million in 2010 to 947 million in 2030 and by a further 389 million to 1.3 billion in 2050. It will then still be only 54% urban. This sub-region is not reaping the full economic benefits of urbanization with growing numbers in urban poverty and slum settlements and infrastructure shortfalls.

- North and Central Asia, which includes the Russian Federation, is already 63% urban and this is estimated to increase relatively modestly to 66% in 2030 and 71% in 2050. Within this sub-region however, some countries are at an early stage of the urbanization process – Kyrgyzstan (35% urban), Tajikistan (27% urban) and Uzbekistan (36% urban). Many countries have been transitioning to market economies for the past 20 years and need to meet challenges of decaying and outmoded urban infrastructure, deteriorating communal housing, and declining public safety-nets.

- The Pacific sub-region is an area of great variability. The data is dominated by the relative size of Australia (89% urban) and New Zealand (86% urban). If these countries are excluded, Papua New Guinea (12% urban) skews the data. Of the small island states, Micronesia has the highest level of urbanization (67% urban), followed by Polynesia (42% urban) and Melanesia (19% urban). In virtually all of the island states, the growth rate of the urban population exceeds that of the rural population and is leading to social and environmental issues.

City Size

The urban population in Asia across different city sizes from 1950 to 2025 is at Graph 2.2. Most of the urban population is, and is projected to remain, in cities of fewer than 500,000 people though the population of larger cities is growing rapidly. The smaller cities have generally fewer financial and skilled human resources to plan and manage growth.

Graph 2.2: Asia - Total Urban Population by City Size (thousands)
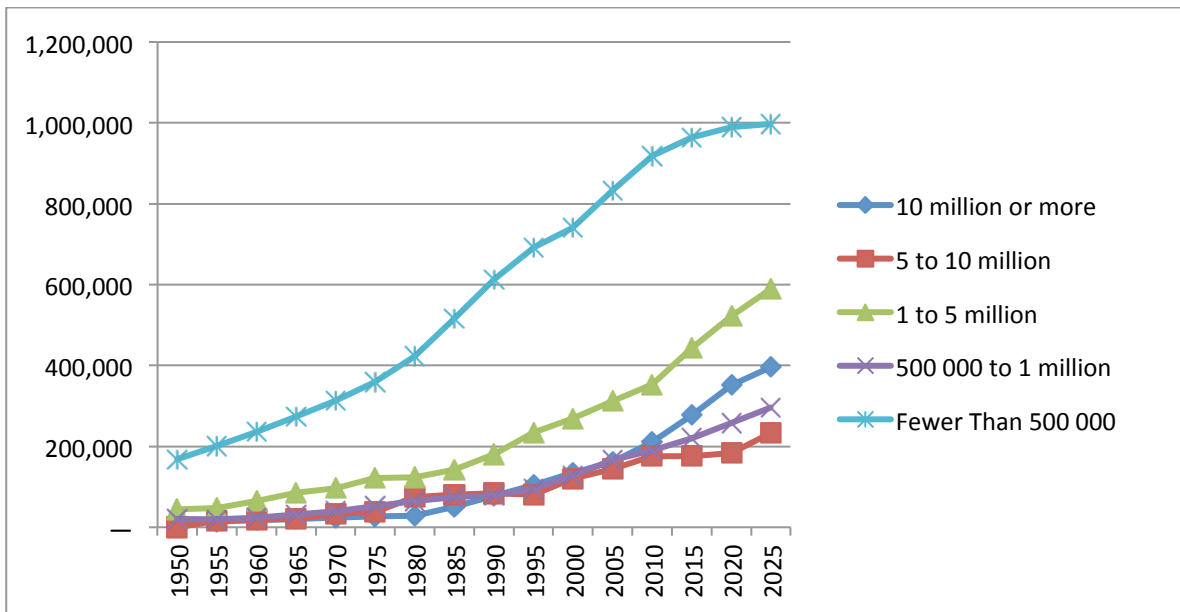
Source: Derived from UN World Urbanization Prospects, the 2011 revision data.

The distribution of Asia's urban population between cities of different sizes is changing and there is a clear trend of accelerated urban concentration (Table 2.1). In 2010, some 60% of Asia's 1.8 billion urban dwellers lived in cities or towns of less than 1 million people and only 11% lived in mega cities. By 2025, it is estimated that Asia's urban population will live increasingly in larger cities. Only 50% of Asia's 2.5 billion urban dwellers will be living in cities of below a million, while an estimated 16% will live in mega cities.

In the drive for economies of scale and agglomeration economies, cities have increasingly come to merge together to form mega-regions, urban corridors and city-regions.

Table 2.1: Urban Population in Asia by City Size as a percent of the Total Urban Population

City Size	2010	2025
Fewer Than 500 000	50%	40%
500 000 to 1 million	10%	12%
1 to 5 million	19%	23%
5 to 10 million	10%	9%
10 million or more	11%	16%

Source: Derived from UN World Urbanization Prospects, the 2011 revision data.

Data on the number of cities in various city sizes in 2010 and 2025 by country and sub-region are at Attachment 2. This data indicates:

- The number of urban agglomerations of over 10 million people in Asia Pacific (the mega cities) will increase from 14 in 2010 to 23 in 2025 (Table 2.2).
- China will grow from 4 to 7 megacities, India from 3 to 6, Pakistan from 1 to 2 and the Philippines, Indonesia and Thailand will each develop a megacity.
- The number of cities of between 5 and 10 million people in Asia Pacific will increase from 23 to 31.
- The number of cities of 1 to 5 million and 500,000 to 1 million will both increase by over 50%.
- Cities from 1 to 5 million will increase in number from 190 to 296 and cities of 500,000 to 1 million from 280 to 427. This increase in the number of smaller cities is particularly apparent in China, Indonesia, Myanmar, Philippines, Viet Nam, Afghanistan, Bangladesh, India and Pakistan.

Table 2.2: Mega Cities with Populations of 10 Million or More (Cities in **bold** in Asia Pacific Region)

Rank	Urban agglomeration	2011 Population (Million)	Rank	Urban agglomeration	2025 Population (Million)
1	**Tokyo, Japan**	37.2	1	**Tokyo, Japan**	38.7
2	**Delhi, India**	22.7	2	**Delhi, India**	32.9
3	Ciudad de México (Mexico City), Mexico	20.4	3	**Shanghai, China**	28.4
4	New York-Newark, USA	20.4	4	**Mumbai (Bombay), India**	26.6
5	**Shanghai, China**	20.2	5	Ciudad de México (Mexico City), Mexico	24.6
6	Sao Paulo, Brazil	19.9	6	New York-Newark, USA	23.6
7	**Mumbai (Bombay), India**	19.7	7	Sao Paulo, Brazil	23.2
8	**Beijing, China**	15.6	8	**Dhaka, Bangladesh**	22.9
9	**Dhaka, Bangladesh**	15.4	9	**Beijing, China**	22.6

Rank	Urban agglomeration	2011 Population (Million)	Rank	Urban agglomeration	2025 Population (Million)
10	**Kolkata (Calcutta), India**	14.4	10	**Karachi, Pakistan**	20.2
11	**Karachi, Pakistan**	13.9	11	Lagos, Nigeria	18.9
12	Buenos Aires, Argentina	13.5	12	**Kolkata (Calcutta), India**	18.7
13	Los Angeles-Long Beach-Santa Ana, USA	13.4	13	**Manila, Philippines**	16.3
14	Rio de Janeiro, Brazil	12.0	14	Los Angeles-Long Beach-Santa Ana, USA	15.7
15	**Manila, Philippines**	11.9	15	**Shenzhen, China**	15.5
16	**Moskva (Moscow), Russian Federation**	11.6	16	Buenos Aires, Argentina	15.5
17	**Osaka-Kobe, Japan**	11.5	17	**Guangzhou, Guangdong, China**	15.5
18	**Istanbul, Turkey**	11.3	18	**Istanbul, Turkey**	14.9
19	Lagos, Nigeria	11.2	19	Al-Qahirah (Cairo), Egypt	14.7
20	Al-Qahirah (Cairo), Egypt	11.2	20	Kinshasa, Democratic Rep. of the Congo	14.5
21	**Guangzhou, Guangdong, China**	10.8	21	**Chongqing, China**	13.6
22	**Shenzhen, China**	10.6	22	Rio de Janeiro, Brazil	13.6
23	Paris, France	10.6	23	**Bangalore, India**	13.2
			24	**Jakarta, Indonesia**	12.8
			25	**Chennai (Madras), India**	12.8
			26	**Wuhan, China**	12.7
			27	**Moskva (Moscow), Russian Federation**	12.6
			28	Paris, France	12.2
			29	**Osaka-Kobe, Japan**	12.0
			30	**Tianjin, China**	11.9
			31	**Hyderabad, India**	11.6
			32	Lima, Peru	11.5
			33	Chicago, USA	11.4
			34	Bogotá, Colombia	11.4
			35	**Krung Thep (Bangkok), Thailand**	11.2
			36	**Lahore, Pakistan**	11.2
			37	London, United Kingdom	10.3

Source: Derived from UN World Urbanization Prospects, the 2011 revision data.

Urban Density

Asian Cities are the most densely populated in the world. There are significant differences in density of cities between regions. Angel et al (2005) estimated the built-up area urban density of Dhaka, the capital of Bangladesh in 2000 at 55,500 persons per km^2,

followed by Hong Kong at 53,000 persons per km². This compares with cities like Tacoma and Washington in the US at around 1,570 persons per km². In many of the larger cities, population densities ranged from 10,000-16,000 persons per km². In the Pacific, densities of 12,700 people per km² have been recorded for some pacific island urban settlements[17]. Secondary cities often have densities between 50 and 70% of primary cities, which tends to be a reflection of land markets and the lower building height of development.

Angel et al (2012) estimated that the total built up urban area in Asia in 2010 was 150,000 sq km[18]. In both developing and industrialized countries of the region, average densities of cities have been declining quickly which Angel estimates at an annual rate of -1.7% over the last decade in developing countries, and of -2.2% in industrialized countries (Angel and others, 2012, pp. 1-2). Urban density is falling at more than 3% per year in some Asian countries[19]. The continuation of this form of development is unsustainable and will have a significant impact on the logistics and economic efficiencies and cost of running cities in the future. Table 2.3 shows the falls in density in selected Asian primate and secondary cities.

Table 2.3: Annual Change in Urban Area, Population, Density for Primate and Secondary Cities 1990-2000

Country	City	Pop 2000	Pop Per 1990	Ha 2000	Annual % Increase Urban Area	Annual Ave % Population Growth	Annual Average % change density	Primacy %
Bangladesh	Dhaka	9,196,964	636	555	4.9%	3.5%	-1.3%	1
	Rajshahi	599,525	452	296	5.8%	1.8%	-3.8%	15
China	Shanghai	14,133,931	166	122	5.0%	2.3%	-2.6%	1
	Changzhi	928,518	109	81	6.1%	1.3%	-4.5%	13
	Leshan	966,091	175	97	6.0%	0.4%	-5.2%	12
	Yulin	3,387,078	225	135	6.6%	0.7%	-5.5%	4
India	Mumbai	16,161,758	466	436	2.8%	2.1%	-0.7%	1
	Hyderabad	5,707,677	282	180	5.2%	1.3%	-3.7%	3
	Jaipur*	2,779,119	360	197	8.3%	2.5%	-5.4%	6
	Kanpur	2,674,116	160	151	3.3%	2.8%	-0.5%	6
Iran	Teheran	7,803,538	161	165	2.3%	2.5%	0.3%	1
	Ahvaz	1,258,713	58	57	3.5%	3.4%	0.0%	6
South Korea	Seoul	14,546,082	266	206	2.6%	0.5%	-2.0%	1
	Pusan	3,485,359	271	177	2.9%	-1.2%	-4.0%	4
Philippines	Manila	17,335,085	328	274	4.5%	2.4%	-2.0%	1
	Cebu	1,524,080	212	239	1.8%	3.0%	1.2%	11
Thailand	Bangkok	9,761,697	121	95	5.8%	2.4%	-3.2%	1
	Songkhla	244,403	159	129	3.0%	1.0%	-1.9%	40

Source: Angel et al 2012

While the fall in density is a concern, it is in the secondary cities where the growth in urban areas and greatest falls in density will be the highest. Urban densities between megacities and secondary cities vary significantly. For example the urban densities in Mumbai, India fell from 466 persons per hectare to 436 persons per hectare between 1990 and 2000 (-0.7% per annum), while urban densities in Hyderabad, a secondary city of 5.7 million (2000), fell from 282 persons per hectare to 180 persons per hectare (-3.7% per annum) for the same period. There are significant differences between the percentage growth in urban area, populations and change

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17 Pareti, S. Urban Crisis: Towns bursting with growing population and limited resources. Island Business 2007 [cited 2012 2 December]; Available from: http://www.islandsbusiness.com/aboutus/.

18 Angel, S., et al., Atlas of Urban Expansion 2012 Washington: Lincoln Land Institute.

19 Islam, N. 2006. Bangladesh. In: ROBERTS, B. & KANALEY, T. (eds.) Urbanization and Sustainability in Asia: Good Practice Approaches in Urban Regional Development. Manila: Asian Development Bank and World Bank Cities Alliance.

in density in the regions between primate and secondary cities. Figure 2.1 shows the difference in the city of Jaipur, India, between 1989 and 2000. Average annual population growth rate for this period was 2.8% while the urban area grew at 8.3% per annum.

Figure 2.1: Change in Urban Area Jaipur, India 1989-2000
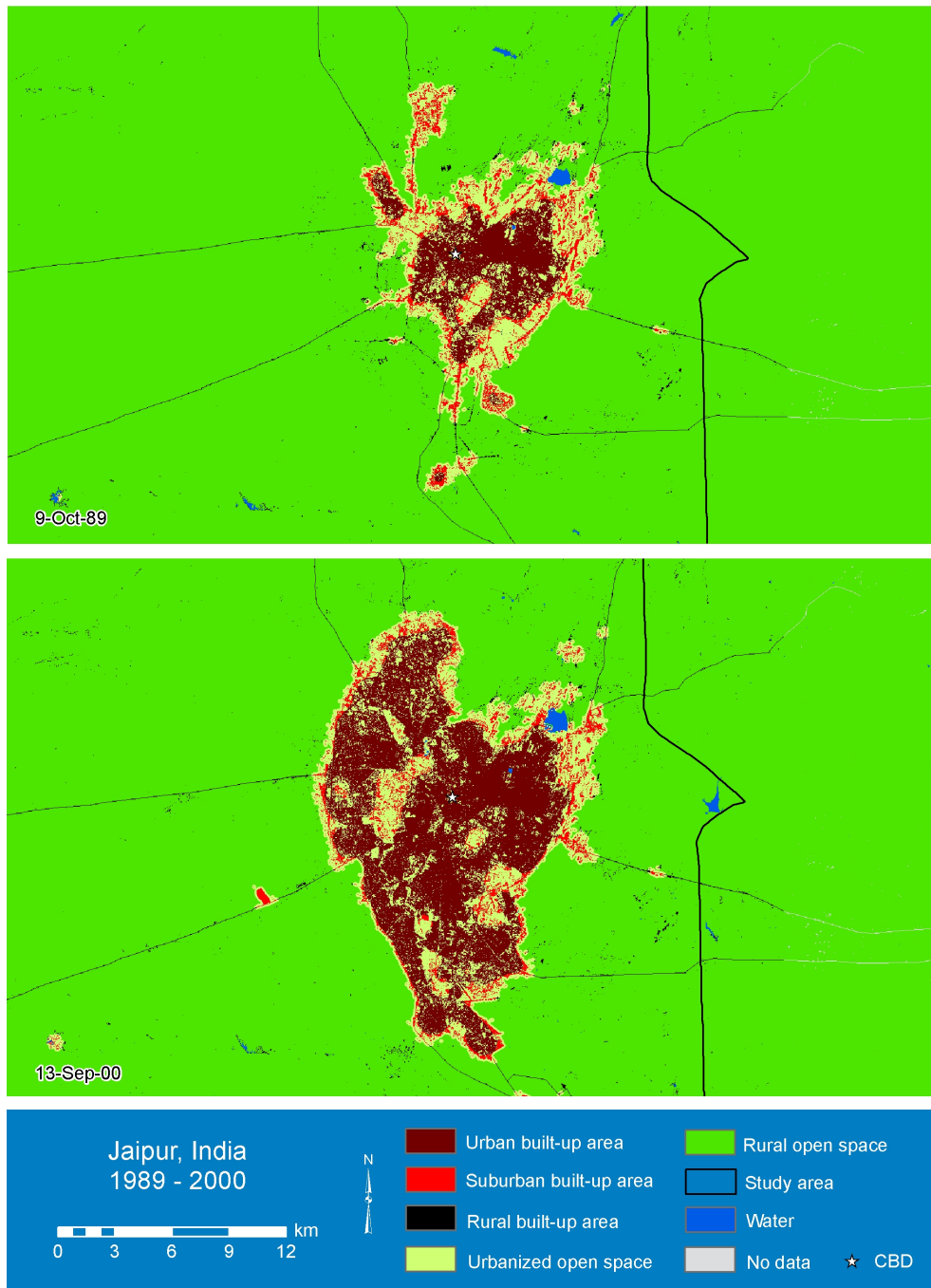
Source: Angel et al 2012

City Economies

The growth of cities in Asia Pacific has been driven by and underpins economic growth. Cities in the region account for more than 80% of economic output[20]. The growth of cities is a social and economic transformation founded on productivity gains from:

- innovation - ongoing scientific and technological advances;

- trade and market liberalization;

- the globalization of information, technology, capital and, to a lesser extent, labour;

- tax and regulatory reform in both developed and developing countries;

- the growth of industrial and service industries whose productivity is enhanced by agglomeration economies found only in a concentrated spatial environment;

- increasing agricultural productivity that has reduced the need for rural labour; and

- investments in skills and education, health and infrastructure that enable increased productivity and rising wages and standards of living.

GDP data and rankings, and projections by city are not routinely or systematically produced by government agencies or international institutions. As commented upon earlier, this is a problem as the growth of cities, their relative performance compared to each other and their spatial structure are closely related to the performance and changing structure of their economy. Reflecting the demand for this type of information by global businesses for product marketing and investment decisions, it is not surprising that the sources of such data are often private sector organisations. Recent examples include:

- PricewaterhouseCoopers, "Which are the largest city economies in the world and how might this change by 2025?"[21],

- McKinsey Global Institute, "Urban world: Mapping the economic power of cities"[22], and

- Economist Intelligence Unit, "Hot Spots: Benchmarking global city competitiveness[23]".

PricewaterhouseCoopers city GDP rankings for 2008 and 2025 for 150 cities are at Attachment 3 and projected city GDP growth rates at Attachment 4. This data for selected cities is at Tables 2.4 and 2.5 below.

Four points are apparent. First, unlike rankings by population size, city rankings by economic size are dominated by developed country cities and will remain so for the foreseeable future (compare Tables 2.2 and 2.4). Second, city GDP growth rates are highest in developing countries and are concentrated in cities in the Asia Pacific region (Table 2.5). Third, the fastest overall growth is in mid-sized cities of around 2-5 million population. Fourth, at these growth rates all the cities in Table 2.5 would around triple their economic size by 2025.

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20 Asian Development Bank, Asia 2050: Realizing the Asian Century. Manila, 2011. p. 3.

21 PricewaterhouseCoopers, Which are the largest city economies in the world and how might this change by 2025? PricewaterhouseCoopers UK Economic Outlook, November 2009.

22 McKinsey Global Institute, Urban world: Mapping the economic power of cities. March 2011.

23 Economist Intelligence Unit, Hot Spots: Benchmarking global city competitiveness. January 2012.

Table 2.4 : City GDP Rankings for 2008 and Projections for 2025 (Cities in **bold** in Asia Pacific Region)

2008 Rank	Cities ranked by estimated 2008 GDP at PPPs	Est GDP 2008 ($bn at PPPs)	2025 Rank	Cities ranked by projected 2025 GDP at PPPs	Est. GDP in 2025 ($bn 2005 PPPs)
		$billion			$billion
1	**Tokyo**	1,479	1	**Tokyo**	1,981
2	New York	1,406	2	New York	1,915
3	Los Angeles	792	3	Los Angeles	1,036
4	Chicago	574	4	London	821
5	London	565	5	Chicago	817
6	Paris	564	6	Sao Paulo	782
7	**Osaka/Kobe**	417	7	Mexico City	745
8	Mexico City	390	8	Paris	741
9	Philadelphia	388	9	**Shanghai**	692
10	Sao Paulo	388	10	Buenos Aires	651
11	Washington DC	375	11	**Mumbai**	594
12	Boston	363	12	Moscow	546
13	Buenos Aires	362	13	Philadelphia	518
14	Dallas/Fort Worth	338	14	**Hong Kong**	506
15	Moscow	321	15	Washington DC	504
16	**Hong Kong**	320	16	**Osaka/Kobe**	500
17	Atlanta	304	17	**Beijing**	499
18	San Francisco/Oakland	301	18	Boston	488
19	Houston	297	19	**Delhi**	482
20	Miami	292	20	Dallas/Fort Worth	454

Source: PricewaterhouseCoopers 2009

Table 2.5: Projected city GDP growth rate rankings for 2008-2025

Growth Rank	City	Region	Average Real GDP growth rate(% pa: 2008-25)
1	Hanoi	Asia Pacific	7.0%
1	Ho Chi Minh City	Asia Pacific	7.0%
3	Changchun	Asia Pacific	6.9%
4	Guangzhou	Asia Pacific	6.8%
4	Addis Ababa	Africa	6.8%
6	Beijing	Asia Pacific	6.7%
6	Surat	Asia Pacific	6.7%
6	Xian	Asia Pacific	6.7%
6	Jaipur	Asia Pacific	6.7%
10	Shanghai	Asia Pacific	6.6%
10	Tianjin	Asia Pacific	6.6%
10	Chongqing	Asia Pacific	6.6%
10	Pune	Asia Pacific	6.6%
10	Shenyang	Asia Pacific	6.6%
10	Chengdu	Asia Pacific	6.6%
10	Kanpur	Asia Pacific	6.6%
10	Lucknow	Asia Pacific	6.6%
18	Bangalore	Asia Pacific	6.5%
18	Chennai (Madras)	Asia Pacific	6.5%
18	Hyderabad	Asia Pacific	6.5%
18	Ahmadabad	Asia Pacific	6.5%
18	Kabul	Asia Pacific	6.5%
18	Dar es Salaam	Africa	6.5%

Source: PricewaterhouseCoopers 2009

Obviously, if Asia Pacific continues to grow on this trajectory it will be a relatively affluent, urbanised society by mid-century. As the ADB report "Asia 2050: Realizing the Asian Century"[24] concludes:

- The region could account for more than half of global Gross Domestic Product (GDP), trade and investment by 2050 - doubling its share of global GDP (at market exchange rates) from 27% in 2010 to 51% by 2050 and increasing per capita income sixfold to reach the global average.

- This rise would be led by China, India, Indonesia, Japan, Republic of Korea, Malaysia, and Thailand. In 2010 these seven economies had a GDP of $14.2 trillion (87% of Asia). By 2050 their share of Asia's GDP will rise to 90% and they will account for 45% of global GDP.

- The breadth and depth of this transformation in the region will depend on the extent to which the region's lower income countries (generally the least urbanised) can raise economic growth to join their more successful neighbours.

On a more sanguine note, the Asia 2050 report also observes that none of this is preordained. Long-term projections of Asia through 2050 cannot rule out the possibility of major setbacks with opportunities foregone. Reasons might include a reversion to protectionism in the developed economies, bad macro-policies, poor financial sector supervision, inadequate investments in infrastructure, education and social safety-nets, the breakdown of social cohesion, conflicts, natural disaster/climate change risks, and weak governance and corruption.

The development of more robust, inclusive and accountable governance structures in the countries across Asia Pacific can both foster economic growth and increase the resilience of their societies to inevitable shocks. An important aspect is the representation of woman and marginalized groups in policy formulation and decision-making.

THE CHALLENGES TO CONTINUING URBAN DEVELOPMENT

Cities are at the centre of economic growth. They are the main location where this growth is occurring; their efficiency determines the extent to which agglomeration economies and rising productivity can be achieved; they provide the environment and social milieu in which more and more people live their lives.

The development challenge of this century will be won or lost in cities – job creation and poverty reduction, climate change and environmental sustainability, community development and social inclusion. The next forty years will see massive physical, economic and social change, major geopolitical shifts, and local and global environmental consequences. What is clear is that, barring some unforeseen disaster, the growth of cities will continue and successfully managing city growth will be critical to development outcomes.

The future prospects for cities in Asia Pacific will be determined by the management of three closely interrelated aspects of their sustainability:

(i) economic sustainability - the ability of cities to attract profitable businesses and grow as centres of production - to attract investment, create jobs, facilitate efficient communications and linkages, and enable continuing improvements in productivity and standards of living;

(ii) environmental sustainability - the ability of cities to provide the resilient habitat – shelter, safe water, air quality, waste management, energy efficiencies, climate change adaptation and mitigation measures - necessary for healthy, productive, satisfying lives for their citizens now and into the future; and

(iii) social sustainability - the ability of cities to provide a safe, vibrant community where the opportunities and benefits of economic growth are equitably shared, broad community views are incorporated in decision-making, community leaders are accountable, laws are applied impartially and which is inclusive of women, marginalized, vulnerable and diverse ethnic and religious groups. Cities must create opportunities and vertically bridge different sectors of the population, enabling individuals and groups to interact, thereby strengthening social cohesion.

Economic Sustainability

The economic sustainability of cities depends on the profitable operation of businesses and economic activity. For business to grow and be successful, cities must provide the opportunity for growing productivity through efficient markets for trade, land, labour and capital and through the provision of necessary infrastructure and services such as water and sanitation, communications and transport, and solid waste management. With the shift to more complex manufacturing, services and knowledge based industries, productivity gains increasingly become based on attracting and developing talent - the depth of human capital - with the focus shifting to education and health, research and development opportunities, quality of life and social inclusion. The role of city governments in economic development shifts over time from a narrow focus on regulating development and infrastructure and service delivery, to delivering the competitive environment for development business needs for growing investment, production and

employment.

Cities in Asia Pacific vary greatly in their ability to meet these challenges, and in their competitiveness in attracting investment, business and people. Whilst many primary cities such as Shanghai, Tianjin, Singapore and Bangkok have dominant natural advantages, such as nodal point locations on transport routes or natural harbours which provide trade advantages and easy integration into the global economy, many other secondary cities of less than one million people have not developed global or even national linkages and are struggling to foster economic development and accommodate growing populations. In general in Asia Pacific, it is the primary cities and cities with natural advantages which have been best placed to take advantage of globalisation, and trade and capital market liberalisation; smaller cities and cities in the small island states of the Pacific region are having the most difficulty in raising productivity levels and income and this is reflected in the data above, noting accelerated urban concentration. Smaller cities have no unique geographic or external advantages and no particular city level advantages in areas such as infrastructure, city management, skills or entrepreneurship.

The pace of urban development has caught many governments in Asia Pacific unprepared. The demand for land, shelter, transport, employment, energy supplies and social and environmental services has outstripped supply. The business environment in many smaller cities is unattractive to all but locally based service industries. A result is that slow economic growth and growing populations is undermining economic sustainability in these smaller cities. The consequence is slow employment growth particularly in the formal economy, weak city government revenues, growing urban poverty and slum settlements, and diseconomies of agglomeration with growing traffic congestion, water and air pollution, and watershed mismanagement. Land management - land release and development - in peri-urban areas is a particular problem with confusion between urban and rural responsibilities and the growth of slums and other informal settlements on the periphery of cities. These problems are compounded by policies in some countries which have decentralised the provision of services from central government but have not been accompanied by necessary fiscal equalisation arrangements. The result is cities with large infrastructure and service shortfalls, poor economic growth opportunities and growing urban poverty.

Environmental Sustainability

A paradox of the rush to urbanization is that standards of living are increasing while the environment is degrading. Water availability and quality, the availability of prime agricultural land, fish stocks, forests, and biodiversity are all declining, and air pollution and greenhouse gas levels increasing. This cannot continue indefinitely. Environmental issues threaten to undermine economic sustainability and social sustainability, with the poor most exposed to environmental hazards and with the least resources for adaptation. The environmental concerns facing Asian cities are related to three major issues; (i) poverty; (ii) industrial production (air and water pollution); and (iii) increasing consumption (higher carbon dioxide emissions, water pollution and land degradation)[25]. While virtually all cities in Asia Pacific face these issues to a greater or lesser extent, it is the smaller cities that have the least resources to address them. Amelioration requires policies, skills, and institutional and financial resources, which are difficult for the governments of smaller cities to develop and mobilise, particularly in areas facing relatively slow economic growth and rising populations.

A World Bank Report estimates as much as 80% of greenhouse gas emissions may come from cities and that more than 80% of energy is consumed in cities. Potential impacts from climate change include an increase in extreme weather events; sea level rise, storm surges and flooding; hotter temperatures; and public health concerns. Cities are proving particularly vulnerable to the impacts of climate change because they are unable to move as local ecosystems change, they are vulnerable to even modest disruptions in food and energy supplies, and they are frequently located on low-lying coastal zones and river flood plains. While individual cities cannot by themselves affect the likelihood of climate change, cities can focus on achieving greater energy efficiency and reductions in greenhouse gas emissions through measures such as transport, density, and building design and material efficiencies. Cities also need to plan for climate change and build their resilience - physical, institutional and social - to climate change effects.

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25 UN-HABITAT/ESCAP, The State of Asian Cities 2010/11. 2010. p. 166.

Climate change may also have less direct impacts on cities and these are more difficult to anticipate. Examples may include problems with food security – agriculture is one of the most sensitive economic sectors affected by climate change and is an important sector in most Asian countries[26], water supplies and quality, and energy supplies caused by higher temperatures and changing and more severe drought patterns. The prospect also exists for greater migration of displaced people (for example due to flooding), which may take the form of greater in-migration to cities.

Cities are where climate change mitigation and adaptation converge at the community level. The ability of city governments to embrace climate change, plan and institute appropriate mitigation and adaptation measures and achieve equitable broad-based community involvement and support will be a major determinant of the environmental sustainability of cities. In Asia Pacific, cities are seriously exposed to the likely impacts of climate change[27] and, as cities grow, urban expansion is often unplanned with unsuitable land use change. A particular problem is coastal floodplain development in areas susceptible to flooding, changing sea levels and storm surges (Graph 2.3).

Graph 2.3: Countries with Highest Urban Populations Living in the Low-elevation Coastal Zones, 2000
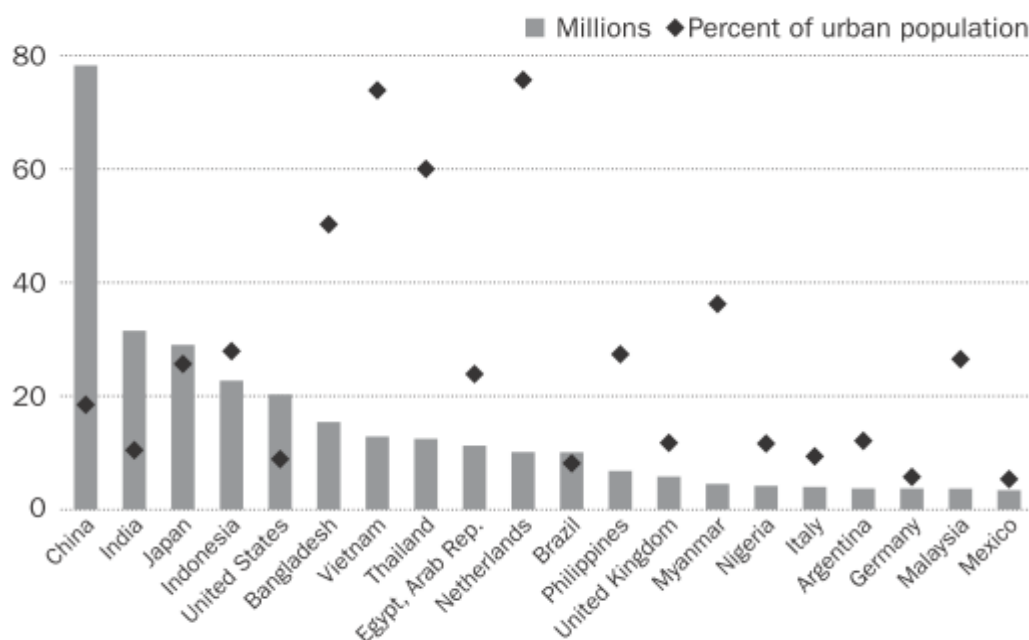
Source: World Bank, Cities and Climate Change: an Urgent Agenda, 2010.

Social Sustainability

It is important to reflect on urbanization as more than a technological or economic process. It is also a social transformation. Migration to cities reflects economic disparities among regions and countless separate decisions by individuals and families to take action to change their way of life to better their position through broader labour markets, often higher and more reliable wages even in the informal sector, and greater access to education, health care, water supply and sanitation, and entertainment. This is reflected in usually higher life expectancy and lower infant mortality in cities. Even the urban poor often have more opportunity and less risk than their rural cousins.

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26 Asian Development Bank, Asia 2050: Realizing the Asian Century. Manila, 2011. pp. 77-78.

27 UN-HABITAT/ESCAP, The State of Asian Cities 2010/11. 2010. p. 169.

Adjustments for individuals and families have been immense: migration, new labour market and skills requirements, problems in accessing shelter, on occasion new language requirements and the need to adapt to culturally foreign and more liberal religious customs, and the ongoing rapid evolution of the social and cultural milieu. While overall and over time the welfare impacts for most individuals and households have been overwhelmingly positive, Asia Pacific remains a region of enormous disparity in income levels, living standards, and socioeconomic conditions.[28]

An important factor undermining the social sustainability of some cities in Asia Pacific is the extent of cronyism and corruption, which stifles development, deepens inequality, and undermines social mobility and cohesion. Rising crime and social dislocation is also a threat to human security and the rule of law in some urban areas. The safety and opportunities of women and youth require specific interventions to protect them and to provide opportunities for their meaningful participation.

Poverty

Growing GDP, growing GDP per capita and growing cities have resulted in major inroads into the incidence of poverty in Asia Pacific, though it is still home to nearly half of the world's absolute poor (with per capita incomes of less than US$1.25 a day). Poverty decreased from 49% of the total population in 1990 to 25% in 2005 (Graph 2.4). Between 1990 and 2008, the number of poor declined from 1.5 billion to 947 million, despite an overall population increase of about 800 million people. Gains were made across all sub-regions but were not as significant in South and South-West Asia where over half a billion people still live in absolute poverty.

Graph 2.4: Poverty in Asia (% of total population below $US 1.25 per day)
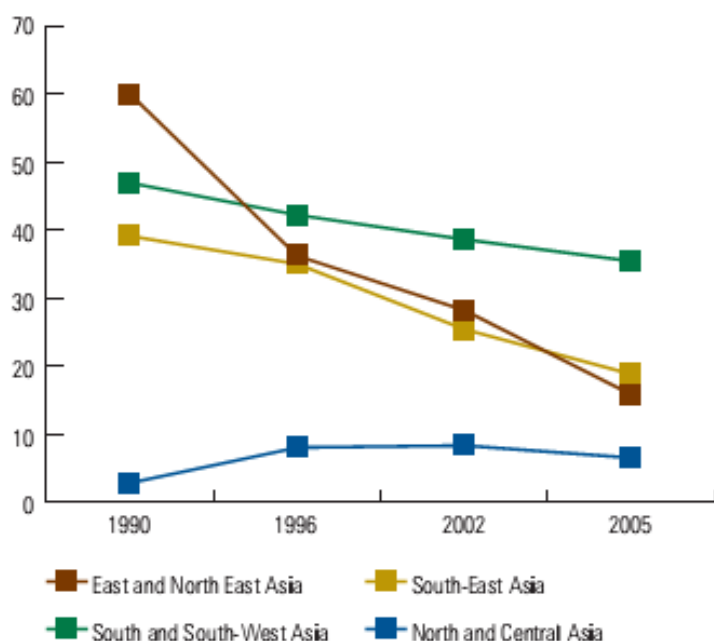
Source: UN-HABITAT/ESCAP, The State of Asian Cities 2010/11. 2010. p. 111.

Urban Poverty

While more of the poor in Asia Pacific live in rural than urban areas, income poverty is becoming increasingly an urban phenomenon (Table 2.5). Whereas absolute numbers in poverty are declining, the number of urban poor is increasing as a share of the poor with

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28 Roberts, B. & Kanaley, T. (eds.) Urbanization and Sustainability in Asia: Good Practice Approaches in Urban Regional Development. Manila: Asian Development Bank and World Bank Cities Alliance 2006.

urban poverty declining slower than rural poverty in many countries. Moreover, in South Asia the absolute number of urban poor is increasing. The share of the urban poor as a proportion of all urban residents is highest in South Asia and Sub Saharan Africa at an astounding 70%.

It is overly simplistic to view urban and rural poverty as separate problems or in competition for resources. Urbanization has underpinned economic growth and poverty reduction but affected rural poverty more than urban poverty.[29] Much rural poverty becomes urban poverty through migration; remittances from urban areas can reduce rural poverty as can urban residents returning to their families to assist with labour during the harvest or other labour intensive periods in rural areas. Rural development can both reduce overall poverty and increase urban poverty, as increased productivity frees labour from rural pursuits. Rural poverty is characterised by issues of access to land and to markets and services; urban poverty is characterised by poor education and labour market skills and unemployment.

Table 2.5: Urban and Rural Income Poverty Rates (at/under $US1.25 per day (1993 PPP))

	Number of Poor (Million)			Headcount Index*(%)			Urban Share of the Poor	Urban Share of Population
	Urban	Rural	Total	Urban	Rural	Total	(%)	(%)
1993								
East Asia-Pacific	28.71	407.17	435.88	5.55	35.47	26.17	6.59	31.09
China	10.98	331.38	342.36	3.33	39.05	29.05	3.21	29.77
South Asia	107.48	383.30	490.78	35.30	43.55	41.43	21.90	25.70
India	94.28	324.55	418.83	40.06	48.88	46.57	22.51	26.17
Total World	235.58	1 036.41	1 271.99	13.50	36.58	27.78	18.52	38.12
2002								
East Asia-Pacific	16.27	223.23	239.50	2.28	19.83	13.03	6.79	38.79
China	4.00	175.01	179.01	0.80	22.44	13.98	2.24	37.68
South Asia	125.40	394.34	519.74	32.21	39.05	37.15	24.13	27.83
India	106.64	316.42	423.06	36.20	41.96	40.34	25.21	28.09
Total World	282.52	882.77	1 165.29	12.78	29.32	22.31	24.24	42.34

* Refers to the proportion of the population with consumption per head below the poverty line.

Source: UN-HABITAT/ESCAP, The State of Asian Cities 2010/11. 2010. p. 112.

Income Inequality

Also of concern in Asia Pacific are the high and increasing levels of income inequality (Table 2.6). Social cohesion can break down when disparities get too high. In China and India, urban inequality has been trending upwards over the past three decades.[30] For example, in India inequality in earnings has doubled over the past two decades. The top 10% of wage earners now make 12 times more than the bottom 10%. India's per capita income has tripled from about 19,000 rupees in 2002-03 to 53,000 rupees in 2010-11, with an average growth of around 14% over this period. But the absolute number of people living in poverty has remained about the same.

29 Martin Ravallion, Urban Poverty, IMF Finance and Development, September 2007. p. 15.

30 Asian Development Bank, Asia 2050: Realizing the Asian Century. Manila, 2011. pp. 66-67.

Table 2.6: Gini Coefficient Index (GCI) of Inequality is increasing in a number of Asian Countries

Country	GCI	Initial Year	GCI	Final Year	Change
Thailand	46.2	1992	42	2002	-9%
Malaysia	41.2	1993	40.3	2004	-2%
Mongolia	33.2	1995	32.8	2002	-1%
Indonesia	34.4	1993	34.3	2002	0%
Philippines	42.9	1994	44	2003	3%
Pakistan	30.3	1992	31.2	2004	3%
Viet Nam	34.9	1993	37.1	2004	6%
India	32.9	1993	36.2	2004	10%
PRC	40.7	1993	45.5	2004	12%
Lao PDR	30.4	1992	34.7	2002	14%
Sri Lanka	34.4	1995	40.2	2002	17%
Bangladesh	28.3	1991	34.1	2005	20%
Nepal	37.7	1995	47.3	2003	25%
Cambodia	31.8	1993	40.7	2004	28%

Source: ADB, Asia 2050: Realizing the Asian Century, 2011. p. 50.

Health risks

Urbanization and health are inextricably intertwined. Efforts towards sustainable urban development therefore must address the public health impact of urbanization with its economic and environmental implications. Emerging evidence suggests far-reaching health consequences of urbanization and its associated changes. These changes include rapid population expansion, motorization, environmental degradation, and unhealthy lifestyles that disproportionately affect the most marginalized and vulnerable including women and girls whose basic human rights are often violated.

In many developing countries, for example, spread of infectious diseases such as tuberculosis, dengue fever and diarrheal infections is often associated with high population density and its subsequent environmental problems such as overcrowded housing, lack of access to water and sanitation, and untreated solid waste and wastewater.[31] A sharp increase in the number of motor vehicles and inadequate road traffic infrastructure and systems are causing significant mortality and mobility through traffic accidents in South Asia, which are estimated to cost about 3% of the GDP, and where the average rate of increase in road traffic deaths is the highest in the world.[32] Rapid motorisation also causes ambient air pollution. The World Health Organization (WHO) estimates that over 450,000 people died in 2004 due to environmental-related causes in Indonesia, accounting for 23% of Indonesia's total disease burden. Respiratory inflammations are thought to be responsible for 12.5% of total deaths in Jakarta, which is twice the rate for the Indonesian national figure and particularly affects the poor.

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31 Alirol,, E. et al. (2011). Urbanisation and infectious diseases in a globalised world. *Lancet*, Vol 11, p. 131-141.

32 Hyder, A.A., et al. (2006). Estimating the burden of road traffic injuries among children and adolescents in South Asia. *Health Policy*. 77, p. 129-139.

Urban lifestyles subject residents to various health risks such as smoking, alcohol intoxication, and sedentary habits,[33][34][35][36] which constitute major risk factors for non-communicable diseases. Poor migrants are often highly exposed to health inequity under rapid urbanization. In China, for example, rural-urban migrants now constitute about 40% of the urban population. Studies show that rural-urban migrants in China are exposed to greater health risks as compared to non-migrant residents.[37][38][39] These include alcohol abuse, risky sexual behaviour, sexually transmitted infections, smoking, tuberculosis and low health insurance coverage. A study in Shenzhen, China, revealed that 55% of the migrant workers surveyed (N=4,634) were not covered by health insurance. Of those who reported illness in the past two weeks (n=1,136), 62% did not seek medical help. Younger, less-educated, and low-paid female migrants were particularly more likely to have been uninsured. These circumstances may impose serious public health implications, particularly in the management of infectious diseases such as influenza, tuberculosis and HIV.

These health consequences associated with urbanization could reinforce, perpetuate and exacerbate enormous pre-existing public health challenges and further strain already fragile and overstretched health systems[40] in Asia with tremendous human development and financial implications. And they must be approached from social justice and human rights perspectives, placing people, particularly the most marginalized and vulnerable at the centre of the response.

Slums

Around one third of the urban population in developing countries – nearly one billion people – are living in slums. A slum is an informal settlement generally on insecure land with poor quality housing and limited access to services. With the rapid growth of cities in Asia Pacific and increases in the value of land, the location of slums has tended to move from the centre of cities near to employment opportunities, to the peri-urban on the fringes of cities where residents are more isolated.

In Asia Pacific, the proportion of the urban population living in slums is highest in South Asia 35% and above 24% in all sub-regions (Attachment 5). Whilst significant progress has been made in some countries such as India and Indonesia, in most countries the absolute number of slum dwellers has increased over the last twenty years (Table 2.7). Urban land markets, housing construction and the provision of urban services have been swamped by the speed of urban growth.

An increase in people living in slums associated with rapid urban expansion often causes public health concerns. Data[41] reveals wide-ranging health inequities between slums and better off areas of cities. In New Delhi, for example, the infant mortality rate for slum residents was 54.1 per 1,000 live births, while the overall city average was 40.6 for 2005-6. Only 58.4% of pregnant women from slum areas visited antenatal clinics three or more times, while the corresponding overall city figure was 75.1%. The TB rate per 100,000 60+ population was about 1.7 times higher for slums, or 885 for slums and 524 for the city. These health inequities could reverse gains towards MDGs 1, 4, 5, and 6 and need to be addressed as part of sustainable and equitable urban development efforts.

Growing income inequality, poverty and the growth of slum populations in Asia Pacific has the potential, if left unaddressed, to threaten social sustainability. While reductions in the numbers in absolute poverty are a major achievement, the challenge for Asia Pacific governments is to continue economic development in an environmentally sustainable manner, with the benefits of growth more widely and equitably shared. There is a growing middle class in many developing countries in the region. However many of the countries with a growing middle class are those with the greatest persistence of mass absolute poverty and with growing income inequality. The relatively wealthy can often privately provide services such as clean water, security and reliable electricity,

33 Mutatkar, R.K. (1995). Public health problems of urbanization. *Social Science and Medicine*, Vol 41, No 7, p. 997-981.

34 Lin, D. et al. (2005). Alcohol intoxication and sexual risk behavior among rural-to-urban migrants in China. *Drug Alcohol Depend.* 2005 Jul;79(1):103-12. Epub 2005 Feb 12.

35 Yang, T. et al. (2009) Smoking patterns among Chinese rural-urban migrant workers. *Public Health*, 123, p. 743-749.

36 Gong, P. et al (2012). Urbanization and health in China. *Lancet*, v 379, p. 843-852.

37 Mou, J. et al. (2009). Health care utilisation amongst Shenzhen migrant workers: does being insured make a difference? BMC Health Services Research 2009, 9:214.

38 Yang, T. et al. (2009). Smoking patterns among Chinese rural-urban migrant workers. Public Health, 123, 743-749.

39 Lin, D., et al. (2005). Alcohol intoxication and sexual risk behaviour among urban-to-rural migrants in China. Drug and Alcohol Dependence, Vol 79, Issue 1, 1 July 2005, p. 103-112.

40 WHO (2009). *Department of communicable diseases – profile and vision*. Available at http://203.90.70.117/PDS_DOCS/B0162.pdf [Accessed 1 May 2011].

41 Goli, S., Arokiasamy, P., and Chattopadhayay, A. (2011). Living and health conditions of selected cities in India: Setting priorities for the National Urban Health Mission, *Cities*, 28, 461-469.

camouflaging infrastructure shortfalls, the poor cannot. The majority of the world's poor are now living in middle-income developing countries and increasingly in slums in urban and peri-urban areas.

Table 2.7: Proportion of urban population living in slums and urban slum population by country 1990-2009

Major area, region, country or area	Proprotion of urban population living in slum area[a]						Urban Slum Population at Mid-Year by Major Area, Region and Country (thousands)					
	1990	1995	2000	2005	2007	2009	1990	1995	2000	2005	2007	2009
ASIA												
China	43.6	40.5	37.3	32.9	31.0	29.1	13,1670	151,437	169,102	183,544	182,934	180,56
Mongolia	68.5	66.7	64.9	57.9	57.9		866	860	882	878	915	
Bangladesh	87.3	84.7	77.8	70.8	66.2	61.6	19,999	23,535	25,819	27,831	27,770	27,54
India	54.9	48.2	41.5	34.8	32.1	29.4	121,022	122,231	119,698	112,913	109,102	104,67
Nepal	70.6	67.3	64.0	60.7	59.4	58.1	1,194	1,585	2,100	2,630	2,850	3,07
Pakistan	51.0	49.8	48.7	47.5	47.0	46.6	18,054	20,688	23,890	27,158	28,529	29,96
Cambodia				78.9						2,052		
Indonesia	50.8	42.6	34.4	26.3	23.0	23.0	27,559	29,017	29,691	24,777	22,456	23,25
Lao People's Democratic Republic				79.3						1,277		
Myanmar				45.6						6,701		
Philippines	54.3	50.8	47.2	43.7	42.3	40.9	16,479	17,158	17,613	17,972	18,134	18,30
Thailand				26.0	26.5	27.0				5,539	5,841	6,14
Viet Nam	60.5	54.6	48.8	41.3	38.3	35.2	8,118	8,852	9,395	9,491	9,396	9,22
Iraq	16.9	16.9	16.9	52.8	52.8	52.8	2,131	2,439	2,828	9,974	10,361	10,75
Jordan				15.8	17.7	19.6				689	824	97
Lebanon				53.1						1,877		
Saudi Arabia				18.0						3,442		
Syrian Arab Republic				10.5	22.5					1,080	2,516	
Turkey	23.4	20.7	17.9	15.5	14.1	13.0	7,773	7,859	7,714	7,422	7,022	6,72
Yemen				67.2	76.8					4,088	5,140	

Source: UN-HABITAT, The State of the World's Cities 2012/2013: Prosperity of Cities, 2012. pp. 124-125.

Assisting these poor requires a different response to the more familiar issue of rural poverty in the poorest developing countries. Whilst an oversimplification, urban poverty usually reflects the inability of people to find work in the formal economy, inadequate health and education services, and major infrastructure shortfalls in the provision of shelter, clean water and sanitation services. Community development and social inclusion are also important including consideration of the needs of particular groups such as the poor, women, the aged and disabled, and children. Governance in cities in Asia Pacific is in evolution, coming to grips with the need for broad community involvement in decision-making with local representation and participation often poorly developed.

DEVELOPING DYNAMIC, SUSTAINABLE CITIES

These issues of economic, environmental and social sustainability need to be aggressively addressed to develop dynamic sustainable cities. Most of the problems in these areas have well known solutions and effective action is within the remit of 'city governance' at both central and city government levels. For example, UN-HABITAT, the World Bank and Asian Development Bank have developed tool kits, examples and data bases of best practices that can be used and adapted by cities to improve sustainability.

The quality of city governance is one of the most important barriers to improving the sustainability of cities in Asia Pacific. At the central government level, national urban strategies are often unclear and national decentralisation policies are not aligned with the tax bases of different levels of government. Issues of income inequality remain unaddressed by the national tax systems. At the city

level, there is confusion over responsibility for the urban fringe and the functional responsibilities for city-wide and more local services can be sub-economic. Skilled, experienced urban professionals are in short supply. Community and business involvement in city government is at an early stage of development. Equity in access to land, housing and urban services is worsening. There are policy failings, inadequate city management, ineffective planning for urban growth, infrastructure and service shortfalls, and a complexity of resource and capacity constraints. City governments are having difficulty moving from a regulatory to a developmental role. These problems threaten to retard economic growth, lead to more informal settlements and poverty, and hamper the development of inclusive, equitable, liveable cities. Without major improvement in approaches to city governance in Asia Pacific, the problems and negative externalities of today will be magnified by the large scale of projected urban population growth over the next forty years.

3 OVERCOMING THE CHALLENGES OF URBANIZATION

The previous section discussed trends, as well as the positive impacts and key challenges of urbanization in the region. There is an extensive range of literature covering this subject[42]. The following discussion elaborates on ways of overcoming some of these challenges, including examples of best practice which have been adopted by countries and cities in the region.

Meeting the challenges of urbanization is a daunting task for governments. The stakes are also very high since, as is illustrated in the previous section, the growth of cities in the region is driven by and underpins economic growth. Successfully managing city growth is therefore central to improving development outcomes. Many local governments in the region, faced with limited resources, capacity, and capabilities, simply muddle through the management of it as best they can. Since the quality of city governance is the single most important barrier to improving the sustainability of cities in Asia Pacific, there is no doubt that UNDP could play an important role in helping to improve the management of cities and urban systems. The issues of economic, environmental and social sustainability need to be aggressively addressed to develop dynamic sustainable cities. Most of the problems in these areas have well known solutions and effective action is within the remit of 'urban governance' at both central and city government levels.

The following discussion aims to set out what needs to be done to overcome some of the challenges of urbanization facing the region. The discussion on this is presented under five urban systems headings and includes examples of best practices[43] applied successfully in the region, which illustrate how some countries and cities have addressed these specific challenges.   The final part of the discussion seeks to identify how UNDP, might help address these challenges within the framework of its four focus areas - Poverty Reduction, Democratic Governance, Crisis Prevention and Recovery, and Environment and Energy.

CONCEPTUALIZING THE CHALLENGES OF URBANIZATION

The challenges of urbanization across countries in the region occur at enormously different scales, scope, geography and levels of impact. The biggest challenge, as is illustrated below, is that its causes and effects are multi-dimensional. Figure 3.1 shows a problem tree analysis of the challenges of urbanization and poverty reduction in the region. The core problem is that the management of urban systems in all their dimensions is failing to deliver sustainable development outcomes for cities.

The consequences of these failures manifest themselves in many ways in the dysfunctions and inefficiencies of urban systems. The analysis in the figure (which could be expanded greatly) is indicative of some of the primary causes and effects of the failure in managing urbanization within the five principal urban systems that operate in cities and towns. In formulating country program strategies for UNDP to engage in urban sector activities, problem tree analysis provides a useful tool for identifying primary areas of focus for intervention and support.

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42 UN-HABITAT 2011. State of Asian Cities Report 2010/11. Nairobi: UN-Habitat.

UN-HABITAT 2012. State of the World Cities Report 2012. Nairobi: UN-Habitat.

UN-HABITAT 2012a. The State of Arab Cities 2012: A comprehensive analysis of the urbanization processes in the Arab States., Nairobi, United Nations Human Settlements Programme.

WORLD BANK 2011. World Development Indicators. World Bank.

WORLD BANK 2009. World Development Report 2009: Reshaping Economic Geography. World Development Report Washington: World Bank.

ADB 2012. The State of Pacific Towns and Cities: Urbanization in ADB's Pacific Developing Member Countries. Pacific Studies Series. Manila: Asian Development Bank.

WORLD BANK 2012. World Development Report 2012: Jobs. Washington, D.C: World Bank.

UNITED NATIONS 2011. Population Distribution, Urbanization, Internal Migration and Development: An International Perspective. New York: United Nations Department of Economic and Social Affairs, Population Division.

43 There is a large body of information and material with good examples of best practice on sustainable urban development – see especially UN-Habitat's best practice database with over 4000 examples of solutions to

common urban social, environmental and economic problems – http://www.bestpractices.org - as well as Roberts, B. & Kanaley, T. (eds.) Urbanization and Sustainability in Asia: Good Practice Approaches in Urban Regional

Development. Manila: Asian Development Bank and World Bank Cities Alliance *2006*.

Figure 3.1: Problem Tree Analysis of the Challenges of Urbanization[44]

				PROBLEM

THE MANAGEMENT OF URBAN SYSTEMS FAILING TO DELIVER SUSTAINABLE DEVELOPMENT OUTCOMES FOR CITIES IN THE REGION

CAUSES

Governance Systems that are not supporting effective planning, delivery and management of physical, economic and social development and services	**Economics and Finance Systems** failing to deliver sustainable local economic development, public revenues, create investment and jobs, and reduce poverty	**Urban Development and Management Systems that are** not delivering and maintaining essential urban Infrastructure, land, shelter, and utility services	**Social Development Systems** which are not supporting the social, knowledge, competencies and Learning needs of cities	**Environmental Systems** failing to ensure sustainable use of non-renewable resources and maintain high quality environmental services

EFFECTS

Lack of: • participatory democracy in planning, budgeting and management of development • coordinated project management and budgeting for the delivery of basic infrastructure and services delivery to communities • urban management capacity • transparency and efficiencies in the operations of markets • efficient land administration and management and permitting processes High levels of: • corruption • inefficiency • bureaucracy • political interference • insecurity	Lack of: • logistics and supply chain systems supporting LED • micro finance to support LMSSME business investment • incentives to raise public and private capital and collect taxes to fund the basic provision of economic infrastructure and community services • capacity to manage and capitalise land and property assets High levels of: • personal debt • corruption • business transaction costs • dependency on remittances	Lack of : • basic WASH services • road access • poor regional transport and logistics systems • waste and water treatment • energy to support industry production • efficient revenue collection systems to cover the costs of service delivery High levels of: • inefficiency in urban services delivery • congestion and rising costs in urban services delivery • inefficiency in the use, maintenance and management of systems and utilities	Lack of: • skills to support the development of the economy • capacity to used advanced technologies to improve the efficiency of production and supply chain systems • access to knowledge management systems • Consideration for human rights, gender and marginalised groups High levels of: • Migration in search of employment • unemployment and under utilization of human resources • violence against women, discrimination in gaining access to employment and political representation	Lack of: • potable water • proper Sanitation • open space and parkland • Flood protection • Planning and protection against the impacts of climate change High levels of: • destruction of natural habitat and loss of environmental services • risk to property and life from natural disasters • Increase in respiratory infections and diseases affecting productivity

Source: Authors

OVERCOMING THE URBANIZATION CHALLENGES

There are no simple means of overcoming the challenges of urbanization in the region. The magnitude and variation of these across the countries of the region is significant, and each country will need to address these challenges in their own way. The following discusses common challenges of urbanization in the region grouped under the five headings of urban governance, economics and finance, development and management systems, social, and environmental systems.

ISSUES OF URBAN GOVERNANCE

Urban governance is defined "as the sum of the many ways individuals and institutions, public and private, plan and manage the common affairs of cities. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative actions can be taken. It includes formal institutions as well as informal arrangements and the social capital of citizens"[45]. Many of the ideas and approaches to urban governance are shaped by beliefs, paradigms and practices, much of which is enshrined in public policy documents. These ideologies, beliefs etc. have a key role in shaping the physical form, management and development of cities.

Good governance best practices and performance indicators are used widely in promoting sustainability. They include a requirement for strong leadership, transparency, accountability, delegation, vision, trust building, open learning and community

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44 Hildebrand, Kanaley, Roberts.

45 UN-Habitat, Urban Governance Index 2007, United Nations Human Settlements Programme: Nairobi.

engagement (Figure 3.2). The UN-Habitat Global Campaign on Urban Governance noted that good urban governance is characterized by sustainability, subsidiarity, equity, efficiency; transparency and accountability, civic engagement and citizenship, and security, and that, as is illustrated in the diagram below, these norms are interdependent and mutually reinforcing[46].

Figure 3.2: UN-Habitat Urban Governance Index[47]
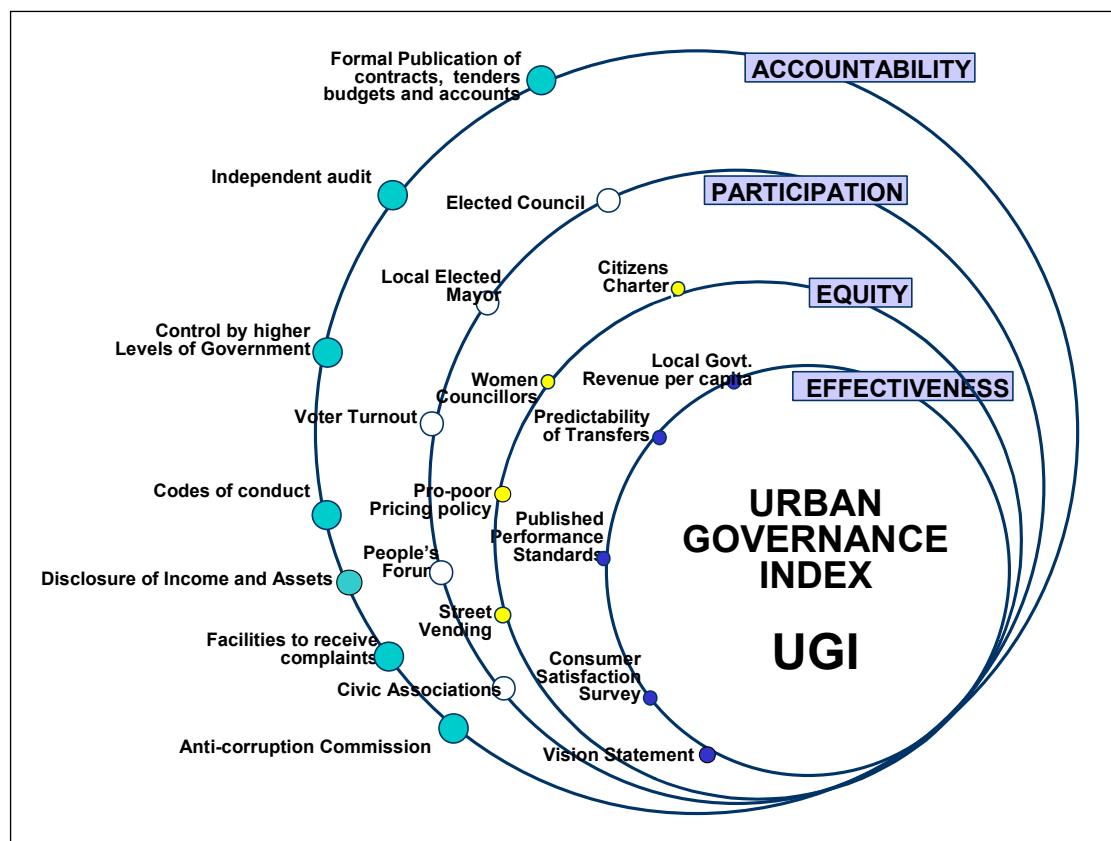
Source: UN-Habitat 2005.

Policy Reforms

There are three important policy reform agendas that require change if the challenges of urbanization in the region are to be addressed more effectively.

Changing the Anti-urbanization Policies of Governments: Many governments in the region still have strong anti-urban policies. For example, several South Asian countries have only recently embraced the positive benefits of urbanization. Urbanization is often seen by policymakers as a problem rather than the solution to the development of a country. This perspective has also often been reinforced by the anti-urban rhetoric of many international development agencies. Unfortunately, this has held back the development of nations and sub national regions. This strong anti-urban bias is often expressed by rural and regional politicians, conscious of their political power base being eroded as constituents leave for a better future in cities. Winning recognition of urbanization as a positive force in development is still a significant policy challenge in many countries particularly in the Pacific and South Asia.

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46 Auclair, C. and A. Jackohango, Good Urban Governance: Towards an Effective Private Sector Engagement. 2009, UN-Habitat, Nairobi. p. 15.

47 UN-Habitat,: Conceptual Foundation and Field Test Report. 2005, Nairobi. p. 97.

There is a strong correlation between the level of urbanization and economic development. Better information and knowledge programs are needed to inform politicians and policy makers of the benefits of urbanization in supporting the development of countries, national sub regions and, cities. Several countries like China[48], Viet Nam[49] and Indonesia have adopted urbanization strategies which are having an impact on shaping spatial, finance and economic policies for the development of the country. China's 12th Five Year Plan identifies urbanization as one of the most pressing challenges for the country and provides a strategy to address this.

Decentralization and Devolution are important to developing strong local governments which are capable of operating under competitive and open market conditions. Many countries in the region have introduced policies to encourage decentralization; however, a major failure is that administrative decentralization has not been followed by financial decentralization and devolution. UNDP could assist countries in identifying and adapting best practices to achieve greater fiscal decentralization, especially at the sub-provincial level.

Unfortunately, there are few case studies that demonstrate good practice of devolution in the region, particularly at the sub-national or sub-provincial level. There are good examples of administrative devolution in countries like Malaysia and India, but there has been a general failure in the devolution in fiscal arrangements and subsidiarity between levels of government. The importance of devolution in achieving better governance has been demonstrated in Battambang as part of the decentralization program in Cambodia[50]. An important lesson in clarifying arrangements between governments is to ensure administrative powers are commensurate with levels of responsibility. This was the cause of failure of the decentralization policy in Indonesia in 1999. The initial laws granted equal powers between the provincial and local governments, which led to significant confusion. The laws were changed in 2004 to clarify the power sharing arrangements. In China, Malaysia and Australia, these powers are clearly defined, resulting in much more efficient urban governance systems operating in towns and cities.

Corporate Governance Reforms

Local governments throughout the region are struggling to carry out the responsibilities invested in them by various laws. Many are struggling to deal with democratic processes of government and governance. Key areas where urban governance reforms could help significantly to overcome some of these challenges include:

Corporate Governance: With few exceptions, local government administrative systems across the region are weak, inefficient and generally inflexible. Many systems are still entrenched in colonial or outdated 'central planning' administrative and labour practices which are in need of reform. Few local governments have adopted corporate plans that set out public policies for urban development and the organizational and institutional arrangements for implementing them. Even less are engaged in participatory budgeting, allowing communities to have a greater say in how local governments spend public funds on infrastructure and providing essential urban services. Local governments in New Zealand and Australia have well-established good practices in the development and implementation of corporate plans, which could be adopted more widely across the region.

Reform of corporate governance practice is critical to the establishment of strong enabling environments to make cities attractive and competitive places for investment and doing business. Ahmadabad, in India, is one city that has significantly led urban governance reform practice in the South Asia region[51]. Naga, in the Philippines, is an example of a municipality that has undergone significant corporate governance reforms to improve its efficiency in the delivery of urban services[52].

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48 China Development Research Foundation, China's New Urbanization Strategy. 2013, Oxford: Routledge. Coulthart, A., N. Quang, and H. Sharpe, Urban Development Strategy Meeting the Challenges of Rapid Urbanization and the Transition to a Market Oriented Economy. 2006: p. 72.

49 Coulthart, A., N. Quang, and H. Sharpe, Urban Development Strategy Meeting the Challenges of Rapid Urbanization and the Transition to a Market Oriented Economy. 2006: p. 72.

50 Khemero, B.H.S., Urbanization and Sustainability in Cambodia, in ROBERTS, B. & KANALEY, T. (eds.) Urbanization and Sustainability in Asia: Good Practice Approaches in Urban Regional Development. Manila: Asian Development Bank and World Bank Cities Alliance 2006 . p. 71-100

51 Mathur, O.P., Urbanization and Sustainability in India, in Urbanization and Sustainability in Asia: Case Studies of Good Practice B.H. Roberts and T.H. Kanaley, (eds.) 2006 p. 135-154

52 Robredo, J., Making Local Governance Work: The Naga City Model. 2003, Naga, Philippines: Naga City Publications Group.

Transparency and Accountability are essential requirements of good practices of urban governance. Transparency and accountability continue to be an impediment to good governance in many Asian Pacific region countries. Nepotism, collusion and corruption are endemic in many national and local governments and are an anathema to the practices of transparency and accountability. Changing the institutional culture to more open governance is difficult. It requires a process of truth and trust building which can take many years to achieve. Two examples of good practice in transparency and accountability include Andhra Pradesh Reform of Property Taxation program[53], India, and the Sleman (part of Yogyakarta)[54] involving the introduction of a Performance Based Budgeting and Urban Management system. Sleman set a precedent for Indonesia for performance based budgeting, which has since been adopted elsewhere in the country.

Participatory Governance: Unfortunately few urban governance processes in the region are transparent and accountable. Rent seeking and corruption are significant problems, undermining business and investor confidence, certainty and competitiveness, and the stability of urban finance, land and property markets. These challenges can be overcome by adopting more open and transparent governance and decision making processes. Essential measures that need to be introduced into provincial and local government include: participatory planning and budgeting; publishing of annual accounts; asset-based accounting systems; independent auditor general reports and introduction of ethical standards and practices of public sector accounting.

Change Management: Structural reforms to government processes and practices are often met with institutional resistance by public officials as they are perceived as threatening job security and their hold on power, and exposing unethical work practices. The failure to change the institutional governance systems leaves weaker local governments lagging far behind in competing for trade and investment; it results in a decline in the quality of urban services, and a further loss of confidence and trust in government.

The introduction of new systems, work place practices, and technologies in public institutions requires care and must be preceded by programs of change management to build trust, confidence, and the willingness by management and employees of institutions to embrace change. However, the need for change management goes beyond public institutions. It needs to include businesses, public utilities, professional and community-based organizations.

Improved Planning and Management of Urban Development

There are very few examples of effective planning and management of urbanization in the region. There are many reasons for this, but there is a need for a much stronger commitment by all levels of government to reforming planning systems and introducing more relevant plans to manage urbanization and development, fund plan implementation and enforce development control provisions. Key good practices that need to be introduced into the planning system across the region include:

Integrated Strategic Development Planning*: Many planning laws, regulations and systems for planning have changed little since the colonial or central planning era ended. Most of the region's urban planning practices are still orientated towards the use of master plans. Few countries have advanced towards strategic development planning, which is much more responsive to demand side needs of development and markets. Even fewer countries in the region have adopted integrated development planning and linked the development of infrastructure and land development to budgets and long-term financial plans. New Zealand is one of the few countries in the region to have done this. The introduction of integrated spatial development planning and budgeting is an important challenge for urban management in the region if precious resources are not to be wasted and urban systems are to be made much more efficient.

The importance of integrated planning for urban development is good practice and a vital element of managing the development of cities. There are several toolkits produced by the ADB, UN-Habitat and the Cities Alliance[55] that provide best practice guides for

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53 Mathur, O.P., Urbanization and Sustainability in India, in Urbanization and Sustainability in Asia: Case Studies of Good Practice B.H. Roberts and T.H. Kanaley, Editors. 2006, Asian Development Bank Cities Alliance (World Bank): Manila, Philippines. p. 135-154 .

54 Sorosa, W., Urbanization and Sustainability in Indonesia, in Urbanization and Sustainability: Case Studies of Good Practice B.H. Roberts and T. Kanaley, Editors. 2006, Asian Development Bank: Manila. p. 155-189 .

55 CDIA 2009. Project Programming and Prioritization Toolkit. Manila: Cities Development Initiative for Asia, Asian Development Bank.

CITIES ALLIANCE. 2005. Guidance Framework: Integrating Monitoring & Evaluation into City Development Strategies [Online]. Washington DC: Cities Alliance, World Bank. Available:

undertaking integrated strategic and development planning for cities. The UN-Habitat publication *Planning Sustainable Cities: Practices and Perspectives*[56] sets out ten important best practice planning principles for managing the development of cities. These include: promote sustainable development; achieve integrated planning; integrate plans with budgets; plan with partners and stakeholders; meet the subsidiary principles; promote market responsiveness; ensure access to land; develop appropriate planning tools; be pro-poor and inclusive; and recognize cultural diversity.

A good example of this is currently underway in Viet Nam, building upon work initiated by the Asian Coalition of Housing Rights (ACHR) and a UNDP/UN-Habitat project to initiate a Community Development Fund (CDF) approach to urban poverty reduction and pro-poor city planning in partnership with local government and other stakeholders in five secondary cities. With the support of ACHR in partnership with the Association of Cities of Viet Nam (ACVN), this approach is now being replicated in 16 cities in Viet Nam, a CDF network has been established (including 30 cities) and the ACVN has recently published an operations manual for community development funds[57]. The Cities Alliance is now supporting community-based City Development Strategies with some of these cities, as well as strategic urban planning and management training for city authorities with the national Academy of Managers for Construction and Cities (AMCC).

Development Control and Regulation Enforcement: Most large cities in the region have a range of detailed development control plans for urban areas. However, the failure to enforce the provisions of these plans and regulations, has led to significant illegal developments, which many public officials are unwilling to act upon. This lack of enforcement of development control provisions is undermining confidence in planning processes. It also leads to significant inefficiencies in urban land markets and exorbitant compensation costs for the acquisition of utility corridors when these have been illegally occupied. Getting governments to commit to enforcing the provisions of plans, development control instruments and adequately funding them is a major challenge to urban governance reform.

Management of Peri-urban Land: urban densities across the region are falling because of the poor management of land on the urban fringe in what is commonly referred to as the peri-urban zone. Peri-urban areas include expanded villages and towns, which constitute parts of cities and urban metropolises. Many of these high density peri-urban areas in the region show characteristics that are similar to those of urban areas. Housing quality, labour force characteristics, educational attainment, and the travel behaviour of the inhabitants of such "rural" areas are similar to those of low to middle income communities in designated urban areas. Characterizing such areas as rural serves only to maintain the administrative and political status quo.

http://www.citiesalliance.org/ca/sites/citiesalliance.org/files/cds-me-guidance-framework-august-11-2005[1].pdf [Accessed 21 November 2010].

CITIES ALLIANCE 2006. Guide to City Development Strategies Improving Urban Performance. Washington DC: Cities Alliance, World Bank.

UN-HABITAT 2010. Planning Sustainable Cities: Practices and Perspectives. Nairobi: UN-Habitat.

56 UN-Habitat, Planning Sustainable Cities: Practices and Perspectives. 2010, Nairobi.

57 Asian Coalition for Housing Rights. ACVN and Cities Alliance join forces to expand citywide upgrading in VIET NAM. 2012 [cited 2012 9 December]; Available from:

http://www.sdinet.org/media/upload/documents/ACHR_E-news_June-October_2012.pdf.

Figure 3.2 The Expansion Plan for Manta, Ecuador, 2007[58]

Note: The expansion plan shows the proposed arterial road grid and plots of 1 hectare each at intersections to be acquired for future public use. Source: Provided to the authors by the Department of City Planning, Municipality of Manta, Ecuador.

The management of the peri-urban growth is critical to reducing the costs of running cities in the future. Failure to manage peri-urban areas in the past has led to a loss of strategic urban utility corridors, high compensation costs associated with land acquisition and resettlement, lack of space for public facilities such as schools and hospitals, and high levels of land disputes which creates uncertainty in land markets. The need for local governments to be engaged in interim land management plans in peri-urban areas to protect utility corridors and community facility sites is a high priority of urban governance in the region. The case for this, as well as a practical approach to making room for future growth, is made in "The Planet of Cities" by Shlomo Angel. The diagram above illustrates one of the plans developed in supporting the municipal administrations of five secondary cities in Ecuador to prepare for their expansion.

Land Management and Administration: Land disputes, lack of security and poor records management have an impact on land management systems, land markets, housing markets, personal well-being and the development of cities. The Land Governance Assessment Framework: identifying and monitoring good practice in the land sector[59] provides many examples of best practice land management and administration in the context of developing countries. Two publications Improving Access to Land and Enhancing the Security of Land Rights and Land Policies[60], and Poverty Reduction and Public Action: Country Policy Studies in Selected

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58 The Planet of Cities, by Shlomo Angel, Lincoln Institute of Land Policy (2012).

59 Burns, T., K. Deininger, and H. Selod, The Land Governance Assessment Framework: Identifying and monitoring good practice in the land sector. 2011, World Bank: Washington, DC. p. 168.

60 Lyons, K. & Mwesigye, D. 2000. Improving Access to Land and Enhancing the Security of Land Rights: A Review of Land Titling and Land Administration Projects. Quality Assurance Series. Canberra: AusAID.

Developing and Transitional Economies[61] are examples of best practices demonstrating the importance of well-maintained land registries for the orderly operation of urban land markets.

There are good examples of land administration and management best practice in the Asia Pacific[62]. An AusAID study provides examples of some of the difficulties with land administration in the Pacific[63]. The Mama Graon - Vanuatu Land Program, a strategic initiative of the Government of Vanuatu, is a long term initiative aimed at improving decision making, making land dealings more transparent, improving land management procedures and practices in land management. This program should greatly reduce the potential for land conflict in the future and is a good example of developing and applying best practice in land administration and management to the leasing of land[64]. This program has particular relevance to dealing with customary land, which is an important issue affecting peri-urban development in all Pacific island states.

Leveraging Official Development Assistance

Official Development Assistance (ODA) involving bilateral and multilateral development agencies and the international development banks plays an important role in supporting the development of many Asian countries. Foundations and NGOs also play an increasingly important role in supporting many projects. Without ODA assistance, many countries in the region would lag behind in their development. With the exception of the region's megacities, most local governments in the region have very limited knowledge and experience of working with international development agencies, particularly in knowing how to leverage public resources with ODA assistance.

The success of leveraging is dependent on several factors: continuation of strong local leadership, a commitment to planning and plan implementation, creation of an enabling environment that provides investor confidence, an engaged community and good governance. A common factor in ODA assisted projects in urban areas that demonstrate good practice is designs which are flexible, have integrating frameworks, and involve multi sector activities. Agencies tend to steer away from these as they are more difficult to manage and have higher risk. Ironically, such projects have been shown in case studies to generate better outcomes than those which are confined to a narrow range of project activities.

Another important factor particularly in terms of sustainability is projects that are supporting/strengthening government programs and where the financing is preferably on-budget. Much of the success of these more integrated projects has to do with the quality and autonomy of local project management. Critical to the success of projects is the ability to build networks quickly, which enables the leveraging of local resources and connection to external sources of information and assistance. Naga City has been very successful in tapping into and leveraging international development assistance support to fund ongoing programs for institutional capacity building. Another good example was the Environmental Improvement of Nhieu Loc-Thi Nghe Basin, Ho Chi Minh City, involving the Government of Viet Nam, HCMC Peoples committee and the World Bank in levering support for canal improvements to increase land values to pay for resettlement of dwellers along the canals.

ISSUES OF URBAN ECONOMICS AND FINANCE

The capacity to provide urban services and manage the development of cities is dependent on good urban economics and financial planning and management. Most local governments in the region have a heavy reliance on grants and subsidies from central government, either because they are restricted by central government from raising local revenues or underutilize their own capacity to do so. Significant changes are needed in urban economics and financial planning and management arrangements across the region to develop the capacity of cities to finance and provide essential infrastructure and services. The following outlines some important issues for strengthening urban economics and finance planning systems.

61 ISS, Land Policies, Poverty Reduction and Public Action: Country Policy Studies in Selected Developing and Transitional Economies. 2004, United Nations Development Programme (UNDP) Institute of Social Studies: New York.

62 Burns et al., 2006, Lyons and Mwesigye, 2000.

63 LYONS, K. & MWESIGYE, D. 2000. Improving Access to Land and Enhancing the Security of Land Rights: A Review of Land Titling and Land Administration Projects. Quality Assurance Series. Canberra: AusAID.

64 Scott, S., et al., Vanuatu National Leasing Profile: A Preliminary Analysis. Justice for the poor, 2012. 7(1): p. 1-12.

City Competitiveness

Cities across the region are becoming increasingly engaged in competing for investments and urban development to create jobs for migrants, increase public revenues, trade, and improve their city status. International investors look for investment opportunities in cities with less complicated regulations and with investor-friendly enabling environments. The role of urban governance is shifting from a total focus on service delivery to strengthening location competitiveness by seeking to build competitive advantage in strategic infrastructure, human capital, liveability, creativity and innovation.

Urban regions that offer the greatest competitive advantage develop faster, increasing in size and wealth. They have evolved into often very large conurbations and attract the greatest share of national and foreign investments. The less competitive cities have been left struggling to catch up, especially in more remote secondary city regions that have generally poor infrastructure and limited skilled persons and resources. An important focus for cities seeking to enhance their competitive advantage is to strengthen the drivers of competitiveness, especially the enabling environment created by institutions and the administrative processes and laws. Strengthening local education institutions and their civic engagement is also mutually beneficial and helps target both skill development and higher quality employment opportunities.

Another important initiative in fostering the competitiveness of cities is the development of industry clusters. Industry clusters seek to encourage the development of agglomeration economies where transaction costs between firms can be reduced by having access to common services, infrastructure and logistics systems. Clusters also stimulate competition encouraging innovation and creativity, and levels of specialization in different parts of industry supply chains. There are many examples of best practice industry cluster development to be found in the region[65].

Local Economic Development Planning

One of the difficult challenges associated with urbanization is how to create opportunities for investment and jobs. Facilitating local economic development (LED) activities is particularly important in creating enabling environments that are attractive to investment, development and the revitalization of cities. This is a particularly difficult challenge for secondary cities and in the countries of the Pacific region. Job creation is the focus of the World Bank's 2012 World Development Report[66], which outlines a number of important initiatives cities can take to strengthen and develop their economies. Preparation of local economic development plans provides a framework for guiding public and private sector investment in cities. However, an important good practice is to link city development strategies, with corporate, strategic land use and investment development plans.

There are examples of good practice local economic development to be found across the region. The Lioadong Peninsular Revitalization and Nanjing Inner-City Redevelopment projects[67] provide good examples of how governments can play a strategic or catalytic role in redevelopment leading to the revitalization of city economies. Cyberjaya, New Town satellite city development South of Kuala Lumpur has been successful in attracting significant IT business investment, but has involved substantial Malaysian Government support[68]. Bangalore, India, is an example of a business-led investment growth pole; however, it provides a lesson on the failure of the city to fund the construction of infrastructure in advance of development. As a result, the city is losing its competitiveness to other Indian cities. There are many publications outlining examples of good practice LED[69].

65 Choe, K.-A. and B.H. Roberts, eds. Competitive Cities in the 21st Century: Cluster-Based Local Economic Development. 2011, Asian Development Bank: Manila.

66 World Bank, World Development Report 2012: Jobs. 2012, World Bank: Washington, D.C. p. 442.

67 Laquain, A., China, in Urbanization and Sustainability in Asia: Good Practice Approaches in Urban Regional Development, B. Roberts and T. Kanaley, Editors. 2006, Asian Development Bank and World Bank Cities Alliance Manila. p. 101-134.

68 Yuen, B., S. Ahmad, and C.S. Ho, Bangladesh, in Urbanization and Sustainability in Asia: Good Practice Approaches in Urban Regional Development, B. Roberts and T. Kanaley, Editors. 2006, Asian Development Bank and World Bank Cities Alliance Manila. p. 223-243.

69 OECD 2004. Evaluating Local Economic and Employment Development: How to Assess What Works among Programmes and Policies Paris, Organization for Economic Cooperation and Development.

Swinburn, G., Goga, S. & Murphy, F. 2006. Local Economic Development: A Primer Developing and Implementing Local Economic Development Strategies and Action Plans. Washington, D.C: World Bank, Cities of Change and Bertelsmann Stiftung.

WORLD BANK 2005. Making Local Economic Development Strategies: A Trainer's Manual. World Bank and Cities of Change Initiative. Washington, D.C.

Municipal Finance

Municipal finance is critical to the development of cities - especially to the provision of public infrastructure. There are a number of important challenges related to urban finance that are significantly reducing the capacity of cities to grow and develop.

Fiscal Arrangements between levels of government: Many national governments are reluctant to cede taxation powers to local authorities commensurate with their service-delivery functions. They also restrict the borrowing authority for local authorities, forcing them to be reliant on both general and specific-purpose fiscal transfers from the national level. National governments, particularly ministries responsible for local government, often see this as an issue of maintaining "control". Increasingly ministries of finance and planning are recognizing that there are more efficient ways to align the impacts of local government expenditures and borrowings with national economic policy and priorities, and that there are big advantages in creating incentives for local governments to develop as more independent, financially viable institutions.

Central controls need to be balanced with real local-level decision-making responsibilities and appropriate resources provided if the benefits of decentralization are to be achieved. These issues have all played a role in weak fragmented governance arrangements of most cities in Asia Pacific. The renegotiation of fiscal arrangements is essential as part of policies to introduce decentralization and devolution within countries. This must become a key focus of policy reform for urban governance across the region.

Municipalities' Engaging in Capital Markets: Robust domestic resource mobilization is a key for sustainable urban development and in most countries there are markets and sufficient domestic resources to meet the needs of infrastructure financing. Local governments should be given incentives to improve their revenue collection, capital planning and financial management capacities, linked to policy reforms designed to give them greater powers and responsibilities to engage in capital markets through the issuing of bonds and access to loans and other financial instruments to fund infrastructure and provide essential urban services. Development bank lending for this purpose can in some cases bridge the gap for a while but cannot substitute for well-established mechanisms to mobilize domestic capital.

Increasing Property Tax and Revenue Collection: Very few local governments make an effort to collect the full property tax owing to them. Properties and land are not taxed at market value. Millions of land and property owners are behind in their tax payments or simply do not pay tax. Most local governments do not have a proper record of property tax collection. The need to reform local government taxation valuation systems is essential if local governments are to become more financially self-sufficient and take up loans to fund the provision of infrastructure and other basic urban services. Several cities across the region, for example, Ahmadabad in India, and municipalities in the Philippines have established a market valuation system for land and property and have computerized their revenue collection system resulting in more than a doubling of income over a two-year period from local taxes.

Improved Financial Management Systems: Most local governments in Asia and the Pacific have not adopted modern public sector financial management practices, such as performance-based budgeting and accrual accounting methods. Consequently, cash flow and financial mismanagement problems are a common occurrence. Many projects and programs undergo delays because of poor cash flow management, which increase the overall costs of government. These problems are compounded by the problems of lack of transparency and accountability in public sector financial management, which provide opportunities for corruption and rent seeking.

The performance-based budgeting and sound financial management introduced to the municipality of Sleman, part of Jogjakarta in Indonesia, is an excellent example of good financial management[70]. This municipality led the way for improved financial management for local governments in Indonesia. Another early example of a city in the region that established a credit rating to strengthen its capacity to raise capital from the financial markets is Ahmadabad in India. Since then, many other cities in the region have done so. The reforms needed for cities to become creditworthy are well known and not complicated. Creating incentives for this process in national policies and building local capacities is the hard part.

Choe, K.-A. and B.H. Roberts, eds. Competitive Cities in the 21st Century: Cluster-Based Local Economic Development. 2011, Asian Development Bank: Manila.

70 Sorosa, W., Urbanization and Sustainability in Indonesia, in Urbanization and Sustainability: Case Studies of Good Practice B.H. Roberts and T. Kanaley, Editors. 2006, Asian Development Bank: Manila. p. 155-189.

Cost recovery and **affordability** remain a significant problem with the provision of infrastructure. The problem is not only one concerned with pricing structure but also the failure of systems for assessing usage and for billing and collections. The poor standard of service can also reduce willingness to pay.

There is a strong reluctance on the part of local authorities to close or sell underperforming, loss-making public utilities for fear of creating unemployment and reducing already inadequate services. While issues of community affordability have to be addressed, loss-making public utilities erode the capital and financial base of cities, leading to the neglect or underfunding of other public services. Also, in many cases, poor government accounting has led to limited understanding of the financial performance of public utilities.

A case study which provides a good example of cost recovery methods, especially in dealing with the urban poor is the Phnom Penh community development project funded by the ADB which involved a 50-50 infrastructure contribution between local government and the community demonstrating the willingness of poor communities to invest in improved urban services[71]. Ensuring utility cost recovery from user fees is a best practice advocated by the World Bank to cover a utility's costs in financing urban infrastructure projects[72].

Leveraging and Capitalizing of Public Assets

Many cities have substantial land, fixed assets and infrastructure needed to provide essential urban services. However, poor planning and management has led to significant underutilization of these assets. Most cities do maintain a register of public land and assets. Many local governments have no idea of the value of their assets and what it costs to maintain them. Moreover, if public assets are not registered or appropriately valued, they cannot be collateralized as security for loan funds to finance infrastructure and other public utilities.

There are four areas of opportunity to improve the management of urban assets:

Maintenance of Urban Assets and Utilities: Many valuable assets, especially publicly owned land, property, buildings and transport systems and corridors are under-utilized and/or under-performing. Many assets are poorly maintained leading to inefficiencies and loss of revenue to local governments and utility agencies. A significant challenge for the region is to improve the utilization of urban assets and utilities. There is also a need to introduce more market-based systems to curb an excess of demand and to enhance revenues. The introduction of asset management systems, management information systems and maintenance programming are important to achieving improved utilization of urban assets and utilities.

Capitalization of Public Land: Local governments in most Asian countries own substantial public property and land, which can be sold or used as security to raise capital to fund public works projects. The Nhieu Loc-Hie Nghe canal rehabilitation project in Ho Chi Minh City used land for leveraging capital through the sale of public housing to raise capital for major infrastructure improvement works to the city's canal and waste water management system. The sale of public housing provided the working capital to start the project and attract investment from the World Bank for ongoing stages of the canal rehabilitation and waste water management project.

Private Sector Management of Public Assets: Efforts to increase private sector involvement in the provision of urban infrastructure and services is recognition, in part, of the failure of central and local governments to fund the demand for infrastructure and serviced land. Local governments will need to engage in public private sector partnerships (PPP), BOOT and BOT projects to be able to meet public funding shortages for the provision of basic infrastructure and services.

Value capture: the inefficient operation of urban land markets has led to a situation where profiteering on property and land has become rampant. Local governments capture little value from these gains and often end up subsidizing infrastructure to new land

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71 Khemero, B.H.S., Urbanization and Sustainability in Cambodia, in Urbanization and Sustainability in Asia: Case Studies of Good Practice B.H. Roberts and T.H. Kanaley, Editors. 2006, Asian Development Bank and Cities Alliance (World Bank): Manila, Philippines. p. 71-100.

72 Saghir, J., Public Water Utility Reform: Best Practice, Best Fit. China Urban Development Quarterly, 2007(4): p. 16.

development projects. Land developers are reluctant to cover the cost of off-site works and provide a full range of infrastructure to service houses and other buildings constructed in new land development areas. There is a need for governments to introduce policies and regulations that enable local governments to benefit from value capture from the granting of development rights or through market-increased taxes where land values rise substantially. Reform of property transfer and land taxes is also needed to avoid the double payment system prevalent throughout Asia. The system involves reporting only a small proportion of the sale of property to land Registry offices and private payment of the balance to substantially reduce the obligation to pay taxes. This practice needs to be addressed as part of land administration and property tax reform throughout the region.

Micro Finance

Micro finance is vital to the development of small business enterprises and home building in cities. Many small and medium scale enterprises have to access capital through the private money market at extortion rates of interest. The Grameen Bank founded in Bangladesh is a very successful model for micro finance developed for rural communities. The Women's Bank in Sri Lanka and Shakli Foundation in Pakistan also present good examples of best practices in mobilizing community savings and responding to the community members' through the wide variety and levels of loans being offered (from consumption goods to housing)[73]. The foundation banking network now operates in several cities of the country. Similar micro financing initiatives can be found in other developing countries of Asia.

ISSUES OF URBAN DEVELOPMENT AND MANAGEMENT SYSTEMS

Reducing the backlog of infrastructure, land and housing is a big challenge. Asian cities have a backlog of infrastructure amounting to many hundreds of billions of dollars. Without substantial investment in public transport systems, water supply, waste management and flood mitigation works, many Asian cities will struggle with serious environmental problems for years to come. It is not just the backlog of hard infrastructure projects that is creating problems for urban development. Soft infrastructure shortfalls involving the provision of research and development, education and learning facilities, technology and communications and improved security pose significant challenges for the development of cities across the region.

Infrastructure Backlog

In many instances, infrastructure in cities across the region is in very poor condition or overloaded. The backlog in infrastructure is the biggest barrier in attracting investment into the countries of the region. The problems of electricity supply, poor and inadequate road networks, grossly inefficient seaports and airports have made the costs of logistics in a country like Indonesia among the highest in Asia[74]. There are several critical areas for attention to address this backlog.

Infrastructure Finance: Critical to the delivery of infrastructure in urban areas across the region is improving the level and access to infrastructure finance. Joint-ventures, PPP, private sector capital and public financial instruments need to be developed to provide funds for infrastructure. In some cases capital markets have to be developed by tapping into insurance and pension funds. Part of the success of the development of Singapore has been the ability of its government to raise capital for infrastructure and housing through contributions from pension funds.

Cost recovery is an essential requirement in the funding of infrastructure, with provision for subsidies only where these can be justified. Opportunities for funding infrastructure through CDM and other greenhouse gas offset mechanisms should also be made available to local governments to ensure that externalized environmental costs are accounted for in all infrastructure projects.

The City Development Initiative for Asia (CDIA) and toolkit for Urban Infrastructure and Investment[75] have best practice approaches to infrastructure delivery including finance, public private sector partnerships and management. The ESCAP CITYNET publication on

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73 Haider, M., Pakistan, in Urbanization and Sustainability in Asia: Good Practice Approaches in Urban Regional Development, B. Roberts and T. Kanaley, Editors. 2006, Asian Development Bank and World Bank Cities Alliance Manila. p. 245-268.

74 Lingga, V., Living with inflation, capital inflows, poor infrastructure, in Jakarta Post. 2010, Jakarta Post: Jakarta.

75 CDIA, City Infrastructure Investment Programming & Prioritisation Toolkit: User Manual. 2010, City Development Initiative for Asia: Manila. p. 64.

Sustainable Urban Transportation Systems also provides a useful best practice toolkit for planning for urban transport[76]. The ADB publication Developing Best Practices for Promoting Private Sector Investment in Infrastructure cites many good examples of best practice approaches to delivery of infrastructure services in cities[77].

Protection of Utility Corridors and Sites: the cost of providing basic infrastructure and services in many cities across the region is greatly increased by the failure to protect utility corridors and sites from illegal development. More than 50% of project budgets for inner-city roads are often spent on land acquisition, demolition and resettlement costs. Local governments for political and other reasons are often reluctant to take action to remove illegal constructions on utility corridors and sites, so that the clearance of these areas can take many years causing long delays to the delivery of infrastructure. New models for community policing of illegal activities within designated infrastructure corridors and enforcement of development control provisions of plans are required if issues of compensation and relocation of informal settlers are to be avoided.

Reform of Urban Utility Agencies: Many cities have water, waste and road maintenance authorities run by local government. The lack of capital and entrenched organizational arrangements in these utilities often make it difficult for them to recapitalize or reduce the level of labour used for construction and maintenance. Many utilities end up costing more than the revenues they collect, resulting in significant subsidies from central government to maintain basic levels of service. The need for reform of utilities is essential to improving their efficiency and effectiveness. Local governments need to identify opportunities to change the ownership and management model of utilities as part of their urban governance reform agenda to improve infrastructure delivery and quality.

Improved Technologies: The use of old, often labour-intensive, technologies greatly reduces the performance of urban infrastructure, undermining competitiveness and increasing the cost of services. The need for new technologies to improve the efficiency of urban infrastructure is a high priority in many countries. Electricity and telecommunication services in most cities across the region could be improved substantially by the introduction of new switching gear and replacement cabling. Broadband internet is a high priority for investment in business areas associated with information technology and financial services. Improved technologies can also greatly improve the management of water supply and waste treatment systems by reducing energy consumption.

Politics of Infrastructure: Urban governments usually focus on infrastructure and other construction projects during their term of office in order to get re-elected. Many governments instead of continuing the previous government's plans and programs develop another in opposition and end up cancelling previous plans and projects. This results in the disjointed and inefficient delivery of infrastructure. Political negotiations at times can also lead to redirection of planned projects towards the desire of the ruling government. There is a need to remove decisions about the provision of infrastructure outside the political cycle as much as possible. This is easier said than done; however, there are mechanisms (independent regional utility authorities, private sector franchise management of infrastructure and long-term loan funds agreement conditions) that can help depoliticize infrastructure investment programs.

One successful way of depoliticizing urban infrastructure is through the introduction of community based budgeting, where it is left to the community to provide inputs into the formulation of capital works program for cities. This was a very successful innovation in the city of Naga in the Philippines, where taxes were raised on the condition that the community would have an input into the formulation of the city's infrastructure and capital works program.

Development of Integrated Public Transport

Asia Pacific region countries are failing to build sufficient road network capacity to accommodate the expansion of private vehicle use. Even where cities are managing to keep up with the pace of development, existing networks accommodating private vehicle use are becoming overloaded. Traffic congestion is adding greatly to transaction costs in cities. Local governments have no choice but to plan for increasing the level of patronage on public transport if traffic congestion is to be reduced. In order for them to do so

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76 UNESCAP & CITYNET, Sustainable Urban Transportation Systems - An Overview. 2012, United Nations Economic and Social Commission for Asia and the Pacific and CITYNET: Bangkok.

77 ADB, Developing Best Practices for Promoting Private Sector Investment in Infrastructure: Airports and Air Traffic Control. 2001, Asian Development Bank: Manila.

there is a need for a massive program of investment in the management and delivery of public transport services. There is also need to introduce other measures such as road pricing, better land use planning and penalties to persuade urban communities to use public transport. There is also need for developing better integrated systems between different modes of transport in cities.

Despite the problems of increased traffic congestion, there are many good examples of best practice traffic management which have been introduced in countries in the region. The importance of Integrated Transportation Systems servicing the local and national economies is illustrated by the approach taken in Singapore. Singapore is a global inter-modal transportation hub. The approach take to plan and develop its transportation system is an example that provides a model for other Asian, but less so Pacific Island cities. While few cities in Asia, have the resources to develop a transportation system the standard of Singapore and Hong Kong, the approach taken to protecting corridors and road pricing for private use of motor vehicles are practices that will need to be introduced in larger cities across the region to reduce traffic congestion, accidents and vehicle pollution.

Public transport is also vital for social participation and community integration of persons with disabilities, critical factors for realizing their basic human rights. However, the public transport system is often not designed to meet specific needs and circumstances of persons with disabilities, blocking their access to school, work, healthcare, or markets,[78] and risking their social exclusion. As part of efforts towards inclusive, equitable and rights-based urban development, UNDP Malaysia carried out a project entitled "Transport for the Disabled: Support of the Development of Accessible Transport in Penang." The project employed a number of participatory activities, including access audit of the public transport system and infrastructure, which informed the development of a comprehensive public transport improvement strategy.[79] Disability-sensitive public transport would also facilitate mobility and social participation of the growing elderly population, pregnant women, and family with small children particularly using a stroller.

Land Development

As much as 10-12 km² of mostly rural land is converted to urban use every day in the Asia Pacific region[80]. Much of this development is poorly planned with urban utilities and services taking many years to be provided. There is mass speculation in land, so that land prices have become affordable to an increasingly smaller proportion of the population. In several Asian cities, land prices per square meter significantly exceed those in many developed world cities. Few local governments in Asia have attempted to become engaged in land banking to provide a reserve of land to be made available for low-income housing and to stabilize land markets. Speculation results in the transfer of wealth to private individuals with little value capture occurring to government. Australian cities have many examples of land development agencies that hold a substantial portfolio of land, which it tenders to the private sector to develop a mix of public and social housing.

The need for government to engage in the land market is important to ensuring that adequate provision can be made for housing the low income and disadvantaged and for the resettlement of squatters in areas that are not subject to environmental hazards and potential impacts of climate change. The establishment of land development authorities to be engaged in legitimate land banking activities is an important step in rationalizing the management and use of land—especially in the peri-urban areas.

Urban Redevelopment and Revitalization

Many larger cities in Asia are undergoing revitalization and redevelopment. This is not the case in Pacific Island nations, which are mostly at the primary stage of urbanization. Revitalization or redevelopment is particularly problematic because of very high land values. In most cases, strategic interventions and laws are needed by governments to acquire or assemble parcels of land to enable redevelopment to take place. Urban revitalization is essential to reducing severe environmental problems, especially along waterway systems. Some of the best examples of revitalization have been undertaken by redevelopment authorities. Urban redevelopment and revitalization offers particular opportunities for value capture by local government. Two good examples of

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78 International Forum for Rural Transport and Development. Accessible Transport, Volume 16, Issue 1, February 2012.

79 UNDP, UNDP and Disability Rights: Examples of country-level initiatives, October 2012.

80 Roberts, B.H. and T.H. Kanaley, eds. Urbanization and Sustainability in Asia: Case Studies of Good Practice 2006, Asian Development Bank Cities Alliance (World Bank): Manila, Philippines.

urban revitalization in the region are the Nhieu Loc- Thi Nghe project in Ho Chi Minh City, Viet Nam[81] and the Singapore Redevelopment Authority Redevelopment project along the Singapore River[82].

Urban Upgrading Slum Improvement

Slum improvement programs are amongst the most challenging issues facing the management of cities in the region. In some Asian cities as much as 40% of the population is living in slum areas. At its most basic level, urban upgrading involves partnerships between slum communities and local authorities to improve the physical environment of slums. Urban upgrading programs are likely to include activities involving improving and/or installing basic infrastructure like water, sanitation, waste collection, access roads and footpaths, storm drainage, lighting, public telephones, etc. Upgrading also deals with regularizing security of land tenure and housing improvements, as well as improving access to social support programs (e.g., health, education) and municipal services (e.g., water, sanitation, waste collection, storm drainage, street lighting, paved footpaths, roads for emergency access). Several publications provide excellent case studies and methodologies for upgrading urban areas and improving slum housing.[83]

Affordable Housing

Shelter remains one of the greatest challenges to improving the well-being of people living in cities across the region. Housing is a social good which been recognized as a universal human right under international law[84]. At least 20,000 additional units of shelter are required each day to meet the population growth in Asian cities[85]. The vast majority of these units are shacks being built by the urban poor themselves. Shortage of finance, land, materials and building know-how are a problem occurring in many cities. Lack of tenure security renders many people into a state of homelessness at very short notice. The key to housing provision is for governments to be proactive in keeping land affordable by guiding urban expansion rather than trying to restrict it.

The UN-Habitat publication Affordable Land and Housing in Asia[86] provides a useful framework for a best practice approach to land and housing delivery. Best practices in land and housing delivery are those where government has a well developed land policy for the release of land, with housing and infrastructure provided by the private and NGO sectors[87]. Unfortunately, there are few examples of best practice approaches to housing delivery in Asia which demonstrate sustainability and affordability. Even in countries like Japan, the quality of housing for many remains poor. Until there are significant improvements to land administration and management systems and the stabilization of land markets through effective planning, affordable housing will remain a very significant challenge.

Aside from keeping land affordable, another key element is for the government/city to guide and advocate with public and private sector lenders to develop loan packages and mechanisms that are appropriate and affordable to the urban poor. Since low-income housing is a large market, it makes good business sense for the public and private sector to work together in developing sound and feasible lending packages that are demand-oriented and capacity-based. The IMPACT/DPUCSP case in the Philippines where the Development Bank of the Philippines was convinced to create a window for the urban poor is an example with some good lessons.

ISSUES OF SOCIAL DEVELOPMENT SYSTEMS

Cities are social systems. The level of human and social capital development in cities has a significant effect on such things as the livability, safety, friendliness, and efficiency of cities. Cities with high levels of human capital development tend to be the most

81 Nguyen, N.T., Viet Nam, in Urbanization and Sustainability in Asia: Good Practice Approaches in Urban Regional Development, B. Roberts and T. Kanaley, Editors. 2006, Asian Development Bank and World Bank Cities Alliance Manila. p. 369-401.

82 URA, Singapore River Planning Area, Planning Report. 1994, Urban Redevelopment Authority: Singapore.

83 Abiko, A., Herling, T., Villarosa, F., Pellicelli, F., Fontana, B. & Bertolassi, R. Alagados The Story of Integrated Slum Upgrading in Salvador (Bahia), Brazil. Washington, D.C: Cities Alliance.

84 The International Covenant on Economic, Social and Cultural Rights (Article 11) recognizes the universal right to adequate housing. As detailed in the General Comment No. 4 of the Committee on Economic, Social and Cultural Rights, adequate housing is defined by a variety of factors, such as secure tenure, cultural adequacy and affordability.

85 Roberts, B.H. and T.H. Kanaley, eds. Urbanization and Sustainability in Asia: Case Studies of Good Practice 2006, Asian Development Bank Cities Alliance (World Bank): Manila, Philippines.

86 UN-Habitat, Affordable Land and Housing In Asia. 2011. Nairobi. p. 102.

87 Forbes, D. and M. Lindfield, Urbanization in Asia: Lessons Learned and Innovative Responses. 1997, AusAID: Canberra.

liveable and most competitive. Cities are places where large labour markets occur, providing a range of skills and competencies needed by businesses and governments in order to function and compete for trade and investment. With the increasing specialization of cities, city managers have to focus on developing and increasing the level of skills and competencies of urban workforces. There are many challenges to overcome in developing the social systems for cities in the region.

Human Capital Development

The most important asset underpinning the development of cities in the region is a well educated, diverse and competent workforce to run a wide range of urban services and production systems which provide essential goods and services to the urban and wider community. The human capital base in most cities of the region, especially in the Pacific Island nations, is weak. Migration depletes the skill base and competencies of smaller towns and secondary cities, making it increasingly difficult for them to compete for investment and development. Many of the curricula of education institutions are not aligned to the demands and practices of modern firms and institutions that are in competition for investment and employment. Building a strong, diverse and competent workforce that is responsive to the changing demands of urban systems is a significant challenge to overcome if cities are to develop and grow sustainably. Urban planning skills development and pertinent technical institutions are also required for multi-sector economic and spatial planning. The role of urban planners and their function in policy and decision making will need to be further strengthened.

Human capital development is not only required to strengthen the capacity and capability of local government and businesses but also community associations and NGOs. These organizations play an important role in engaging and developing communities to become more self-sufficient and have been proven in many countries as a best practice in sustaining the gains of projects in post-conflict, post-disaster areas and post-socialist economies.

Leadership: leadership is a significant factor in the weakness of good governance practice. Leadership can be individual, i.e. led by a mayor or it can be collective, such as a local government, or in partnership with community-based organizations. One good example of collective leadership was the issue of infrastructure bonds by the Ahmadabad Municipal Corporation in India[88]. Another good example is the participatory budgeting and land tax reforms led by the Naga Metropolitan Development Council in the Philippines. This is an outstanding example of political leadership by the former Mayor, the late Jesse Robredo[89]. Without strong political and community leadership it is very difficult to develop trust and effect change, encourage innovation and introduce new ideas into urban communities.

Strengthening Administrative Capacity in Local Governments and Urban Services Agencies: Local government is the weakest link in the public service delivery system. Adoption of computer-based information management systems and new technologies have been slow and often resisted because it increases transparency, reduces opportunities for rent seeking, and often results in job losses. City governments often have weak capacity and competencies to design, finance, and implement policies and programs. There are also major capacity problems in special-purpose authorities, such as electricity supply and water supply utilities. Too many capacity building initiatives are focused upon reform of departments, rather than improving systems related to finance, delivery of public services, provision of housing and infrastructure. Programs to build capacity which are more integrated, holistic, and action-orientated in approaches to institutional capacity building and learning are required to improve the collection and delivery systems of local governments.

Innovation and change are important to the modernization of urban management systems. Urban systems are dynamic and are continuously undergoing changes driven by external and internal factors. For cities to maintain their competitiveness, the enabling environment must continue to support innovation, creativity and adaptive processes to urban management, urban design and technology. Much of the contemporary thinking behind innovation comes from the ideas of Richard Florida. These need to be considered carefully in the context of Asian Pacific cities, which do not have the same wealth, infrastructure and strength of

88 Mathur, O.P., India, in Urbanization and Sustainability in Asia: Good Practice Approaches in Urban Regional Development, B. Roberts and T. Kanaley, Editors. 2006, Asian Development Bank and World Bank Cities Alliance Manila. p. 135-154.

89 Robredo, J.M., Single Valuation System, in 1st National Congress on Property Valuation and Taxation. 2010: Hyatt hotel, Manila. p. 16.

governance systems present in developed countries[90].

Networks and Community Engagement

Networks and Partnerships are important to knowledge development, business development and good governance. There are good examples of network and partnership development to be found in local government across the region. The Iloilo Metropolitan Development Council initiative in the Philippines uses networking and partnerships for an integrated development planning of urban infrastructure projects[91]. The Jembrana Community Development Project[92], Bali, is an example of a best practice in an integrated approach to the improvement of health and education services. The network of over 150 cities in Asia Pacific working on citywide upgrading and supported by the Asian Coalition for Community Action Program (ACCA) of ACHR is another good example. Building networks takes time. It is a learning process, involving the development of trust, information sharing and cooperation between communities, individuals, businesses and public institutions.

The advantage of local governments developing strong learning and information sharing networks is that they can help to leverage resources, improve the sharing of knowledge and foster opportunities for collaboration and cost savings. The Pacific Cities Sustainability Initiative (PCSI) is a good example of a collaborative forum that harnesses the expertise of Pacific Rim cities in sustainable development to facilitate collaboration and sharing of best practices among businesses, governments, academia, and the public[93]. United Cities and Local Governments Asia Pacific (UCLG-ASPAC) is the regional section of UCLG based in Jakarta, Indonesia. This organization is the key knowledge management hub on local government issues in the region. CITYNET is another example of a network with limited funds that has helped to improve knowledge dissemination on managing cities across the region.

Engagement in Urban Health and Community Well-Being is important to making cities more liveable and productive places. Several best practice case studies show substantial improvements in environmental health and community well-being can be achieved by engaging communities in the design and development projects for social and health care services. A project undertaken in 2003 involving the delivery of a program of health care services in Chittagong, Bangladesh, demonstrated the importance of engaging communities to win trust in adopting a preventative and integrated approach to health care management for the urban poor (Islam, 2006:60). The Jembrana community development program cited above was successful in reducing the costs and the delivery effectiveness of drugs leading improvements in local health care services. The engagement of communities in audits of the quality and quantity health care, environmental conditions, infrastructure and housing enables local governments to make a better assessment of deficiencies in the provision and delivery of urban services, infrastructure, and housing.

Poverty Reduction

Urbanization has impacted greatly on reducing poverty in countries across the region. However, poverty is becoming increasingly urbanized. Gini coefficients in many Asian countries are higher in cities than rural areas when cost of living adjustments are taken into account[94]. The causes of poverty are well known and documented, and the solutions require substantial investment in job creation activities, a better educated workforce, a governance system supportive of creativity, innovation and micro-enterprise development; and education programs focused on reducing illiteracy, discrimination and ignorance. The World Bank Development Report (2012) notes many causes of poverty; however, the fundamental reason is the lack of jobs and underutilization of labour capacity. Given that there will be no net gain in employment in rural areas in Asia after 2020, the battle against poverty will only be won in cities. Causes of poverty and the solutions to it require support for demand-oriented educational curriculum for both

90 Florida, R. 2000. Competing in the Age of Talent: Quality of Place and the New Economy. Pittsburg.: R. K. Mellon Foundation, Heinz Endowments and Sustainable Pittsburg. and FLORIDA, R. 2005. Cities and the Creative Class, New York, Routledge.

91 Mangahas, J., Philippines, in Urbanization and Sustainability in Asia: Good Practice Approaches in Urban Regional Development, B. Roberts and T. Kanaley, Editors. 2006, Asian Development Bank and World Bank Cities Alliance Manila. p. 273-304.

92 Sarosa, W., Indonesia, in Urbanization and Sustainability in Asia: Good Practice Approaches in Urban Regional Development, B. Roberts and T. Kanaley, Editors. 2006, Asian Development Bank and World Bank Cities Alliance Manila. p. 155-185.

93 Asia Society. Pacific Cities Sustainability Initiative (PCSI) 2012 [cited 2012 2 November]; Available from: http://asiasociety.org/policy/environment/sustainable-cities/pacific-cities-sustainability-initiative-pcsi.

94 ADB, Green Cities. 2012, Manila: Asian Development Bank.

TVET/VocTEC and formal/university education. Course curricula should be developed as a collaborative effort between local educational institutions and the employers (private business and public institutions).

Shenzhen one of the world's fastest growing cities is demonstrating how a city can capitalize on the gains of urban growth for the benefit of all its residents. As is pointed out in UN-Habitat's "The State of the World's Cities Report 2012/2013: The Prosperity of Cities" (UN-Habitat, 2012:45) - *During the past 30 years, Shenzhen's GDP per capita ranked first among China's major cities – averaging a phenomenal 27% annual growth in urban GDP. Notably, the gains from Shenzhen's fast pace of industrialization, urbanization and modernization have served to enhance the quality of life of all its residents. Income and living conditions have improved steadily. A new social security and public health insurance system has been successfully implemented. The city's Gini coefficient has remained around 0.3, far less than that of the other cities on the mainland, denoting the city's efforts to achieve an equitable growth pattern.*

Smart Cities

Cities in the region must learn to adopt best practices and become smarter cities. This means developing knowledge bases, integrating and sharing data and information between public agencies, utilities and the private sector. Public agencies in most countries in the region are reluctant to share data and information, so that when it comes to managing the planning and logistics of cities, and in dealing with emergencies, there is no system for integrating spatial and other information systems because of the incompatibility of data. As a result, the management of urban systems tends to be sectoral, with massive duplication of efforts and, in some cases, conflicts occurring between agencies as to who is in charge of doing what. The development of smart cities is important to sustainability and making more efficient use of resources and urban systems. Two key areas where UNDP could provide assistance to cities, especially at the secondary city level are:

Knowledge dissemination: access to knowledge is essential to enhance the competitiveness of business environments, improve the performance of urban markets and the efficiencies of public utility agencies and government. Mobile telephone networks have bypassed a generation of technology based on copper wires, greatly improving the level of access people have to information in communities across the region. Other forms of knowledge dissemination; however, are still limited through low reading and computer technology literacy rates, ignorance and discrimination by class, culture and religion. This results in inequities in access to employment, finance, legal and education services, condemning many in cities to living a life in poverty. Programs to enhance knowledge dissemination in cities, particularly through improved literacy and community education programs, are important to overcome the widening knowledge gap occurring in many urban communities across the region. This is a particular problem in the Pacific island states, which will require significant capacity building of hard and soft infrastructure to lift literacy and education levels.

Integrated Urban Systems Management and Information and Data Sharing: The development of integrated management information systems for the whole of government approach to city management is being adopted in many large cities. A good example of this is the Operations Centre of the City of Rio de Janeiro. This system was designed by IBM at the request of Rio's mayor to build a citywide system integrating data from some 30 agencies, all under a single roof. It is the handiwork of an IBM unit called Smarter Cities[95]. The integrated data management centre has laid the groundwork for multibillion-dollar business expansion of Rio, with the system streaming operations of agencies and reducing duplication. The effect is the reduction of transaction costs for business. The system is also being used for emergency management, so that authorities can advise vulnerable communities of potential disasters that may result for heavy rains and flooding in the city.

ISSUES OF URBAN ENVIRONMENTAL SYSTEMS

The propensity for governments across the region to allow urban and economic development at the cost of the destruction and pollution of the environment, believing environmental issues can be resolved once a nation has achieved a certain level of development, was first identified by Kuznets[96] almost 6 decades ago. The environmental costs of development – pollution, congestion, wastes, flooding, loss of biodiversity – have been large and a significant drag on productivity, public health and well-

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95 Vieira, A., Mission Control Built for Cities. 2012, The New York Times: New York.

96 Kuznets, S., Toward a theory of economic growth, in National Policy for Economic Welfare at Home and Abroad, R. Lekachman, Editor. 1955, Doubleday.: Garden City, New York.

being, performance of the labour force, and on the rate of deterioration of infrastructure and buildings[97]. The following outlines some of the important issues in improving the management of urban environmental systems.

Climate Change Mitigation and Adaptation

The Asia Pacific region's exposure and sensitivity to climate change has the potential to have significant adverse impacts on the economic, social, natural and built environment of Asian cities[98]. Asian cities are likely to be among the most affected by climate change: their size, geographic location and elevation make them especially vulnerable to the impacts of climate change in the form of frequent extreme events such as droughts, floods, cyclones and heat waves[99]. Climate change will increase the risk of storm and flood damage in many cities in the region. An OECD report[100] found, for example, that Kolkata, Mumbai, Dhaka, Guangzhou, Ho Chi Minh City, Shanghai, Jakarta, Bangkok, Rangoon and Hai Phong – all situated in the tropics – are the world's most exposed cities to increased flooding due to climate change. More than 238 million people live in the low elevation coastal zone below 10 meters elevation[101]. Many of these cities will require substantial engineering works to reduce potential impacts of climate change events. Many millions, most living in poor housing in coastal slum settlements, will need to be relocated to provide greater protection from the more severe impacts of climate change.

The increasing frequency and intensity of disasters is bringing about greater awareness by governments in the region of the need to adopt more sustainable climate risk management policies. Cities are not only prone to hydro-meteorological disasters but also to seismic hazards. Much of New Delhi, for example, has grown over the last few decades in a highly seismic hazard zone. These extensive risks are in addition to the intensive risks (characterized by high intensity and low frequency disaster events) faced by cities. Addressing the climate change problem will require a two-pronged attack on its causes and impacts. Mitigation (reducing the causes) and adaptation (responding to impacts) strategies are needed to address the problem. The larger GHG-producing nations and cities will need to give greater priority to mitigation measures – especially in reducing per capita demand for energy. The poorer, lower emitting nations will need to concentrate on adaptation. Appropriate mechanisms for developed economies to off-set the costs of mitigation and adaptation in developing countries will need to be implemented urgently in the new framework negotiated to replace the Kyoto protocol on climate change.

The UNEP, World Bank, UN-Habitat joint working group on Cities and Climate Change has created a Knowledge Centre on Cities and Climate Change, as well as a standardized protocol for measuring greenhouse gas emissions in cities, a guide to adaptation in cities, and an Urban Risk Assessment Tool.

Green City Development

Many cities are moving towards the introduction of sustainable development policies which focus on the use of cleaner energy, cleaner production, industrial ecology, recycling, increasing the density of cities and city tree planting schemes. If cities are to become more sustainable, then they must become greener in the way they approach the use of resources, urban design, building materials and building design, and the amount of energy, water and other non-renewable resources they use. Designing liveable spaces in this way can also be a great source of civic pride, better quality urban lifestyles and social cohesion. Local governments can benefit from committing to these policy changes and practices and provide incentives to the private sector to move away from less sustainable forms of urban development. The ADB book on Green Cities provides a framework for improved environmental design of cities and their ecosystems[102].

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97 UN-Habitat, State of Asian Cities Report 2010/11. 2011, UN-Habitat: Nairobi.

98 UN-Habitat, State of Asian Cities Report 2010/11. 2011, UN-Habitat: Nairobi.

99 McGranahan, G., D. Balk, and B. Anderson, The rising tide: assessing the risks of climate change and human settlements in low elevation coastal zones. Journal of Environment and Urbanization, 2007. 19(1): p. 17-37.

100 Nicholls, R.J., et al., Ranking Port Cities with High Exposure and Vulnerability to Climate Extremes Exposure Estimates. 2007, OECD: Paris.

101 McGranahan, G., D. Balk, and B. Anderson, The rising tide: assessing the risks of climate change and human settlements in low elevation coastal zones. Journal of Environment and Urbanization, 2007. 19(1): p. 17-37.

102 ADB, Green Cities. 2012, Manila: Asian Development Bank.

Rehabilitation of Urban Ecosystems

Many cities in the region are taking steps to clean up the environment to make them more liveable places. Studies of best practice environmental improvement and management projects, such as the Liaodong Peninsular Revitalizing Rustbelt Industries, in North East China, demonstrate the value of environmental restoration works leading to substantial reduction in pollution and improvement in water quality. Integrated decision making, sharing information between agencies and a strong political commitment to environmental management were key factors in the improvements to the Pra Sae River in Muang Klaeng, Thailand[103]. The Putrajaya lake restoration project in Kuala Lumpur is perhaps one of Asia's best practice examples of the reconstruction of urban wetlands and has resulted in substantial improvements to water-quality and recreation space[104]. The case of Cheonggyecheon Stream Restoration in Seoul, Korea, is a good example of water quality restoration of a heavily polluted stream, which has been restored as an urban green space[105].

Provision of Basic Infrastructure and Services to Urban Poor Communities

By far the most vulnerable urban residents to negative environmental impacts, natural disasters and climate change impacts are the urban poor who live in communities without access to clean water, basic sanitation, storm water drainage and solid waste management. Many of these communities are on the urban periphery and they are more likely to be in areas of higher risk to flooding or landslides, etc. These residents are already suffering from negative environmental impacts on their health, safety and well being that the provision of basic infrastructure and services would substantially ameliorate. While cities across the region are replete with multiple, often aid-donor driven, projects focused on climate change and carbon emissions, and while many of these give lip service to the urban poor being the most vulnerable, precious few address the obvious remedy which is to provide these communities with basic infrastructure and services. This is a clear opportunity for UNDP leadership since it is a priority that cuts across all four of its focus areas.

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103 Chamniern, P., Thailand, in Urbanization and Sustainability in Asia: Good Practice Approaches in Urban Regional Development, B. Roberts and T. Kanaley, Editors. 2006, p. 341-366.

104 Yuen, B., S. Ahmad, and C.S. Ho, Bangladesh, in Urbanization and Sustainability in Asia: Good Practice Approaches in Urban Regional Development, B. Roberts and T. Kanaley, Editors. 2006, Asian Development Bank and World Bank Cities Alliance Manila. p. 223-243.

105 Cho, M.-R., The Politics of Urban Nature Restoration, The Case of Cheonggyecheon Restoration in Seoul, Korea. International Development Planning Review, 2010. 32(Two): p. 146-167.

4　UNDP ENGAGEMENT IN URBAN ACTIVITIES IN ASIA PACIFIC

UNDP works within its mandate of four focus areas: poverty reduction; democratic governance; crisis prevention and recovery; and energy and the environment.[106] Particularly in the Asia Pacific region it should be clear that focusing on cities is a prerequisite to achieve results at scale in each of these areas. Based upon consultations with UNDP's Country Offices in the region[107] there also appear to be strong constituencies at the country-level for this focus and for a UNDP strategy to help countries in the region sustain their economic growth by more fully realizing the potential benefits of urbanization in promoting the growth of cities which are inclusive, resilient and sustainable.

BACKGROUND

UNDP has a long history of involvement in urban projects in the Asia and Pacific region spanning over three decades. In the 1980s these projects ranged from the National Urban Development Strategy and Integrated Urban Development Planning projects in Indonesia, which paved the way for the decentralized planning of urban infrastructure investments in the country, to a series of housing and urban development projects in Bangladesh which helped prepare the first urban development investments in Dhaka by both the World Bank and the ADB. Most of these projects were implemented in partnership with UN-Habitat.[108]

While the 1980s was still a time when many developing country governments and most of their donor partners continued to focus on misguided and uniformly failed efforts to stop urban growth, in 1986, the Development Assistance Committee of the OECD held its first ever meeting focused on urban development. Significantly, the meeting's background papers were prepared jointly by UNDP, The World Bank and UNCHS (UN-Habitat). That same year these three agencies, again working together, but this time with a number of bilateral partners (including the Netherlands, Sweden, Switzerland, the United Kingdom and Germany), launched the Urban Management Program (UMP) designed "to improve the contribution which cities and towns make to sustainable development in the fields of participatory governance, reduction of urban poverty and urban environmental management."[109] In addition to supporting regional and country based urban management initiatives, the UMP published a series of excellent guidelines and working papers most of which remain to this day both relevant and useful for local authorities and their development partners.[110]

In the early 1990s the UMP decentralized its management structure setting up a regional office for Asia and the Pacific in Kuala Lumpur which then also helped spawn the Urban Management Programme for Asia and the Pacific (UMPAP) including partnerships with the UN's Economic and Social Commission for Asia and the Pacific (ESCAP), the Asian Institute of Technology (AIT) in Bangkok and 15 countries in the region. In the meantime ESCAP had helped establish CITYNET to enhance cooperation among local authorities in the region. During this period UNDP's policy bureau also had a small urban unit in its governance division which published UNDP's first urban strategy paper entitled "Cities, People and Poverty: Urban Development Cooperation for the 1990s".

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106 UNDP Administrator's forward to UNDP's Annual Report 2011/2012.

107 Conference calls with UNDP's country offices in Malaysia, India, China, Fiji, Iran, Samoa, Mongolia, Bhutan, Viet Nam, Philippines and a field visit to Bangladesh, as well as consultations with UNDP's Asia-Pacific Regional Centre (APRC) teams on Poverty Reduction, Democratic Governance, Environment and Energy, Crisis Prevention and Recovery, Gender and HIV, Health and Development.

108 During the 1980s, UNDP financed over 90% of UN-Habitat's technical cooperation activities in the region, when the then called United Nations Centre for Human Settlements (Habitat) in effect served as UNDP's technical cooperation arm for housing and urban development.

109 UNDP programme document for INT/86/006 – The joint UNDP/World Bank/UNCHS (UN-Habitat) Urban Management Programme.

110 See Annex 1 for list of UMP publications.

That same unit also launched The Urban Governance Initiative (TUGI) as a regional project seeking to promote and support good urban governance in the Asia Pacific region and promoting the principles of good urban governance put forward by UN-Habitat's global campaign on Good Urban Governance.[111] Indeed the 1980s and the early 1990s was a time characterized by the sharing of information among the key agencies focused on urban development, as well as collaborative support to policy dialogues and strategic partnerships in urban program design, implementation and capital investment follow-up in cities across the region.

Unfortunately UNDP's engagement in urban programmes appears to have peaked by the mid-1990s, when it began to diversify its program activities in the region. While there are a few notable exceptions at the country level there is also no question that UNDP's partnerships with development agencies focused on urban issues have weakened, in particular UNDP's formerly strong and strategic urban programming partnerships with the World Bank and UN-Habitat[112].

In the meantime the stakes have become much higher since Asia's growing economies have forcefully demonstrated the direct link between urbanization and economic growth. In nations across the region economic growth is being driven by the growth and productivity of their cities. While poverty is also rapidly urbanizing and inequality growing, it is now widely recognized that cities are the prime generators of employment and that their economic activities also strengthen rural development and rural productivity. Indeed there is no doubt that urbanization in Asia has helped lift several hundred million people out of poverty with positive impacts in both urban and rural areas. As is well documented in the State of Asian Cities 2010/2011 report, [113] cities are not only hubs of innovation and places for economic development but they provide unique opportunities for social mobility, for breaking-down traditional gender roles, for achieving social justice, and for the creation of a large and rapidly growing educated middle class that is information savvy and globally connected.

RESPONDING TO THE OPPORTUNITIES AND CHALLENGES OF RAPID URBANIZATION

While cities now occupy centre stage in Asia's economic growth and development, the opportunities and challenges posed by rapid urbanization are not yet reflected in most national policies and plans[114,] or in the development priorities or strategies of UNDP. This was born out by feedback from UNDP's country offices that uniformly welcomed this initiative for UNDP to possibly re-engage in urban activities under its four focus areas. Almost all country offices expressed the need for a more strategic partnership with cities and local governments recognizing, as is noted above, that they are on the front line of delivering results in UNDP's core focus areas. While some country offices in the region have important programs in place either with ministries responsible for local government, or with one or more urban local authorities, most expressed a need for a more strategic approach to build on UNDP's cross-sectoral programming capacity. Moreover, in most countries in the region poverty is still seen as a rural issue, notwithstanding that across the region all growth of poverty is now taking place in cities and that gini coefficients for major cities in the region are higher than the national average when cost of living factors in cities is taken into account[115].

The issues raised by UNDP's country offices as quoted below can be broadly grouped into four categories – Policies and Strategies, Governance and Empowerment, Poverty and Vulnerability, and Environment and Energy:

(i) Policies & Strategies:

- The rural bias is still strong with urban growth still seen as a problem by many government officials and policy makers;

- National government does not have an urban policy;

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111 Participation, rule of law, transparency, responsiveness, consensus orientation, equity, effectiveness and efficiency, accountability, strategic vision, subsidiarity and security (ref the TGUI Institutional Profile in Environment & Urbanization Vol 15 No 1 April 2003).

112 As a partial reflection of this, as of 2011, less than 10% of UN-Habitat's technical cooperation activities were financed by UNDP (ref UN-Habitat 2011 Country Activities Report).

113 The State of Asian Cities Report 2010/11 was a collaborative effort between UN-HABITAT, UN Economic and Social Commission for Asia and the Pacific (ESCAP), UN Environment Programme (UNEP), and the United Cities and Local Governments – Asia-Pacific Regional Section (UCLG-ASPAC).

114 With a few important exceptions, including China, Bangladesh and Bhutan where urbanization is a priority issue in their national development plans.

115 ADB (2012). Green Cities: Livable and Sustainable Cities in Asia Manila, Asian Development Bank.

- Urban challenges remain marginalized by national policy makers;

- Urban has fallen off the radar at UNDP;

- UNDP needs to take a more integrated approach in supporting local authorities moving beyond sectoral projects;

- Policy makers do not see the benefits of focusing on urbanization (see Habitat's comment);

- Absence of urban issues in national development plans;

- UNDP interventions have been programme-by-programme - but not strategic – we need to develop a strategy;

- Way too much fragmentation in bilateral and multilateral development projects at the city level;

- UNDP needs to spearhead One-UN at the city level;

- Most focus on poverty is still on rural poverty;

- Focus on regional towns and boosting their local economies;

- Importance of national urban forum and urban consortium with other donors; and

- Need to make better links with ADB and WB urban investments and related capacity building.

(ii) Governance & Empowerment:

- Urban governance and capacity is weak and there is no real visioning particularly in secondary cities;

- Legal framework for devolution and strengthening urban governance, including local participation and voting rights is weak;

- Disconnect between national and local level in planning and budgeting;

- Decentralization has only been at the rhetorical level;

- Fiscal decentralization is limited and local authorities have little authority and even fewer resources;

- No public engagement in decision making;

- Limited opportunities for meaningful participation of women and youth;

- Urban growth is outpacing the plan;

- Governance on periphery is unclear or prevue of district government;

- Developments on urban periphery taking place in haphazard manner increasing risks and vulnerabilities;

- Enthusiasm level of many secondary city leaders is high; and

- Land tenure and customary land issues are met with extreme caution by politicians.

(iii) Poverty & Vulnerability:

- Urban poverty and income inequality rising rapidly;

- Informal sector challenges and women's economic empowerment are not addressed;

- Large percentage of urban population living in slums;

- Urbanization is putting human capital to work at an unprecedented scale;

- Vulnerability is the real issue – to crime, to eviction, to climate change disasters, HIV infection;

- Most vulnerable residents live in most vulnerable urban areas;

- Urban areas are high risk in disasters with the greatest risk on the periphery;

- Land on the periphery is grabbed from the poor and from government by the well-to-do;

- Need a multi-sector approach to urban poverty;

- Importance of empowerment and harnessing community energy for poverty reduction; and

- Women headed urban households are much poorer.

(iv) Environment & Energy:

- Environmental agenda is disconnected from priorities of urban poor;

- Urbanization links to environmental sustainability yet opportunities for energy efficiency and demand reduction are not realized;

- GEF and the other major environmental funding sources rarely fund local initiatives;

- Rapid motorization and overcrowding associated with urbanization brings serious health consequences;

- Growing impacts of urban emissions and waste on the health of people are not well understood and communicated;

- We need to listen more carefully to cities and poor urban communities about their environmental priorities;

- Peri-urban areas and secondary cities are often most vulnerable to natural disasters; and

- The urban poor are most vulnerable to climate change impacts as they often live in environmentally vulnerable sites.

While countries across the Asia Pacific region are obviously unique and very diverse in the scale and pace of their urbanization, the above-cited issues are broadly consistent with the analysis of urban development challenges outlined in the first part of this report. At the same time, as is described below, there are several good examples of UNDP initiatives at the country level that are responding to these challenges. However, with urban development priorities still missing or marginalized in most UNDAFs and UNDP country programmes, it is clear that to assist governments to respond to the challenges and opportunities of rapid urbanization, UNDP does indeed require a more strategic approach.

5　DEVELOPING A UNDP ASIA PACIFIC URBAN STRATEGY

Focusing on cities in the Asia Pacific region would greatly strengthen UNDP's ability to achieve each of these development outcomes since cities are where economic growth, poverty reduction, social inclusion, participatory governance, risk reduction and environmental impacts and social determinants of health can all be acted upon with immediate impacts on citizenry.

This is also in line with UNDP's "agenda for organizational change" which the Administrator launched in 2011, to strengthen UNDP's role and capacity to help developing countries make transformational change and to channel the strengths of the entire UN development system to that end. Since this change agenda recognizes that UNDP has to be more focused on what services are most needed and where, the case to focus on sustainable and inclusive economic growth in the cities in Asia & the Pacific could not be more timely and compelling.

Discussions around UNDP's next Strategic Plan (2014-2017) also emphasizes support to planning at sub-national levels to help connect national priorities with action on the ground, taking account of differentiated needs within and across rural, peri-urban and urban areas. The draft Plan also stresses coordination of action and monitoring of performance across multiple local government areas will help improve the organization's chances of success, for instance, in rapidly expanding metropolitan areas with large rural 'catchments'. Across the proposed 7 outcome areas for the next Plan, actions to support the meaningful inclusion of women and disadvantaged groups in urban growth processes, capacity development for more resilient local institutions and more integrated rural-urban development strategies remain central to effective and sustainable development interventions in the region.[116]

TARGETING CITYWIDE AND NATIONWIDE IMPACTS

To be effective UNDP's Asia Pacific urban strategy must be both bold and sharply focused: bold in scale by targeting citywide and nationwide impacts; and sharply focused on cities - listening and learning from cities and their citizens in the development of national policies and local governance, and helping cities, particularly secondary cities, to sustain and improve the quality of their growth.

STRENGTHENING PARTNERSHIPS TO SCALE-UP IMPACTS

Achieving impact at scale requires UNDP to facilitate and strengthen strategic urban partnerships to:

(i) build on existing initiatives at both the country and city level to achieve much greater coherence of effort among the many development partners supporting cities;

(ii) integrate urban issues into national development policies and plans and the UNDAF;

(iii) strengthen linkages between technical cooperation and the planning and implementation of capital investments in infrastructure and services that are being made in the region's cities; and

(iv) increase support for research and knowledge dissemination to bring about changes in the policies and practices used in managing the growth and development of cities.

This will require strengthening partnerships at four levels:

(i) With community based organizations and their networks, helping to empower them to engage in local development in

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partnership with local authorities[117]

UNDP needs to establish strategic alliances with local organizations of urban poor communities and their federations. CBOs have networks within cities, at the national level and across the region to promote a community driven approach to poverty reduction and pro-poor urban development in partnership with local authorities. Most of these networks also have well developed processes to share their experience and promote learning. Many of these are supported by the Asian Coalition for Housing Rights (ACHR) - a regional network of community organizations, NGOs and professionals actively involved with urban poor development processes in Asian cities, as well as by the global platform of Slum Dwellers International (SDI) – a global network of organizations of the urban poor. ACHR has been supporting this process in cities across the region for several decades and has a well-developed methodology that strategically targets citywide actions and partnerships with local authorities. Over the last several years this work has been further scaled-up with grants from the Bill & Melinda Gates Foundation which helped ACHR launch the Asian Coalition for Community Action Program (ACCA). The ACCA program is currently supporting citywide upgrading initiatives in well over 150 cities over 15 countries across the region. Community savings groups (almost all of which are managed by women) in these cities have generated over \$15 million in savings, leveraging over \$35 million in local government investments in community infrastructure. UNDP's engagement in support of these and similar initiatives at the country level (see box 7 on Bangladesh) could provide huge value added, particularly in collaboration with UN-Habitat, to help strengthen the vertical linkages between these community based initiatives and national policies and programs, and to help institutionalize support mechanisms at the national level to facilitate and sustain a structural change in the relationship between urban poor communities and their cities.[118] The potential scale of the impacts of this structural change could well be on a par with that of the Grameen Bank on the world of micro-finance.

(ii) With civic leaders in the business community and local financial and education institutions, to align efforts with local authorities around local economic development and job creation

Aligning the efforts of local civic leaders in the private and educational sectors around the goal of quality job growth can drive the city's future economic growth. These leaders have a shared interest in their city's ability to deliver the competitive environment that both businesses and the city need for growing investment, production and employment. Local economic development and job creation efforts should be at the centre of the city's dialogue with the business community and local financial institutions. Job creation is a local process that must be nurtured by civic leadership with incentives and public-private partnerships that are sharply focused on this goal. Particular areas of focus for such partnerships should be on reducing unnecessary regulations and barriers to entry, particularly for the informal sector, as well as on taking into account efficiency gains from timely, complementary infrastructure that can reduce costs and increase business efficiency in both the formal and informal sectors. Including both educators and students in this dialogue is also critical. Engaging them in thinking about their potential present and future roles in this process can both sharpen skill development, help inspire entrepreneurial aspirations and expand opportunities for internships.

(iii) With mayors and local government associations, to strengthen their dialogue with regional and national authorities

Cities learn best from each other and this 'peer' learning promotes innovation[119], as well as competition. In almost all countries of the region there are national associations of cities and local government that facilitate a dialogue among city leaders that positions them both to learn from each other, as well as to have a stronger voice in the policy making that affects them at the national level. The Association of Cities in Viet Nam, the League of Cities of the Philippines and the Municipal Association of Bangladesh among others also actively support their respective National Urban Forums, which institutionalize a platform to promote the dialogue among cities, government agencies, the private sector, NGOs/CBOs, academics, professionals and donor agencies with the aim of improving national urban development policies and urban management[120]. As has been demonstrated in Bangladesh, UNDP's active

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117 Note: As per the *Evaluation of UNDP's Contribution to Strengthening Local Governance* (UNDP, 2010) – "UNDP has not played a sufficiently pro-active role in engaging with civil society, thus distracting from efforts to strengthen local governance. Strengthening these partnerships is also consistent with UNDP's change agenda that calls for the organization to establish "stronger collaboration with existing partners and a step change in partnerships with the global South and other stakeholders".

118 The Community Organization Development Institute (CODI) in Thailand is a model for this type of support mechanism.

119 UNDP's crisis prevention and recovery team has ongoing 'peer' learning with local governments in the region.

120 Pakistan and Nepal also have national urban forums.

engagement and support to these organizations and urban forums at the country level can be both strategically important and mutually beneficial, not only to give cities a stronger voice in the formulation of more effective national urban policies, but also in producing national economic development plans and UNDAFs that explicitly support inclusive and sustainable urban growth.

(iv) With development organizations supporting cities in the region, to strengthen partnerships and enhance alignment across sectors towards shared objectives

The Asian Development Bank, the World Bank and UN-Habitat[121] each have considerable urban development expertise, technical capacities and decades of experience in working with cities in the Asia Pacific region. They also each have clear corporate urban strategies that are up-to-date and instructive as to their priorities (see Boxes 1-3). These three organizations, as well as ESCAP, also produce a whole range of knowledge products analysing policy options to address the specific challenges of urbanization in the Asia Pacific region.[122] Working together with other multilateral and bilateral development agencies, they have developed a number of alliances and partnerships focused on urban issues, including The Cities Alliance (see Box 4), CITYNET, The Cities Development Initiative for Asia (CIDA), the Pacific Region Infrastructure Facility (PRIF), etc. The regional secretariats of United Cities and Local Governments Asia-Pacific (UCLG-ASPAC), as well as ICLEI Oceania, also serve as important knowledge management hubs for local governments in the region. In addition most UN agencies and many bilateral development agencies have projects in cities across the region. However, the multiplicity of urban projects seldom results either in citywide let alone in nationwide impacts (indeed, the projectization of cities is part of the problem not the solution). Given its multi-sectoral mandate, the breadth of its country presence and government respect for its neutrality in facilitating policy dialogue at the national level, once UNDP makes a strategic engagement with these partners to focus on urban and local government issues it has the potential ability to facilitate a steep change in the coordination and cross-sectoral integration that are prerequisite to achieve both citywide and nationwide impacts (as an example, see Box 5 'UNDP Leadership to Scale-up Meeting the Urban Challenge in Bangladesh'). UNDP is also well positioned to support the most critical prerequisite to achieving successful impacts at scale, which is good urban governance.[123]

Box 1: The World Bank

The World Bank's Urban and Local Government Strategy, "Systems of Cities: Harnessing Urbanization for Growth and Poverty Reduction" (2010), realigns the Bank's urban business with five business lines considered critical for cities and local governments in the decade ahead:

• Focusing on the core elements of the city system: City management, finance, and governance;

• Making pro-poor policies a city priority: Reducing urban poverty and upgrading slums;

• Supporting city economies: Cities and economic growth;

• Encouraging progressive urban land and housing markets: Urban land, housing, and planning; and

• Promoting a safe and sustainable urban environment: Urban environment, climate change, and disaster management.

The World Bank's annual total urban lending in the Asia Pacific region averaged $1.9 billion in 2010/2011.

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121 UNDP's Administrator and UN-Habitat's Executive Director recently agreed to reactivate the UNDP/UN-Habitat partnership MOU (2008) that commits the organizations to work together focusing on: (i) Effective advocacy and monitoring of urban issues and partnerships; (ii) Promotion of participatory urban planning, management and governance; (iii) Promotion of pro-poor land and housing; (iv) Environmentally sound basic urban infrastructure and services; and (v) Strengthened human settlement finance systems.

122 Most recently: UN-Habitat's State of Asian Cities 2010/11 report (prepared jointly with UNESCAP), ADB's report on The State of Pacific Towns & Cities (2012), which highlights opportunities for development partners to respond to the specific urbanization challenges faced by Pacific towns and cities, the Pacific Urban Agenda sponsored by UNESCAP, and the World Bank's recent Urbanization Reviews in Sri Lanka, China, India, Indonesia and Viet Nam, and related policy options analysed in their report Planning, Connecting, and Financing Cities – Now (2012).

123 According to the Evaluation of UNDP's Contribution to Strengthening Local Governance (UNDP, 2010), page iv – "local governance reforms are "a rapidly growing" area of demand for UNDP assistance."

Box 2: UN-Habitat

UN-Habitat country activities are focused on supporting governments in the formulation of policies and strategies to create and strengthen self-reliant urban planning and management capacity at both national and local levels and to promote sustainable urbanization. UN-Habitat's normative and analytical contributions towards achieving these goals are reflected in its latest State of the World's Cities 2012/2013 report, which has introduced a new City Prosperity Index (CPI) to guide integrated policy interventions along five dimensions to improve the quality and sustainability of urban economic growth:

PRODUCTIVITY	Contributes to economic growth and development, generates income, provides decent jobs and equal opportunities for all by implementing effective economic policies and reforms.
INFRASTRUCTURE DEVELOPMENT	Provides adequate infrastructure – water, sanitation, roads, information and communication technology in order to improve urban living and enhance productivity, mobility and connectivity.
QUALITY OF LIFE	Enhances the use of public spaces in order to increase community cohesion, civic identity, and guarantees the safety and security of lives and property.
EQUITY AND SOCIAL INCLUSION	Ensures the equitable distribution and redistribution of the benefits of a prosperous city, reduces poverty and the incidence of slums, protects the rights of minority and vulnerable groups, enhances gender equality, and ensures civic participation in the social, political and cultural spheres.
ENVIRONMENTAL SUSTAINABILITY	Values the protection of the urban environment and natural assets while ensuring growth, and seeking ways to use energy more efficiently, minimize pressure on surrounding land and natural resources, minimize environmental losses by generating creative solutions to enhance the quality of the environment.

Box 3: The Asian Development Bank

ADB's Urban Sector Strategy includes four operational objectives:

- maximizing economic growth and efficiency in urban areas;
- reducing poverty;
- improving the quality of life; and
- achieving urban sustainability.

Urban infrastructure investments have been mainstreamed into ADB's Long-Term Strategic Framework, 2008–2020 (Strategy 2020), and, more recently, ADB's Urban Operational Plan, 2011–2020 (ADB 2011) with urban investments supporting sustainable transport, energy, solid waste management, urban planning and financing, all targeting inclusive growth, environmentally sustainable growth, and regional integration. ADB's annual total urban lending averaged $2.96 billion in 2010/2011.

Box 4: The Cities Alliance

The Cities Alliance is a global partnership for urban poverty reduction and the promotion of the role of cities in sustainable development. To achieve its vision of "Sustainable Cities Without Slums[124]" the Alliance supports:

• Citywide and nationwide slum upgrading programmes;

• City development strategies; and

• National policies on urban development and local government.

As an example, in Viet Nam the Alliance is supporting: the National Urban Upgrading Programme; strengthening the Viet Nam Urban Forum (initially established in 2003 by the Ministry of Construction with support from the Swiss Development Cooperation, UNDP and UN-Habitat), working with the Association of Cities of Viet Nam (ACVN) and ACHR to expand the existing community-led upgrading activities of the Community Development Fund (CDF) network (initiated in 2001 with UNDP/UN-Habitat support); partnerships with local governments to initiate community based City Development Strategies; and training for city authorities on strategic urban planning and management in partnership with Viet Nam's Academy of Managers for Construction and Cities (AMCC).

As per the Cities Alliance Charter, its membership includes national governments; multilateral organizations; global organizations of local authorities and international networks of organizations engaged in urban development.

FINANCIAL LEVERAGING AND LINKING TO CAPITAL INVESTMENT FOLLOW-UP

UNDP has considerable experience working with most of these agencies, but strengthening these partnerships at the country and city level and capitalizing on the synergies across their respective urban strategies is critical to realizing UNDP's strategic objectives in the urban sector. While it makes sense to work with partners where potentials for synergy are strongest, it is also important to note that this is not a 'zero-sum' game. ADB and the World Bank together invest close to $5 billion annually in urban lending in the Asia Pacific region. Yet this figure is dwarfed by what governments and domestic banks invest in infrastructure in the region. A recent analysis by McKinsey & Company[125] of infrastructure investments in Asia estimates that "around $8 trillion will need to be committed to infrastructure projects over the next decade to remedy historical underinvestment and accommodate the explosion in demand" (80% of this for energy and transport). With a clearly defined urban strategy at the country level including an explicit focus on linking its technical cooperation activities to the planning and implementation of capital investments being made in urban infrastructure UNDP will position itself to influence both the development impacts of these investments as well as to potentially play a strategic role in the local capacity building that is critical to their successful implementation. Even if UNDP were able to influence a tiny fraction of these infrastructure investments to contribute to urban growth with greater equity, this figure could easily be larger than current ODA budgets in the region.

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124 CITIES ALLIANCE 2001. Cities without Slums: Action Plan for Moving Slum Upgrading to Scale. Washington DC: Cities Alliance.

125 McKinsey Quarterly, "Asia's $1 trillion Infrastructure Opportunity" (March 2011), the article suggests that of the $8 trillion which will be invested over the next decade $1 trillion will be open to foreign investors under PPPs. The same report also notes that Asia may leapfrog developed economies in its adoption of clean-energy technologies, thanks to falling costs and improving effectiveness.

6   UNDP ASIA PACIFIC URBAN STRATEGY

The UNDP Asia Pacific urban strategy is focused on sustaining economic growth by promoting the growth of cities which are inclusive, resilient and sustainable; on what the organization does to address this challenge; and on how it can use and build upon its existing strengths, and where it does not have capacity and competencies, to leverage its resources to respond to the challenges and opportunities of rapid urbanization.

The UNDP Asia Pacific urban strategy builds on the organization's strengths, particularly at the country level, and proposes where and how to focus on clearly defined strategic points of entry to achieve the greatest development impacts. The strategy has been conceived as a framework to help inspire and guide a process at the country level to develop national urban strategies and strategic urban programme partnerships by UNDP country offices in Asia and the Pacific.

To respond to the specific challenges and opportunities faced by cities and systems of cities, ownership of the strategy development and implementation processes clearly needs to be with UNDP country offices. While urbanization is occurring across the region, countries are at very different stages of their urban transformation. Moreover the challenges faced by cities are often uniquely local – as cities have their own topography, governance, economic structure and opportunities and relationships with other levels of government.

This section presents a framework and parameters to guide the strategy development process at the country level.

VISION FOR URBAN IN ASIA PACIFIC

Drawing upon consultations with UNDP country offices and thematic teams in the region, and taking into account potential partners, and the opportunities and challenges faced by Asia Pacific cities, the following vision is proposed to underpin the strategy development process:

An Asia Pacific in which urbanization is managed in a more sustainable way resulting in continuous improvements to economic prosperity, equity, quality of life and well-being for people living and working in towns and cities.

This vision provides an outcome, a basis for targeted activities, which are responsive to critical needs, and performance criteria that can be measured and evaluated.

STRATEGIC INTENT

The intent of the strategy is to clearly focus on how UNDP will play a significant role in supporting the realization of this vision. It will do this by:

Building on UNDP strengths

The strategy builds upon the UNDP mandated focus areas of democratic governance, poverty reduction, crisis prevention and recovery, and energy and the environment which are each central to addressing the key challenges posed by rapid urbanization:

- Weak governance is one of the most important barriers to improving the sustainability of cities in the region;
- Reducing the growth of urban poverty and income, gender and horizontal inequalities is critical to sustaining economic growth, as well as to maintaining social stability in the region;
- Crisis prevention and recovery is increasingly focusing on Asia Pacific cities and their vulnerabilities to natural disasters and climate change; and

- Impacts of urban emissions and waste on health and well being are growing, particularly among marginalized groups, while the opportunities for urban energy efficiency and demand reduction are not being realized.

The greatest potential strengths and comparative advantages of UNDP to help cities in the region meet these challenges, derive from its crosscutting programming capacity to align resources and engage partners across sectors, including the talents of women and young people, into well integrated support programmes, combined with its strong leadership role as an impartial multilateral partner in facilitating policy dialogue and reforms at the regional, national and sub-national level.

There are lessons to be learned from good examples in the region where UNDP is already capitalizing on these strengths and deploying its principal programming instruments to focus on meeting the urban challenge. For example, in Bangladesh, the objective of securing more equitable urban development has been mainstreamed in both national development plans and the UNDAF (see Box 5); and, in China, the National Human Development Report launched in August focuses on China's urban transformation, including an analysis of improved and innovative urban governance strategies and models, urbanization as part of the solution to education, as well as the challenges of addressing the social and environmental impacts of rapid urbanization including social integration for China's hundreds of millions of 'floating population' in urban areas and shifting to a lower consumption, lower emission, higher efficiency development model.

Box 5: UNDP Leadership to Scale-up Meeting the Urban Challenge in Bangladesh

UNDP's activities focused on the challenges of rapid urbanization in Bangladesh illustrate the potential of these engagements to achieve citywide and nationwide impacts. The Urban Partnerships for Poverty Reduction (UPPR) programme (2007-2014) is a community-based effort to improve the livelihoods and living conditions of over 3 million people, especially women and children, living in some of the country's most challenged urban communities. The program is currently operating in 24 cities and towns and focuses on empowering community based organizations to analyse their priorities, to develop actions plans, and then to resource and implement these plans in partnership with the local authorities. Financed by DFID and implemented by UNDP in collaboration with UN-Habitat, ILO and UNICEF, UPPR has drawn on the experience of the earlier UN-Habitat project "Local Partnerships for Urban Poverty Reduction" which had initiated the process of introducing at scale in Bangladesh ACHR and SDI methodologies to support and network community savings groups, community enumerations and the city-wide mapping of urban poor communities (so far in 29 cities). The challenge now is how to sustain this process and institutionalize a funding support mechanism (which could be modelled after CODI in Thailand).

UNDP's engagement with UPPR and the country team's recognition that "urbanization is putting human capital to work at an unprecedented scale" has also had significant impacts on the urban policy environment in Bangladesh, as well as on the UN development system's response. The Government's 6th Five Year Plan (2011-2015) has, for the first time, a chapter on 'meeting the urban challenge', as does its Outline Perspective Plan – Vision 2020. A National Urban Policy has also been drafted which is currently pending cabinet approval. Reflecting this focus the 2012-2016 UNDAF for Bangladesh has as one of its seven pillars – Pillar 6 Pro-Poor Urban Development focusing on "the need to secure equitable development within urban areas and to mitigate the worst effects of rapid urbanization". For the first time UN agencies and their partners are now positioned to at least make a start at delivering a well-integrated effort in support of national and municipal plans and budget allocations with strengthened community engagement targeting pro-poor governance, secure tenure, and access to basic services. Moreover, by supporting the establishment of the Bangladesh Urban Forum, launched by the President in 2011, UNDP has also played a key role in developing a dialogue among all the key stakeholders – including slum dweller organizations, municipal leaders, chambers of commerce and industry, real estate developers, professionals, academics, as well as virtually all of the country's main international development partners.

Source: Authors and UNDP Bangladesh 2012.

There are several other important examples in the region where UNDP has effectively used human development analysis applied to urban issues both at the regional and country level. The Asia Pacific Human Development Report 2012 focuses on cities and climate change and has a chapter on "Building Greener Cities". UNDP in partnership with the Ministry of Housing and Urban Poverty in India supported the preparation of a Mumbai Human Development Report that helped both government and citizen groups look at human development issues across the different wards and review the impacts of government and private sector investments and policies. Indeed deploying UNDPs highly regarded human development (HDR) analytical framework is not only useful as an urban analytical tool, but can also serve a powerful advocacy function in bringing different levels of government, the private sector and citizens on a common platform

Leveraging UNDP Resources

To achieve impacts at scale UNDP will need to leverage its resources. The strategy provides for this in a number of basic ways: by concentrating UNDP core resources around strategic urban goals linked to its four focus areas; by integrating priority urban issues into national development plans, the UNDAF and the HDR analytical framework; by helping to align the efforts of civic leaders in the business and local financial institutions around corporate social responsibility support for making cities more inclusive; by systematically linking UNDP supported technical cooperation activities to the planning and implementation of the capital investments being made in urban infrastructure to influence both the development impacts of these investments, as well as to position UNDP to play a strategic role in the local capacity building that is critical to their successful implementation; and by helping motivated cities become creditworthy and access domestic capital markets to fund pro-poor infrastructure investments at scale.

The focus of leveraging resources should be on the development of partnerships, networks, strategic alliances and collaborative ventures with local and national governments, local business leaders, development agencies, international development banks, professional organizations, associations of cities, non-government and community based organizations, and universities and other knowledge based institutions. Resource leveraging should involve pulling together finance, human capital, technology, research and development, information and knowledge sharing.

Strategic Points of Entry

There is a very wide range of activities that UNDP could become engaged in the urban sector. However, the complexity of the issues and the scale of the challenge require a strategy that focuses on where UNDP has the greatest comparative advantage and the ability to impact at scale.

Geographic focus: The strategic framework outlined below focuses at the *national level* on national urban policies and strategies that enable cities and the nation's system of cities to support and sustain growth, job creation and more inclusive urban societies; and at the *local level* on secondary cities and the urban periphery. The focus on national policies and strategies is an obvious comparative advantage for UNDP, given the broad based respect for its neutrality and its proven capacity to facilitate policy dialogue at the national level, as is the focus on secondary cities and urban periphery, since these are the urban areas with the highest levels of vulnerability and in greatest need of UNDP crosscutting programming support:

- Over 60% of the region's urban population lives in urban areas with populations of less than 1 million and secondary cities are also experiencing the highest growth rates. They act as local economic growth centres, markets and processing centres for rural products, and bridges between rural areas and large urban centres and yet most often lack basic infrastructure and services,[126] as well as urban management capacity. Most have not developed global or even national linkages and are struggling to accommodate growing populations with weak local governments, poor infrastructure and services, lagging job creation and weak revenue bases.

- The urban periphery is where the urban and rural come together and where development is most often haphazard: where the most vulnerable urban poor usually reside; where infrastructure and services are weak or totally non-existent; where

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126 The State of Asian Cities 2010/11, p. 8.

land grabbing, unplanned developments and environmental degradation are often rampant; and where urban governance arrangements and authority are weakest.

Scope of Activities: As is described in more detail below the scope of activities in UNDP country urban strategies at the national level should focus on facilitating the urban policy dialogue and on mainstreaming into national plans, budgeting processes and regulatory reforms, policies and implementation structures and systems that will help cities anticipate, plan for and manage urban growth by creating incentives for local authorities to become more accountable and to raise revenues for improved infrastructure and service delivery, and that will clarify property rights and require the efficient and transparent management of public land assets. At the local level, focused on secondary cities and the urban periphery, UNDP country strategies should target improvements in four strategic areas: urban governance, land administration and management, poverty reduction through quality job growth, and city inclusion strategies targeting the city's most vulnerable communities with improvements in infrastructure, social services, environmental improvements and risk reduction. UNDP should play a lead role in facilitating the national urban policy dialogue and in helping to strengthen the capacity of both central and local government to improve intra and inter-governmental coordination and urban resource management arrangements, as well as donor coordination by providing a framework to align activities and financing around these four objectives. UNDP should also support related activities involving research and development, learning, knowledge and information dissemination, as well as monitoring and evaluation.

Scale of Activities: At the national level, country urban strategies should target nationwide impacts on the nation's system of cities, on improving their economic connectivity, their competitiveness, encouraging local innovations, and on knowledge-sharing to support adaptation and replication. At the local level, strategies should target citywide impacts, including the more efficient functioning of the local land market, strengthening the local government's capacity to raise revenues, creating partnerships with the private sector and educational institutions to stimulate job creation and developing citywide inclusion strategies that target the most vulnerable communities.

STRATEGIC FRAMEWORK AND OBJECTIVES

The figure opposite illustrates a framework to guide the country based urban strategy development process.   The objectives, activities and potential impacts are described in more detail below under five strategic outcomes.

UNDP ASIA PACIFIC URBAN STRATEGY FRAMEWORK

Managing Urban Growth

Operating Through Focus Areas

| Democratic Governance | Poverty Reduction | Environment and Energy | Crisis Prevention and Recovery |

Targeting National and Citywide Impacts

NATIONAL URBAN POLICIES
• Decentralization strategies
• Fiscal equalisation
• City-system strategies
• Metropolitan area governance

SECONDARY CITIES
• Urban Governance
• Land Management/Administration
• Job and Business Creation
• City Inclusion Strategies

Performance Outcomes
• Achievement of MDGs for Countries in Region
• Increased Urban Governance and Land Management Capabilities
• Reduction in Urban Poverty and Inequity
• Employment and LED
• Improved Energy Efficiency and Liveable Environments
• Risk Reduction
• Sustainable Urban Development

Impact

An Asia Pacific Region in which urbanization is managed in a more sustainable way resulting in the continuous improvements to economic prosperity, equity, quality of life and well-being for people living and working in towns and cities

National Urban Policies

National urban policies that encourage decentralization empower local authorities to promote sustainable urbanization and reinforce the importance of active community participation in planning, setting budgetary priorities and supporting implementation. Activities at the national level should include support for national urban policy dialogues such as national urban forums to help articulate and promulgate national urban policies and strategies including: policies on fiscal arrangements for revenue sharing between levels of governments, policies that clarify property rights and require the efficient and transparent management of public land assets (often owned by ministries or parastatals), reform of national planning laws, social determinants of urban health inequities, and measures to mitigate the impacts of climate change. National policies that increase city autonomy and hold local authorities accountable to taxpayers and voters also encourage local innovation, local resource mobilization and ultimately creditworthy cities. The challenge in many countries in the region is to mainstream policies that anticipate and plan for urban growth in national plans and budgeting processes, as China has done with such notable results.[127] (see Box 6)

Box 6: *"China Daily"* – Building Sustainable Cities

At the beginning of 2012, for the first time in China's history, urban residents outnumbered those in the countryside. According to the National Bureau of Statistics, in January 2012, the number of urban dwellers was 690.8 million, nearly 51.3% of China's total population. And although China is still less urbanized than most developed nations, it already has the world's largest urban population.

Rapid urbanization has been a major driver in boosting China's economic growth and reform. It has been a key element in the last two five-year plans, with the general strategy being to expedite the process while also promoting a more coordinated and balanced approach to narrow the rural-urban divide and reduce energy consumption and carbon emissions.

During the 11th Five-Year Plan (2006-10), the majority of urbanization targets were achieved, with a higher concentration of the population in China's prefecture-level cities generating more than two-thirds of the country's total GDP in 2009. The overall competitiveness and urban economic strengths were improved through the coordinated development of large metropolitan regions through the clustering of cities. Urbanization is also a main feature of the 12th Five-Year Plan (2011-15) with an emphasis on higher quality and inclusive growth.

However, urbanization is also one of the key development challenges facing China. The growing rural-urban migration and physical expansion of cities and metropolitan regions in China have put significant pressure on the consumption of energy, environment, healthcare, public resources and services. Many Chinese cities are now battling with congestion and pollution, while rising real estate prices and a lack of access to affordable social housing have become a source of instability in urban areas.

Source: China Daily, 09/27/2012

Urban Governance

Urban governance is inextricably linked to the welfare of the city's population and underpins the performance of all investments in infrastructure and service delivery. Participation and civic engagement are critical for good governance, which must also include the full and meaningful participation of women to be sustainable and equitable. Participatory governance begins at the local level. The goal for countries that have adopted participatory approaches is to achieve higher quality of service delivery and more inclusive governance. As is the case in Viet Nam[128] and a number of other countries in the region, citizen participation is most often encouraged at the lowest administrative levels, where people are closest to the institutions that affect them. Direct democracy and decentralization, at their best, give both women and men a better chance to participate, help protect the rights of minorities and increase efficiency and transparency of service delivery. UNDP's multi-city HIV initiative for men who have sex with men and

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127 Bhutan, Fiji, Indonesia, Iran, and Papua New Guinea, also have national urban policies and Bangladesh's is pending cabinet approval.

128 UNDP Viet Nam Policy Dialogue Paper (2006/1) "Deepening Democracy and Increasing Popular Participation in Viet Nam."

transgender persons that organically links 6 rapidly-urbanizing cities in Southeast Asia offers a prime example (see Box 7). There is a critical need to mobilize partnerships to support strengthening both governance structures and capacity in secondary cities where this capacity is often the weakest, as well as on the urban periphery, outside of the city's administrative boundary, where the governance structures and authority are most often either unclear or totally absent.

Box 7: Multi-city HIV Initiative for men who have sex with men and transgender persons

HIV infection rates among men who have sex with men (MSM) and transgender people in the Asia Pacific region is now at crisis levels. Widespread "social taboos and discrimination" among the general population and health care providers has resulted in limited access to effective HIV prevention, treatment and care services. For example, newly reported HIV cases among men who have sex with men in the Philippines more than quadrupled between 2006 and 2009, and now account for approximately 70% of all new HIV cases. In the Asia region, men who have sex with men are nineteen times more likely to be living with HIV than the general population.

To support government and community based organizations effectively respond to this critical health and development issue, in 2010, UNDP and USAID partnered with the Hong Kong Department of Health, UNAIDS, WHO, and the Asia Pacific Coalition on Male Sexual Health (APCOM) to implement the *Men Who Have Sex With Men and Transgender People Multi-City HIV Initiative* in six cities in Southeast Asia and China including Bangkok, Chengdu, Ho Chi Minh City, Jakarta, Manila and Yangon. As a result of this multi-partner, regional initiative, Cambodia, China, Myanmar, the Philippines, Thailand and Viet Nam are being supported to develop progressive national strategies and drafted city-level operational plans to more effectively coordinate HIV responses among men who have sex with men and transgender persons. This process has included UNDP and WHO initiating a regional programme in 2012 to increase access to essential city-based health services by addressing the high levels of reported levels of stigma and discrimination among health care practitioners providing STI/HIV services for men who have sex with men and transgender people. To date, over 200 local health care practitioners in China, Indonesia, the Philippines and Timor Leste have been trained.

Source: Baral, S, Sifakis, F. Cleghorn F and Beyrer C. 2007. Elevated Risk of HIV Infection among Men Who Have Sex with Men in Low and Middle Income Countries 2000-2006: A Systematic Review. PLoS Med 4, no 12 (2007): e339.

For more information:

http://asia-pacific.undp.org/practices/hivaids/documents/msmtg_multi_city/pdf/Six_Cities_Analysis_Report.pdf

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Land Management and Administration

The efficient and transparent management of land, in particular of public land assets, is the key guiding urban expansion, improving living conditions and sustaining growth. Clarifying property rights is a first requirement, as is building capacity to properly assess land values. The provision of infrastructure and land for public use, as well as the affordability of housing depends on the commitment, and ability of local and central governments to be proactive about keeping land affordable, and their willingness and capacity to anticipate, facilitate and guide urban expansion. As cities expand, the necessary land for public streets, public infrastructure networks, and public open spaces must be planned for and secured in advance of development.[129] Improving land administration and management is therefore key to keeping land and housing affordable, as well as to helping cities get out in front of their growth, allowing them to make at least minimum provision for their expansion while managing densities (see Box 8). Without this, as is painfully obvious in many cities across the region, speculation, manipulation and corruption run rampant, distorting land markets, inflating costs, constraining infrastructure improvements and creating huge barriers to economic productivity. Unblocking urban land markets and clarifying property rights also has a potential huge impact on equity, particularly for women and the urban poor. This most often requires securing legal protection from forced evictions and legislation to ensure that women have equal access to land tenure and titling rights.

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129 This is "The Public Works Proposition" from Shlomo Angel's Planet of Cities, which provides a practical agenda for managing urban growth (2012), Lincoln Institute of Land Policy.

Box 8: Improving Urban Land Administration and Management in Hanoi[130]

Hanoi has been able to grow without the formation of large slums because the government set prudent rules for land markets and infrastructure. It allowed the densification of former village areas on the urban periphery. It pushed for modernizing road networks just outside the city, yet it mostly avoided demolishing old houses. These roads have opened new land for formal developers while improving connections between existing village areas and the city. The village areas were allowed to grow and were integrated into the urban economy.

Quality Job Growth and Business Creation

Businesses and entrepreneurs in both the formal and informal sectors create jobs and that happens mainly in cities.[131] The ability of civic leaders in both the public and private sectors to align their efforts around the goal of quality job growth can drive both the quality and sustainability of economic growth. Local economic development and job creation efforts should be at the centre of the city's dialogue with the local business community, and local finance and educational institutions. Local business leaders, educators and entrepreneurs in both the formal and informal sectors are the city's natural allies in this process. For reasons that are obvious, they often care passionately about their city and its future competitiveness and will commit to improving its quality of life.

Job creation is a local process, and as cities across the region are demonstrating, those that create a culture that responds to innovation attract capital and talent, generating quality jobs. This dialogue with local business leaders should focus on reducing unnecessary regulations and barriers to entry for informal sector enterprises, as well as helping the local authority prioritize infrastructure investments that can reduce costs and increase business efficiency. Good infrastructure can attract investments and employment opportunities as can industrial parks and export processing zones, but the most important element of job creation is civic leadership and public-private partnerships that are focused on this goal. This obviously must also include addressing the need to improve working conditions and productivity in the informal sector and micro business development opportunities. Cities should provide space for the informal sector enterprises as well as encourage training for the kinds of skills that are in greatest demand. As they comprise a significant share of informal workers, efforts geared towards women's SME development, including access to technical and vocational training, should be prioritized and perceived as a prerequisite for inclusive growth. Cities should also encourage the entrepreneurial energy of informal sector enterprises with incentives and by adjusting local regulations to lower the costs and increase the benefits of formalizing their enterprises.

City Inclusion Strategies

City Inclusion Strategies are conceived to directly address poverty, inequity and vulnerability in cities with a set of well-integrated actions developed in partnership between the city and its residents, particularly the urban poor.[132] Based on citywide surveying and mapping, undertaken with those communities that do not yet benefit from basic infrastructure and social services, the city is able to focus its policies and resources on those areas that are most in need, as well as to develop monitoring indicators based on a priority criteria. The mayor, together with all city infrastructure and service delivery department heads, can then set targets to channel their respective budgets in a well focused effort to improve the quality of life and livelihoods with those communities in greatest need.

Depending on priorities agreed with the communities, this involves a well-integrated package of support to stabilize secure tenure, provide basic infrastructure for water, sanitation, drainage, waste management, electricity, women's economic empowerment including micro-credit, vocational training, literacy campaigns, family health and youth programs, risk-reduction strategies, improved security, etc. Special attention should be paid to women and vulnerable groups, whose experience and challenges in navigating public space should inform planning and policy making. Encouraging such city-led processes in partnership with civil society and the private sector to develop well-integrated 'inclusion strategies' dramatically improves accountability of local

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130 "Planning, Connecting, and Financing Cities – Now", Priorities for City Leaders, World Bank (2012).

131 The Coming Jobs War, by Jim Clifton (CEO of Gallop), Amulet Books (2011).

132 City inclusion mapping and inclusion strategies have been pioneered by Brazilian civic leaders including, the late Celso Daniel, former Mayor of Santo Andre (UN-Habitat Best Practice Database).

authorities, development agencies, corporate social responsibility, as well as city residents themselves, to progressively stabilize precarious communities and directly improve the quality of life for those most in need.

STRATEGY IMPLEMENTATION

Cities, particularly Asia's cities, are at the forefront of innovation. Many cities in the region are engaged in organized networks and forge partnerships that sustain innovations as well as competition. In virtually every country in the region there are mayors and other civic leaders who are local champions for more inclusive urban growth. UNDP's country urban strategies need to be anchored at the local level working closely with and learning from these local champions and political advocates. While it is important to leverage the vertical role of UNDP to help develop supportive national policies, embracing change by working directly with cities, drawing on the experience and expertise of mayors and other local leaders and helping to inspire their innovation should be the cornerstone of implementation. This also implies developing a flexible capacity to respond to local innovations and investing in strengthening local knowledge-based partners and their networks to support capacity building, replication and monitoring.

Implementation pathways are suggested in the partnership section of this strategy but these will vary in countries across the region. Developing national urban and local government strategies at the country level will help build consensus on how best to respond to the specific challenges and opportunities of urbanization. What is critical is that UNDP mainstream sustaining economic growth by promoting the growth of cities that are more inclusive, resilient and sustainable in its policy dialogue with government and its development agency partners. Where there is a local constituency this should be reflected as a priority in the UNDAF, and where the constituency is less clear UNDP should become an effective advocate in facilitating the urban policy dialogue and reforms at the national and sub-national level. Of equal importance UNDP should fully deploy its crosscutting programming capacity to align resources and engage partners across sectors targeting the strategic outcomes outlined in this strategy. UNDP can play an important role in terms of kick-starting analytical work with secondary cities and on the urban periphery and getting stakeholders together, helping prepare strategies for more inclusive urbanization and building strong city-wide alliances with the shared objective of making cities more inclusive. While economic growth and governance in many secondary cities is extremely weak, interventions at this stage can mitigate against many of the problems now experienced by the larger metros.

Strategy performance, evaluation and financing should be determined by UNDP at the country level and will be dependent on the individual country strategies. While the strategy focuses on implementation through strengthened partnerships operating through the four focus areas, taking a city perspective to enhance development effectiveness across sectors is a big step for UNDP. It adds complexity and will require leadership at the country level, and in some cases seed funding for policy and programming support from the centre. While there is no doubt that UNDP is able to leverage considerable resources to implement this urban strategy, a high priority will be to mobilize research and professional capacity to guide and inform implementation at the outset. Success with this strategy will depend on the ability at the country level to establish clear priorities, which are consistent with available staff and financial resources.

ATTACHEMENT 1: ASIA PACIFIC URBAN DATA BY COUNTRY

Index	Major area, region, country	Urban Population (thousands) ('000) 2010	('000) 2030	('000) 2050	% Population in Urban Areas (%) 2010	(%) 2030	(%) 2050	Change in Urban Population (thousands) ('000) 2010-30	('000) 2010-50	Change in Urban Population (%) 2010-30	(%) 2010-50	GNI per capita PPP $ 2010	Motor Vehicles (per 1,000 people) 2009	Improved facilities % urban pop. with access Water (%) 2010	Sanitation (%) 2010	Cellular Subscriptions (per 100 pop.) 2010
1	**World**	3,558,578	4,983,908	6,252,175	51.6	59.9	67.2	1,425,330	2,693,597	40.1%	75.7%	—	—	—	—	—
2																
3	**Asia-Pacific Region**	1,866,114	2,670,281	3,218,988	44.7	55.5	64.2	804,167	1,352,874	43.1%	72.5%	—	—	—	—	—
4																
5	**East and North-East Asia**	838,931	1,146,920	1,182,335	54.1	71.6	79.3	307,989	343,403	36.7%	40.9%	—	—	—	—	—
6	China	660,286	957,649	1,001,612	49.2	68.7	77.3	297,363	341,326	45.0%	51.7%	7600	47	98	74	64
7	China, Hong Kong SAR	7,053	8,483	9,305	100.0	100.0	100.0	1,430	2,252	20.3%	31.9%	47270	74	—	—	196
8	China, Macao SAR	544	742	824	100.0	100.0	100.0	199	281	36.5%	51.6%	57060	161	—	—	—
9	Dem. People's Republic of Korea	14,659	16,961	18,997	60.2	64.8	72.0	2,302	4,338	15.7%	29.6%	—	—	99.0	86	—
10	Japan	114,567	116,423	105,949	90.5	96.8	97.6	1,856	-8,618	1.6%	-7.5%	34780	589	100	100	—
11	Mongolia	1,862	2,829	3,485	67.6	80.3	85.1	967	1,622	51.9%	87.1%	3660	72	100	64	91
12	Republic of Korea	39,960	43,833	42,163	82.9	87.1	89.6	3,872	2,203	9.7%	5.5%	28830	355	100	100	105
13																
14	**South-East Asia**	261,532	393,340	500,156	44.1	55.7	65.9	131,808	238,624	50.4%	91.2%	—	—	—	—	—
15	Brunei Darussalam	302	426	517	75.6	81.6	85.9	124	215	41.2%	71.3%	49790 a 2009	510	—	—	109
16	Cambodia	2,801	4,522	7,135	19.8	26.0	37.6	1,720	4,333	61.4%	154.7%	2070	—	87	73	58
17	Indonesia	119,752	176,419	211,519	49.9	63.1	72.1	56,667	91,767	47.3%	76.6%	4190	79	92	73	92
18	Lao People's Democratic Republic	2,054	3,996	5,418	33.1	51.5	64.6	1,942	3,365	94.6%	163.8%	2400	20	77	89	65
19	Malaysia	20,450	30,209	37,369	72.0	81.1	86.0	9,758	16,919	47.7%	82.7%	14160	350	100	96	119
20	Myanmar	15,388	23,939	31,394	32.1	44.1	56.8	8,551	16,006	55.6%	104.0%	1290 b 2008	7	93	83	1
21	Philippines	45,370	71,145	101,651	48.6	56.3	65.6	25,775	56,281	56.8%	124.1%	3960	33	93	79	86
22	Singapore	5,086	5,978	6,106	100.0	100.0	100.0	892	1,020	17.5%	20.0%	56890	156	100	100	145
23	Thailand	23,315	32,039	39,567	33.7	43.7	55.7	8,724	16,253	37.4%	69.7%	8150	—	97	95	104
24	Timor-Leste	314	713	1,329	28.0	35.8	44.2	398	1,015	126.7%	322.8%	5210	—	91	73	53
25	Viet Nam	26,700	43,954	58,151	30.4	43.3	55.9	17,254	31,451	64.6%	117.8%	3060	13	99	94	175
26																
27	**South and South-West Asia**	600,625	946,564	1,335,429	33.8	42.5	53.7	345,940	734,805	57.6%	122.3%	—	—	—	—	—
28	Afghanistan	7,300	16,635	33,102	23.2	31.2	43.4	9,335	25,802	127.9%	353.5%	910	29	78	60	41
29	Bangladesh	41,476	71,148	101,357	27.9	39.1	52.2	29,672	59,881	71.5%	144.4%	1810	3	85	57	46
30	Bhutan	253	434	551	34.8	48.3	57.3	182	299	71.9%	118.3%	4970	57	100	73	54
31	India	378,775	605,813	875,383	30.9	39.8	51.7	227,037	496,607	59.9%	131.1%	3340	18	97	58	61
32	Iran (Islamic Republic of)	50,996	61,517	66,761	68.9	72.9	78.2	10,521	15,765	20.6%	30.9%	11400 a 2009	128	97	100	—
33	Maldives	126	217	266	40.0	56.7	65.6	91	139	72.1%	110.3%	7840	24	100	98	157
34	Nepal	4,990	9,917	17,052	16.7	24.8	36.7	4,927	12,061	98.7%	241.7%	1210	5	93	48	31
35	Pakistan	62,290	104,197	153,967	35.9	44.4	56.0	41,907	91,677	67.3%	147.2%	2780	13	96	72	57
36	Sri Lanka	3,138	4,652	7,026	15.0	20.1	30.3	1,514	3,889	48.3%	123.9%	5040	47	99	88	83
37	Turkey	51,281	72,034	79,965	70.5	83.1	87.3	20,753	28,684	40.5%	55.9%	15460	142	100	97	—
38																
39	**North and Central Asia**	139,169	149,843	160,721	63.2	65.7	71.2	10,674	21,552	7.7%	15.5%	—	—	—	—	—
40	Armenia	1,981	2,094	2,166	64.1	67.4	73.9	113	185	5.7%	9.3%	5640	103	99	95	125
41	Azerbaijan	4,906	6,469	7,921	53.4	59.9	68.4	1,562	3,014	31.8%	61.4%	9240	104	88	86	99
42	Georgia	2,295	2,168	2,114	52.7	57.7	66.4	-127	-181	-5.6%	-7.9%	4950	151	100	96	91
43	Kazakhstan	8,611	10,545	13,650	53.7	55.9	64.4	1,934	5,039	22.5%	58.5%	10620	199	99	97	121
44	Kyrgyzstan	1,883	2,694	4,010	35.3	40.4	51.6	811	2,126	43.1%	112.9%	2070	59	99	94	99
45	Russian Federation	105,292	105,804	103,388	73.7	77.6	81.9	511	-1,904	0.5%	-1.8%	19210	271	99	74	—
46	Tajikistan	1,823	2,769	4,508	26.5	30.7	42.0	946	2,685	51.9%	147.3%	2120	38	92	95	86
47	Turkmenistan	2,441	3,498	4,403	48.4	56.7	66.3	1,057	1,962	43.3%	80.4%	7460	106	97	99	63
48	Uzbekistan	9,936	13,803	18,563	36.2	41.4	52.4	3,867	8,627	38.9%	86.8%	3150	—	98	100	76
49																
50	**Pacific**	25,857	33,614	40,346	70.7	71.4	73.0	7,757	14,489	30.0%	56.0%	—	—	—	—	—
51	**Australia/New Zealand**	23,594	29,929	34,247	88.6	90.7	92.4	6,335	10,653	26.8%	45.1%	—	—	—	—	—
52	Australia	19,829	25,361	29,151	89.0	91.3	92.9	5,532	9,322	27.9%	47.0%	36910	688	100	100	—
53	New Zealand	3,765	4,568	5,096	86.2	87.7	89.7	803	1,331	21.3%	35.3%	29140	718	100	100	—
54	**Melanesia**	1,621	2,861	5,110	18.5	22.6	30.8	1,240	3,490	76.5%	215.3%	—	—	—	—	—
55	Fiji	446	572	685	51.8	59.7	67.3	126	239	28.3%	53.5%	4460	177	100	94	81
56	New Caledonia	155	198	239	61.9	62.9	69.5	42	84	27.3%	53.8%	14020 b 2000	—	—	—	—
57	Papua New Guinea	853	1,732	3,557	12.4	17.0	26.3	879	2,704	103.1%	317.2%	2400	9	87	71	28
58	Solomon Islands	108	242	428	20.0	28.8	36.8	135	321	125.1%	297.9%	2200	—	94	98	6
59	Vanuatu	59	117	202	24.6	31.4	39.3	58	143	97.7%	242.1%	4300	—	98	64	119
60	**Micronesia**	358	464	537	66.7	70.2	74.0	106	180	29.7%	50.2%	—	—	—	—	—
61	Guam	168	209	235	93.2	94.3	95.6	41	67	24.6%	40.0%	—	—	100	99	—
62	Kiribati	44	64	88	43.8	48.8	56.8	21	45	47.9%	102.8%	3520	146	77	49	10
63	Marshall Islands	39	52	62	71.5	77.4	82.4	13	23	34.9%	59.3%	3696 b 2010	—	92	83	7
64	Micronesia (Fed. States of)	25	34	47	22.5	26.5	33.6	9	22	36.7%	86.7%	3470	37	95	61	25
65	Nauru	10	11	11	100.0	100.0	100.0	1	0	7.5%	4.5%	—	—	88	65	60
66	Northern Mariana Islands	56	71	69	91.3	93.4	95.0	15	14	27.1%	24.6%	—	—	98	—	—
67	Palau	17	23	26	83.4	91.8	94.1	6	9	33.1%	51.9%	10950	—	83	100	71
68	**Polynesia**	284	360	452	42.3	46.0	52.6	76	167	26.8%	58.9%	—	—	—	—	—
69	American Samoa	64	91	117	93.0	95.6	96.8	27	53	43.1%	83.4%	—	—	—	—	—
70	Cook Islands	15	17	20	73.3	78.4	83.1	3	5	16.9%	32.6%	—	—	98	100	38
71	French Polynesia	139	174	205	51.4	54.7	62.2	35	66	24.8%	47.4%	15970 b 2000	—	100	99	—
72	Niue	1	1	1	37.5	46.4	54.9	0	0	4.5%	9.3%	—	—	—	—	—
73	Samoa	37	38	53	20.1	19.1	24.4	2	17	4.3%	45.3%	4250	77	96	98	91
74	Tokelau	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
75	Tonga	24	33	47.587	23.4	27.2	34.4	9	23	35.0%	95.7%	4560	—	100	98	52
76	Tuvalu	5	6	8.411	50.1	58.4	66.1	1	3	29.8%	70.7%	4600 b 2010	—	98	88	25
77	Wallis and Futuna Islands	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Sources:

Population Data	UN, Dept of Economic and Social Affairs, Population Division (2012). World Urbanization Prospects: The 2011 Revision, CD-ROM Edition.
GNI per capita data	The World Bank, Worlddatabank, at 2010 current international $.
	a (year) : GNI per capita, PPP (current international $)
	b (year) : GNI per capita, Atlas method (current US$)
Water, sanitation, cellular, and motor vehicle data	Asian Development Bank and World Bank Databases
	(some earlier years data from 2007 on has been included when current year data not available)

ATTACHEMENT 2: NUMBER OF CITIES CLASSIFIED BY SIZE ASIA PACIFIC REGION

NUMBER OF CITIES CLASSIFIED BY SIZE CLASS OF URBAN SETTLEMENT, REGION AND COUNTRY

Index	Major area, region, country	Number of agglomerations 10 million or more			Number of agglomerations 5 to 10 million			Number of agglomerations 1 to 5 million			Number of agglomerations 500 000 to 1 million		
		1995	2010	2025	1995	2010	2025	1995	2010	2025	1995	2010	2025
1	**World**	13	23	37	19	38	59	270	388	572	338	513	750
2													
3	**Asia-Pacific Region**	7	14	23	12	23	31	126	190	296	148	280	427
4													
5	**East and North-East Asia**	4	6	9	3	12	19	57	95	157	68	156	237
6	China	1	4	7	2	10	17	45	80	139	54	141	218
7	China, Hong Kong SAR	—	—	—	1	1	1	—	—	—	—	—	—
8	China, Macao SAR	—	—	—	—	—	—	—	—	—	—	1	1
9	Dem. People's Republic of Korea	—	—	—	—	—	—	1	1	1	3	1	1
10	Japan	2	2	2	—	—	—	6	6	6	3	3	6
11	Mongolia	—	—	—	—	—	—	—	1	1	1	—	—
12	Republic of Korea	1	—	—	—	1	1	5	7	10	7	10	11
13													
14	**South-East Asia**	—	1	3	3	4	3	11	16	31	12	24	33
15	Brunei Darussalam	—	—	—	—	—	—	—	—	—	—	—	—
16	Cambodia	—	—	—	—	—	—	—	1	1	1	—	—
17	Indonesia	—	—	1	1	1	1	5	6	14	6	11	7
18	Lao People's Democratic Republic	—	—	—	—	—	—	—	—	1	—	1	—
19	Malaysia	—	—	—	—	—	—	1	3	4	1	4	5
20	Myanmar	—	—	—	—	—	1	1	3	2	1	—	3
21	Philippines	—	1	1	1	—	—	1	1	3	2	4	11
22	Singapore	—	—	—	—	1	1	1	—	—	—	—	—
23	Thailand	—	—	1	1	1	—	—	1	1	—	—	4
24	Timor-Leste	—	—	—	—	—	—	—	—	—	—	—	—
25	Viet Nam	—	—	—	—	1	1	2	1	5	1	4	3
26													
27	**South and South-West Asia**	3	6	10	5	7	7	36	57	84	46	68	121
28	Afghanistan	—	—	—	—	—	1	1	1	—	—	—	4
29	Bangladesh	—	1	1	1	1	1	2	1	2	1	1	8
30	Bhutan	—	—	—	—	—	—	—	—	—	—	—	—
31	India	3	3	6	1	4	3	20	36	54	34	46	75
32	Iran (Islamic Republic of)	—	—	—	1	1	1	4	7	8	4	6	12
33	Maldives	—	—	—	—	—	—	—	—	—	—	—	—
34	Nepal	—	—	—	—	—	—	—	—	1	1	1	—
35	Pakistan	—	1	2	1	1	—	6	6	10	2	5	9
36	Sri Lanka	—	—	—	—	—	—	—	—	—	1	1	1
37	Turkey	—	1	1	1	—	1	3	6	9	3	8	12
38													
39	**North and Central Asia**	—	1	1	1	—	1	17	16	19	21	30	30
40	Armenia	—	—	—	—	—	—	1	1	1	—	—	—
41	Azerbaijan	—	—	—	—	—	—	1	1	1	—	—	—
42	Georgia	—	—	—	—	—	—	1	1	1	—	—	—
43	Kazakhstan	—	—	—	—	—	—	1	1	1	—	2	3
44	Kyrgyzstan	—	—	—	—	—	—	—	—	1	1	1	—
45	Russian Federation	—	1	1	1	—	1	12	11	12	19	25	24
46	Tajikistan	—	—	—	—	—	—	—	—	1	1	1	—
47	Turkmenistan	—	—	—	—	—	—	—	—	—	—	1	1
48	Uzbekistan	—	—	—	—	—	—	1	1	1	—	—	2
49													
50	**Pacific**	—	—	—	—	—	1	5	6	5	1	2	6
51	**Australia/New Zealand**	—	—	—	—	—	1	5	6	5	1	2	5
52	Australia	—	—	—	—	—	1	5	5	4	—	2	3
53	New Zealand	—	—	—	—	—	—	—	1	1	1	—	2
54	**Melanesia**	—	—	—	—	—	—	—	—	—	—	—	1
55	Fiji	—	—	—	—	—	—	—	—	—	—	—	—
56	New Caledonia	—	—	—	—	—	—	—	—	—	—	—	—
57	Papua New Guinea	—	—	—	—	—	—	—	—	—	—	—	1
58	Solomon Islands	—	—	—	—	—	—	—	—	—	—	—	—
59	Vanuatu	—	—	—	—	—	—	—	—	—	—	—	—
60	**Micronesia**	—	—	—	—	—	—	—	—	—	—	—	—
61	Guam	—	—	—	—	—	—	—	—	—	—	—	—
62	Kiribati	—	—	—	—	—	—	—	—	—	—	—	—
63	Marshall Islands	—	—	—	—	—	—	—	—	—	—	—	—
64	Micronesia (Fed. States of)	—	—	—	—	—	—	—	—	—	—	—	—
65	Nauru	—	—	—	—	—	—	—	—	—	—	—	—
66	Northern Mariana Islands	—	—	—	—	—	—	—	—	—	—	—	—
67	Palau	—	—	—	—	—	—	—	—	—	—	—	—
68	**Polynesia**	—	—	—	—	—	—	—	—	—	—	—	—
69	American Samoa	—	—	—	—	—	—	—	—	—	—	—	—
70	Cook Islands	—	—	—	—	—	—	—	—	—	—	—	—
71	French Polynesia	—	—	—	—	—	—	—	—	—	—	—	—
72	Niue	—	—	—	—	—	—	—	—	—	—	—	—
73	Samoa	—	—	—	—	—	—	—	—	—	—	—	—
74	Tokelau	—	—	—	—	—	—	—	—	—	—	—	—
75	Tonga	—	—	—	—	—	—	—	—	—	—	—	—
76	Tuvalu	—	—	—	—	—	—	—	—	—	—	—	—
77	Wallis and Futuna Islands	—	—	—	—	—	—	—	—	—	—	—	—

Source:
Population Data : UN, Dept of Economic and Social Affairs, Population Division (2012). World Urbanization Prospects: The 2011 Revision, CD-ROM Edition.

ATTACHMENT 3: CITY GDP RANKINGS FOR 2008 AND PROJECTIONS FOR 2025

2008 Rank	Cities ranked by estimated 2008 GDP at PPPs	Est. GDP in 2008($bn at PPPs)	2025 Rank	Cities ranked by projected 2025 GDP at PPPs	Est. GDP in 2025($bn at 2005 PPPs)	Real GDP growth rate (% pa: 2008-25)	GDP growth ranking (out of 151)
1	Tokyo	1479	1	Tokyo	1981	1.70%	131
2	New York	1406	2	New York	1915	1.80%	118
3	Los Angeles	792	3	Los Angeles	1036	1.60%	141
4	Chicago	574	4	London	821	2.20%	94
5	London	565	5	Chicago	817	2.10%	97
6	Paris	564	6	Sao Paulo	782	4.20%	51
7	Osaka/Kobe	417	7	Mexico City	745	3.90%	62
8	Mexico City	390	8	Paris	741	1.60%	138
9	Philadelphia	388	9	Shanghai	692	6.60%	14
10	Sao Paulo	388	10	Buenos Aires	651	3.50%	74
11	Washington DC	375	11	Mumbai	594	6.30%	28
12	Boston	363	12	Moscow	546	3.20%	79
13	Buenos Aires	362	13	Philadelphia	518	1.70%	133
14	Dallas Worth	338	14	Hong Kong	506	2.70%	81
15	Moscow	321	15	Washington DC	504	1.80%	126
16	Hong Kong	320	16	Osaka/Kobe	500	1.10%	151
17	Atlanta	304	17	Beijing	499	6.70%	8
18	San Francisco	301	18	Boston	488	1.80%	129
19	Houston	297	19	Delhi	482	6.40%	24
20	Miami	292	20	Dallas Worth	454	1.80%	127
21	Seoul	291	21	Guangzhou	438	6.80%	4
22	Toronto	253	22	Seoul	431	2.30%	91
23	Detroit	253	23	Atlanta	412	1.80%	123
24	Seattle	235	24	Rio de Janeiro	407	4.20%	48
25	Shanghai	233	25	San Francisco	406	1.80%	124

2008 Rank	Cities ranked by estimated 2008 GDP at PPPs	Est. GDP in 2008($bn at PPPs)	2025 Rank	Cities ranked by projected 2025 GDP at PPPs	Est. GDP in 2025($bn at 2005 PPPs)	Real GDP growth rate (% pa: 2008-25)	GDP growth ranking (out of 151)
26	Madrid	230	26	Houston	400	1.80%	125
27	Singapore	215	27	Miami	390	1.70%	132
28	Sydney	213	28	Istanbul	367	4.20%	50
29	Mumbai	209	29	Toronto	352	2.00%	106
30	Rio de Janeiro	201	30	Cairo	330	5.00%	42
31	Phoenix	200	31	Detroit	327	1.50%	143
32	Minneapolis	194	32	Madrid	325	2.10%	99
33	San Diego	191	33	Metro Manila	325	4.70%	43
34	Istanbul	182	34	Seattle	319	1.80%	121
35	Barcelona	177	35	Singapore	312	2.20%	95
36	Melbourne	172	36	Sydney	298	2.00%	103
37	Delhi	167	37	Kolkata	298	6.40%	27
38	Beijing	166	38	Phoenix	271	1.80%	120
39	Denver	165	39	Minneapolis	265	1.80%	119
40	Metro Manila	149	40	San Diego	260	1.80%	122
41	Montreal	148	41	Tehran	252	4.10%	55
42	Cairo	145	42	Barcelona	248	2.00%	102
43	Rome	144	43	Melbourne	245	2.10%	98
44	Guangzhou	143	44	Bangkok	241	4.20%	49
45	Baltimore	137	45	Jakarta	231	5.50%	37
46	Milan	136	46	Denver	226	1.90%	113
47	Tehran	127	47	Tianjin	218	6.60%	15
48	St Louis	126	48	Dhaka	215	6.20%	33
49	Petersburg	123	49	Riyadh	214	4.20%	53
50	Vienna	122	50	Lima	213	4.00%	57
51	Tel Aviv-Jaffa	122	51	Brasilia	210	3.90%	63
52	Busan	121	52	Santiago	207	3.30%	78

2008 Rank	Cities ranked by estimated 2008 GDP at PPPs	Est. GDP in 2008($bn at PPPs)	2025 Rank	Cities ranked by projected 2025 GDP at PPPs	Est. GDP in 2025($bn at 2005 PPPs)	Real GDP growth rate (% pa: 2008-25)	GDP growth ranking (out of 151)
53	Santiago	120	53	Rome	203	2.10%	100
54	Bangkok	119	54	Montreal	203	1.90%	110
55	Cleveland	112	55	Bangalore	203	6.50%	20
56	Brasilia	110	56	Johannesburg	198	3.50%	73
57	Portland	110	57	Karachi	193	5.50%	38
58	Johannesburg	110	58	Bogota	192	3.90%	60
59	Lima	109	59	Tel Aviv-Jaffa	191	2.70%	83
60	Riyadh	107	60	Chennai	191	6.50%	23
61	Kolkata	104	61	Monterrey	188	3.70%	66
62	Cape Town	103	62	Baltimore	187	1.80%	116
63	Monterrey	102	63	Cape Town	183	3.50%	75
64	Bogota	100	64	Ho Chi Min City	181	7.00%	2
65	Pittsburgh	99	65	Milan	178	1.60%	139
66	Lisbon	98	66	Busan	177	2.20%	93
67	Athens	96	67	Vienna	175	2.10%	96
68	Vancouver	95	68	St Louis	172	1.80%	117
69	Berlin	95	69	Hyderabad	170	6.50%	21
70	Jakarta	92	70	Chongqing	170	6.60%	17
71	St Petersburg	91	71	Tampa Petersburg	168	1.80%	115
72	Birmingham	90	72	Cleveland	153	1.90%	114
73	Fukuoka	88	73	Portland	152	1.90%	109
74	Manchester	85	74	Guadalajara	150	3.60%	68
75	Brussels	83	75	St Petersburg	149	3.00%	80
76	Guadalajara	81	76	Lisbon	149	2.50%	87
77	Dhaka	78	77	Ahmedabad	145	6.50%	18
78	Karachi	78	78	Jiddah	143	4.10%	54
79	Hamburg	74	79	Athens	142	2.40%	90

2008 Rank	Cities ranked by estimated 2008 GDP at PPPs	Est. GDP in 2008($bn at PPPs)	2025 Rank	Cities ranked by projected 2025 GDP at PPPs	Est. GDP in 2025($bn at 2005 PPPs)	Real GDP growth rate (% pa: 2008-25)	GDP growth ranking (out of 151)
80	Tianjin	74	80	Pune	142	6.60%	16
81	Jiddah	72	81	Pittsburgh	136	1.90%	112
82	Stockholm	70	82	Hanoi	134	7.00%	1
83	Lyon	69	83	Vancouver	133	2.00%	105
84	Bangalore	69	84	Shenyang	132	6.60%	12
85	Warsaw	68	85	Porto Alegre	118	3.50%	72
86	Turin	68	86	Berlin	117	1.30%	150
87	Chennai	66	87	Fukuoka	117	1.70%	134
88	Porto Alegre	66	88	Birmingham	114	1.40%	147
89	Munich	64	89	Belo Horizonte	112	3.60%	69
90	Belo Horizonte	61	90	Ankara	111	3.90%	61
91	Dublin	61	91	Brussels	109	1.60%	137
92	Leeds	60	92	Manchester	108	1.40%	146
93	Hyderabad	58	93	Alexandria	108	5.20%	40
94	Ankara	58	94	Warsaw	107	2.70%	82
95	Ho Chi Min City	58	95	Surat	107	6.70%	7
96	Helsinki	58	96	Dublin	106	3.30%	77
97	Chongqing	57	97	Lahore	102	5.60%	36
98	Auckland	55	98	Wuhan	102	4.10%	56
99	East Rand	54	99	Lagos	101	6.40%	25
100	Budapest	53	100	Chengdu	100	6.60%	11
101	Zurich	52	101	East Rand	98	3.60%	71
102	Wuhan	52	102	Lyon	97	2.00%	104
103	Naples	51	103	Medellin	97	4.00%	58
104	Medellin	50	104	Algiers	96	4.60%	45
105	Ahmedabad	49	105	Stockholm	95	1.90%	111
106	Prague	49	106	Xian	93	6.70%	6

2008 Rank	Cities ranked by estimated 2008 GDP at PPPs	Est. GDP in 2008($bn at PPPs)	2025 Rank	Cities ranked by projected 2025 GDP at PPPs	Est. GDP in 2025($bn at 2005 PPPs)	Real GDP growth rate (% pa: 2008-25)	GDP growth ranking (out of 151)
107	Copenhagen	49	107	Luanda	93	6.30%	31
108	Pune	48	108	Hamburg	93	1.30%	149
109	Amsterdam	47	109	Turin	89	1.60%	140
110	Rotterdam	46	110	Khartoum	86	5.50%	39
111	Alexandria	46	111	Auckland	84	2.50%	85
112	Algiers	45	112	Curitiba	83	3.80%	64
113	Curitiba	44	113	Changchun	81	6.90%	3
114	Shenyang	44	114	Izmir	81	4.00%	59
115	Daegu	43	115	Munich	81	1.40%	148
116	Hanoi	42	116	Budapest	80	2.40%	88
117	Izmir	42	117	Helsinki	79	1.90%	108
118	Puebla	42	118	Puebla	78	3.80%	65
119	Caracas	41	119	Leeds	78	1.50%	144
120	Oslo	40	120	Kanpur	76	6.60%	13
121	Lahore	40	121	Prague	75	2.50%	86
122	Cologne-Bonn	39	122	Zurich	73	1.90%	107
123	Surat	36	123	Caracas	72	3.40%	76
124	Lagos	35	124	Jaipur	71	6.70%	9
125	Recife	35	125	Casablanca	68	4.30%	47
126	Khartoum	35	126	Chittagong	67	6.30%	29
127	Chengdu	33	127	Naples	67	1.60%	136
128	Lille	33	128	Lucknow	66	6.60%	10
129	Casablanca	33	129	Copenhagen	65	1.60%	135
130	Luanda	33	130	Daegu	64	2.40%	89
131	Xian	31	131	Amsterdam	63	1.80%	128
132	Changchun	26	132	Recife	63	3.60%	70
133	Kanpur	26	133	Rotterdam	61	1.70%	130

2008 Rank	Cities ranked by estimated 2008 GDP at PPPs	Est. GDP in 2008($bn at PPPs)	2025 Rank	Cities ranked by projected 2025 GDP at PPPs	Est. GDP in 2025($bn at 2005 PPPs)	Real GDP growth rate (% pa: 2008-25)	GDP growth ranking (out of 151)
134	Fortaleza	25	134	Oslo	60	2.30%	92
135	Yangon	24	135	Baghdad	56	5.00%	41
136	Baghdad	24	136	Bandung	54	5.80%	34
137	Jaipur	24	137	Yangon	53	4.70%	44
138	Chittagong	24	138	Cologne-Bonn	49	1.50%	145
139	Lucknow	22	139	Kinshasha	48	6.30%	30
140	Bandung	21	140	Lille	47	2.00%	101
141	Kinshasha	17	141	Fortaleza	46	3.60%	67
142	Faisalabad	14	142	Kabul	41	6.50%	19
143	Kabul	14	143	Faisalabad	37	5.70%	35
144	Krakow	13	144	Addis Ababa	37	6.80%	5
145	Abidjan	13	145	Nairobi	33	6.40%	26
146	Addis Ababa	12	146	Abidjan	28	4.50%	46
147	Nairobi	12	147	Kano	25	6.20%	32
148	Pyongyang	11	148	Dar es Salaam	24	6.50%	22
149	Salvador	10	149	Salvador	21	4.20%	52
150	Kano	9	150	Krakow	21	2.60%	84
151	Dar es Salaam	8	151	Pyongyang	14	1.50%	142

Note: Cities in **bold** in Asia Pacific Region.

Source: PricewaterhouseCoopers estimates and projections using UN urban agglomerations definitions and population estimates

PricewaterhouseCoopers UK Economic Outlook November 2009 pp. 31-35.

ATTACHMENT 4: PROJECTED CITY GDP GROWTH RATE RANKINGS FOR 2008-2025

Growth Rank	City	Region	Average Real GDP growth rate (% pa: 2008-25)
1	Hanoi	Asia Pacific	7.0%
1	Ho Chi Min City	Asia Pacific	7.0%
3	Changchun	Asia Pacific	6.9%
4	Guangzhou	Asia Pacific	6.8%
4	Addis Ababa		6.8%
6	Beijing	Asia Pacific	6.7%
6	Surat	Asia Pacific	6.7%
6	Xian	Asia Pacific	6.7%
6	Jaipur	Asia Pacific	6.7%
10	Shanghai	Asia Pacific	6.6%
10	Tianjin	Asia Pacific	6.6%
10	Chongqing	Asia Pacific	6.6%
10	Pune	Asia Pacific	6.6%
10	Shenyang	Asia Pacific	6.6%
10	Chengdu	Asia Pacific	6.6%
10	Kanpur	Asia Pacific	6.6%
10	Lucknow	Asia Pacific	6.6%
18	Bangalore	Asia Pacific	6.5%
18	Chennai (Madras)	Asia Pacific	6.5%
18	Hyderabad	Asia Pacific	6.5%
18	Ahmedabad	Asia Pacific	6.5%
18	Kabul	Asia Pacific	6.5%
18	Dar es Salaam		6.5%
24	Delhi	Asia Pacific	6.4%
24	Kolkata (Calcutta)	Asia Pacific	6.4%
24	Lagos		6.4%
24	Nairobi		6.4%
28	Mumbai (Bombay)	Asia Pacific	6.3%
28	Luanda		6.3%

Growth Rank	City	Region	Average Real GDP growth rate (% pa: 2008-25)
28	Chittagong	Asia Pacific	6.3%
28	Kinshasha		6.3%
32	Dhaka	Asia Pacific	6.2%
32	Kano		6.2%
34	Bandung	Asia Pacific	5.8%
35	Faisalabad	Asia Pacific	5.7%
36	Lahore	Asia Pacific	5.6%
37	Jakarta	Asia Pacific	5.5%
37	Karachi	Asia Pacific	5.5%
37	Khartoum		5.5%
40	Alexandria		5.2%
41	Cairo		5.0%
41	Baghdad		5.0%
43	Metro Manila	Asia Pacific	4.7%
43	Yangon	Asia Pacific	4.7%
45	Algiers		4.6%
46	Abidjan		4.5%
47	Casablanca		4.3%
48	Sao Paulo		4.2%
48	Rio de Janeiro		4.2%
48	Istanbul	Asia Pacific	4.2%
48	Bangkok	Asia Pacific	4.2%
48	Riyadh		4.2%
48	Salvador		4.2%
54	Tehran	Asia Pacific	4.1%
54	Jiddah		4.1%
54	Wuhan	Asia Pacific	4.1%
57	Lima		4.0%
57	Medellin		4.0%
57	Izmir		4.0%

Growth Rank	City	Region	Average Real GDP growth rate (% pa: 2008-25)
60	Mexico City		3.9%
60	Brasilia		3.9%
60	Bogota		3.9%
60	Ankara	Asia Pacific	3.9%
64	Curitiba		3.8%
64	Puebla		3.8%
66	Monterrey		3.7%
67	Guadalajara		3.6%
67	Belo Horizonte		3.6%
67	East Rand		3.6%
67	Recife		3.6%
67	Fortaleza		3.6%
72	Buenos Aires		3.5%
72	Johannesburg		3.5%
72	Cape Town		3.5%
72	Porto Alegre		3.5%
76	Caracas		3.4%
77	Santiago		3.3%
77	Dublin		3.3%
79	Moscow	Asia Pacific	3.2%
80	St Petersburg	Asia Pacific	3.0%
81	Hong Kong	Asia Pacific	2.7%
81	Tel Aviv-Jaffa		2.7%
81	Warsaw		2.7%
84	Krakow		2.6%
85	Lisbon		2.5%
85	Auckland	Asia Pacific	2.5%
85	Prague		2.5%
88	Athens		2.4%
88	Budapest		2.4%

Growth Rank	City	Region	Average Real GDP growth rate (% pa: 2008-25)
88	Daegu	Asia Pacific	2.4%
91	Seoul	Asia Pacific	2.3%
91	Oslo		2.3%
93	London		2.2%
93	Singapore	Asia Pacific	2.2%
93	Busan	Asia Pacific	2.2%
96	Chicago		2.1%
96	Madrid		2.1%
96	Melbourne	Asia Pacific	2.1%
96	Rome		2.1%
96	Vienna		2.1%
101	Toronto		2.0%
101	Sydney	Asia Pacific	2.0%
101	Barcelona		2.0%
101	Vancouver		2.0%
101	Lyon		2.0%
101	Lille		2.0%
107	Denver		1.9%
107	Montreal		1.9%
107	Cleveland		1.9%
107	Portland		1.9%
107	Pittsburgh		1.9%
107	Stockholm		1.9%
107	Helsinki		1.9%
107	Zurich		1.9%
115	New York		1.8%
115	Washington DC		1.8%
115	Boston		1.8%
115	Dallas/Fort Worth		1.8%
115	Atlanta		1.8%

Growth Rank	City	Region	Average Real GDP growth rate (% pa: 2008-25)
115	San Francisco/Oakland		1.8%
115	Houston		1.8%
115	Seattle		1.8%
115	Phoenix		1.8%
115	Minneapolis		1.8%
115	San Diego		1.8%
115	Baltimore		1.8%
115	St Louis		1.8%
115	Tampa/St Petersburg		1.8%
115	Amsterdam		1.8%
130	Tokyo	Asia Pacific	1.7%
130	Philadelphia		1.7%
130	Miami		1.7%
130	Fukuoka	Asia Pacific	1.7%
130	Rotterdam		1.7%
135	Los Angeles		1.6%
135	Paris		1.6%
135	Milan		1.6%
135	Brussels		1.6%
135	Turin		1.6%
135	Naples		1.6%
135	Copenhagen		1.6%
142	Detroit		1.5%
142	Leeds		1.5%
142	Cologne-Bonn		1.5%
142	Pyongyang	Asia Pacific	1.5%
146	Birmingham		1.4%
146	Manchester		1.4%
146	Munich		1.4%
149	Berlin		1.3%

Growth Rank	City	Region	Average Real GDP growth rate (% pa: 2008-25)
149	Hamburg		1.3%
151	Osaka/Kobe	Asia Pacific	1.1%

Source: (PricewaterhouseCoopers).

ATTACHMENT 5: URBAN SLUM POPULATION BY REGION 1990-2012

Urban Slum Population at Mid-year by Region (thousands)							
Major region or area	1990	1995	2000	2005	2007	2010	2012
	('000)	('000)	('000)	('000)	('000)	('000)	('000)
Developing Regions	650,444	711,832	759,915	793,723	803,280	819,969	862,569
Northern Africa	20,126	18,798	15,054	10,984	11,463	12,226	12,762
Sub-Saharan Africa	102,641	122,635	143,255	168,005	179,538	198,168	213,134
Latin America and the Caribbean	104,794	110,871	114,993	110,129	110,412	110,194	113,424
Eastern Asia	154,175	174,363	191,563	204,253	202,809	197,529	206,515
Southern Asia	181,667	190,758	194,364	192,842	192,325	190,647	200,510
South-eastern Asia	68,852	74,049	78,246	75,443	73,744	76,540	79,945
Western Asia	17,810	19,936	21,980	31,565	32,470	34,112	35,704
Oceania	379	421	460	501	520	552	575
Proportion of Urban Population living in Slums (percent)							
Major region or area	1990	1995	2000	2005	2007	2010	2012
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Developing Regions	46.2	42.9	39.4	35.6	34.3	32.6	32.7
Northern Africa	34.4	28.3	20.3	13.4	13.4	13.3	13.3
Sub-Saharan Africa	70.0	67.6	65.0	63.0	62.4	61.7	61.7
Latin America and the Caribbean	33.7	31.5	29.2	25.5	24.7	23.5	23.5
Eastern Asia	43.7	40.6	37.4	33.0	31.1	28.2	28.2
Southern Asia	57.2	51.6	45.8	40.0	38.0	35.0	35.0
South-eastern Asia	49.5	44.8	39.6	34.2	31.9	31.0	31.0
Western Asia	22.5	21.6	20.6	25.8	25.2	24.6	24.6
Oceania	24.1	24.1	24.1	24.1	24.1	24.1	24.1

Source: United Nations Human Settlements Programme (UN-Habitat), Global Urban Indicators Database 2012 UN-Habitat State of the World's Cities Report 2012/2013 - Prosperity of Cities p. 127.

Notes

(a) Slum populations are living in households that lack either improved water, improved sanitation, sufficient living area (more than three persons per room), or durable housing.

(b) Trend data are not available for Oceania. A constant figure does not mean there is no change