



Economic and Social Council

Distr.: General
27 March 2015

Original: English

Economic and Social Commission for Asia and the Pacific

Seventy-first session

Bangkok, 25-29 May 2015

Item 3 (d) of the provisional agenda*

Review of issues pertinent to the subsidiary structure of the Commission, including the work of the regional institutions: environment and development

Towards a sustainable, inclusive and resilient urban future for Asia and the Pacific

Note by the secretariat**

Summary

The Asia-Pacific region is home to more than two billion urban residents and it is estimated that, in 2018, more than half of the region's population will be living in cities — a figure that will rise to 64 per cent in 2050. This represents an unprecedented demographic, economic and cultural shift, which will undoubtedly reshape the region. Such a transformation can and must be harnessed, but currently, much of the region's cities exhibit inefficient patterns of resource use, high and growing levels of income and other forms of inequality, environmental degradation and ineffective governance systems. There is urgent need to rethink urban policy in the light of regional projections and the gaps that clearly exist between current urban development patterns and what is required to realize a sustainable, inclusive and resilient urban future. The present issue paper not only highlights the complex challenges, but it also presents the opportunities brought about through urbanization for member States of the Economic and Social Commission for Asia and the Pacific (ESCAP). It contains a set of recommendations for consideration by the Commission pertaining to adapting to the region's shared urban future.

* E/ESCAP/71/L.1/Rev.1.

** The late submission of the present document is due to the need to incorporate additional inputs resulting from consultation.

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I. Introduction

1. In October 2016, the third United Nations Conference on Housing and Sustainable Urban Development (Habitat III) will be held in Quito. The main objective of this Conference is to adopt a “new urban agenda” for the next 20 years. The General Assembly in its resolution 66/207, and in line with the bi-decennial cycle,¹ committed to convene Habitat III to reinvigorate the global commitment to sustainable urbanization and encouraged the United Nations system, with specific reference to the regional commissions, to actively support the preparatory process. The urban agenda is more relevant and urgent today than ever before. For the first time, more people are living in cities than in rural areas. Urban dwellers are projected to represent 66 per cent of the world’s population by 2050.

2. Cities are now clearly on the global sustainable development agenda. The Secretary-General has affirmed that “our struggle for global sustainability will be won or lost in cities”.² The importance of sustainable urban development was acknowledged in the outcome document of the United Nations Conference on Sustainable Development, “The future we want”, through the inclusion of “sustainable cities and human settlements” as one of the key thematic areas under the framework for action and follow-up.³

3. Furthermore, sustainable urban development has been among the key issues considered in the discussions related to the sustainable development goals, as recognized by the inclusion of proposed goal 11, “Make cities and human settlements inclusive, safe, resilient and sustainable”, in the Report of the Open Working Group of the General Assembly on the Sustainable Development Goals, which was presented at its sixty-eighth session.⁴

¹ Habitat I was held in 1976 in Vancouver, Canada; Habitat II in 1996 in Istanbul, Turkey.

² United Nations, ““Our struggle for global sustainability will be won or lost in cities”, says Secretary-General, at New York Event”, remarks to the High-level Delegation of Mayors and Regional Authorities, New York, 23 April 2012. Available from www.un.org/press/en/2012/sgsm14249.doc.htm.

³ A/RES/66/288, annex.

⁴ A/68/670.

4. In recognizing the importance of sustainable urban development for the Asia-Pacific region, the Commission in its resolution 70/12 on strengthening efforts on human settlements and sustainable urban development for the Asia-Pacific region requested the secretariat to continue to analyse conditions and trends regarding human settlements and sustainable urban development in Asia and the Pacific across all three dimensions of sustainable development, as well as identify strategies to address persistent and emerging challenges, and to continue facilitating regional understanding and action on issues critical to housing and sustainable urban development.

5. Also in its resolution 70/12, the Commission recognized the role of ESCAP in contributing to the regional preparations for Habitat III and requested the secretariat, in collaboration with the United Nations Human Settlement Programme and other concerned bodies and agencies, to organize the sixth Asia-Pacific Urban Forum back-to-back with a high-level regional preparatory meeting in Indonesia in 2015 in order to provide substantive input to its deliberations, and to support the Government of Indonesia in the regional preparations for Habitat III. Governments in the region have an important role to play in addressing the critical challenges, and taking advantage of the opportunities that the region's shared urban future presents. In supporting ESCAP member States in preparation for Habitat III, the present issue paper contains a set of recommendations for consideration by the Commission⁵ in support of a "new urban agenda".⁶

II. Towards a new urban agenda: rethinking urbanism in Asia and the Pacific

6. There is urgent need to rethink urban policy in the light of regional projections and the gaps that clearly exist between current urban development patterns and what is required to realize a sustainable, inclusive and resilient urban future. This section touches upon spatial dimensions, the issue of megacities and the importance of small and medium-sized cities. It argues that traditional urban planning and management has not kept pace with key trends and that a number of critical gaps have emerged, across economic, social and environmental dimensions. There is a need to think beyond city-based planning towards a renewed policy framework in which cities are managed as essential components of national and regional development policy through, for example, the development of "national urban policies". Such holistic approaches need to better integrate urban with national planning and focus on increasing connectedness between urban growth and national and regional development and policy.

7. With more than 4.3 billion people, Asia and the Pacific is the most populated region and is home to 60 per cent of the world population, out of which more than two billion live in urban areas (47.7 per cent of the total population of the region).⁷ Urban dwellers in the Asia-Pacific region now represent 55 per cent of the world's urban population. While the region does not yet exhibit the high urbanization levels of Europe, North America or

⁵ E/ESCAP/70/13.

⁶ Governing Council of UN-Habitat Resolution 24/14.

⁷ ESCAP, *Statistical Yearbook for Asia and the Pacific 2014* (United Nations publication, ST/ESCAP/2704).

Latin America, its urban growth rate of 2.3 per cent per annum is the second highest in the world.⁸

A region of megacities

8. Absolute population numbers are also important for policymakers. One of the defining characteristics of the region's urbanization is the sheer numbers involved. The combined urban population of China and India alone amounts to 1.2 billion and these two countries alone will add 696 million more urban residents by 2050. Based on current United Nations projections, the urban population of the Asia-Pacific region is expected to reach 3.2 billion by 2050. It is not surprising then that urbanization of Asia and the Pacific is characterized by the extraordinary growth of megacities, of more than 10 million people. In 2014, 17 of the world's 28 megacities were in this region, with many of them projected to grow into much larger urban agglomerations.⁹ Beyond today's megacities, the region in 2014 had 75 urban agglomerations with populations that exceeded three million.

9. In some cases, urban population and spatial growth is even redefining urban areas and boundaries. Several "megaurban regions" and large urban corridors have grown far beyond existing municipal and other boundaries. For example, the Pearl River Delta in China is composed of nine cities that are in close proximity with a combined population of almost 60 million, making it one of the world's most densely urbanized areas. Examples of other major urban corridors are the Tokyo-Yokohama-Nagoya-Osaka-Kobe-Kyoto Shinkansen (bullet train) corridor in Japan, the Beijing-Tianjin-Tangshan corridor in North-East China and the Mumbai-Pune corridor in India. To date, it has proven challenging to holistically manage megaurban regions, as they are often divided administratively, while their development patterns and needs transcend such boundaries.

The importance of secondary cities

10. Despite being home to a majority of the world's largest urban agglomerations, most urban residents in Asia and the Pacific do not live in them.¹⁰ The majority of the urban population actually lives in rapidly growing small and medium-sized towns, where much of the region's urban transformation is unfolding.¹¹ Indeed, more than half of the region's urban residents (54.4 per cent) live in smaller cities with fewer than 500,000 people. Secondary and smaller cities and towns may not have the resource base of many larger cities and the population often has less access to basic service provisions, adequate livelihoods and transportation options.

11. Policies to promote urban growth should be aimed at encouraging sustainable economic development in smaller cities as further concentration of economic development in a few cities could lead to greater inequality

⁸ Notably, urbanization rates vary greatly in the region, ranging from 100 and 93 per cent in Singapore and Japan respectively, to 13.0 and 20.5 per cent in Papua New Guinea and Cambodia, respectively. Source: United Nations Department of Economic and Social Affairs, Population Division, *World Urbanisation Prospects: The 2014 Revision, Highlights* (New York, 2014).

⁹ United Nations Department of Economic and Social Affairs, Population Division, *World Urbanisation Prospects: The 2014 Revision, Highlights* (New York, 2014).

¹⁰ Ibid.

¹¹ ESCAP, *Statistical Yearbook for Asia and the Pacific 2014* (United Nations publication, ST/ESCAP/2704).

across urban areas. Throughout the region, there is a need for more balanced urbanization, including greater attention to regional and secondary cities, and enhanced rural-urban linkages. Many second and third tier cities continue to lag behind megacities, reinforcing the urban challenges within those agglomerations, and exacerbating imbalanced economic growth. Greater focus on emerging and secondary cities provides policy opportunities to (re)shape and rebalance the region's urban future.

12. Likewise, not all cities in the region are connected to regional and global networks. This may be because they are in remote island locations or in relatively isolated inland urban environments, as is the case in Central Asia and Mongolia.¹² Despite the growing number of cities connected to the global economy, economic power tends to be concentrated in only a few cities in the region. Many cities continue to be among the most remote urban locations in the world and face challenges in determining a place and a role in regional and global trade routes. Greater attention needs to be paid to their connectivity.

Rethinking urban planning

13. In much of the region, traditional urban planning modalities and frameworks have not kept pace with growth and needs. Consequently, a number of important policy and governance gaps have emerged. In order to further harness urbanization as a driver of development, a coordinated approach and clear policy direction are required. Current models are not providing sufficient basis for inclusive and sustainable urban development. New visions and partnerships spanning national and local governments, as well as the private sector and civil society are essential to any new urban agenda.

14. Such policy innovation needs to be supported by information that meets the requirements of an urban age. The formulation of effective urban policies to manage urbanization and urban growth requires relevant, reliable and up-to-date data on urban trends and conditions and an in-depth understanding of urban dynamics beyond simple indicators and towards more functional and dynamic criteria when defining urban areas and issues. In essence, an urban data revolution is needed for the region to be able to close key information gaps. Urban planning and decision-making can also benefit from a more sophisticated technology, science, knowledge and policy nexus and a greater interface between decision makers and research to address critical data gaps. As an example, the use of geographic information systems technology for understanding urban growth has recently been demonstrated by the United Nations Human Settlements Programme (UN-Habitat) in mapping human settlements in Afghanistan in order to develop the report on the state of Afghan cities for 2014/2015.^{13, 14}

¹² Center for Economic Research, ESCAP and UNDP, "Urbanization in Central Asia: challenges, issues and prospects (Tashkent, Center for Economic Research, 2013). Available from www.unescap.org/sites/default/files/Urbanization%20in%20Central%20Asia_ENG_0.pdf.

¹³ Muhammad Farid, "State of Afghan Cities Programme (SoAC): Understanding urbanisation in Afghanistan", presentation at the Regional Policy Dialogue on Sustainable Urbanization in South Asia, New Delhi, 17-18 December 2014. Available from www.unescap.org/events/regional-policy-dialogue-sustainable-urbanization-south-asia.

¹⁴ UN-Habitat, "Understanding urbanisation: monitoring urban dynamics in a fragile and resource constrained context", discussion Paper #9, March 2015. Available from unhabitat.org/understanding-urbanisation-monitoring-urban-dynamics-in-a-fragile-and-resource-constrained-context-discussion-paper-9/.

III. Asia-Pacific cities face an equity crisis: the challenge of urban inequality is as significant as poverty eradication

15. Cities in the region are now the pre-eminent localities of economic growth and wealth creation. They are home to the largest ever middle class. This, however, masks serious and growing levels of inequality. There are persistent and emerging divisions. In many cities, the majority of the urban population continues to rely on the informal sector for employment, housing and access to land. Urban inequalities are at crisis levels in some subregions and the gaps are growing. The region needs to urgently address urban inequality and its consequences for the cities of Asia and Pacific to continue to play a progressive role in the region's development.

Cities and economic transformation

16. The Asia-Pacific region has experienced rapid economic growth over the previous two decades, lifting millions of people out of poverty and forming an expanding urban middle class that is transforming cities. The shift from predominantly agriculture-based, low-productivity employment to urban-based higher-productivity employment has significantly reduced income poverty in the region. Global economic integration and large-scale foreign direct investments in urban areas have become the drivers of economic growth, which, in turn, has generated employment for many.

17. Urbanization is closely linked to the region's economic growth and future prospects. The economic contribution of cities to gross domestic product (GDP) is significant and largely responsible for national wealth; the region's largest and most globalized cities have economies that are greater than those of many countries in the region. In China, cities contribute 74 per cent of national GDP, but represent only 43 per cent of the population.¹⁵ Specifically, Tokyo generated almost \$1.9 trillion of GDP in 2010, which is the largest among the cities in the region. The second and third largest contributing cities in the region were Moscow and Sydney.¹⁶

Closing urban divides

18. Even though urbanization has contributed positively to lifting millions of people out of poverty, many have not benefited from this transformation. Extreme poverty in the region is declining, but income inequality is increasing as shown by the Gini-coefficient for many cities.¹⁷ Unacceptable numbers of people continue to live in slums, earn insufficient incomes and live in vulnerable and unhealthy environments. Current economic models are not providing a basis for inclusive and sustainable development.

¹⁵ Richard Dobbs and others, *Urban World: Mapping the Economic Power of Cities* (McKinsey Global Institute, 2011).

¹⁶ Cara Parks, "The most dynamic cities of 2025", *FP*, September/October 2012. Available from <http://foreignpolicy.com/2012/08/07/the-most-dynamic-cities-of-2025/>.

¹⁷ UN-Habitat, *State of the World's Cities 2010/2011: Bridging the Urban Divide* (Nairobi, UN-Habitat, 2010).

19. While progress in access to both safe water supply and improved sanitation for urban dwellers has been achieved,¹⁸ issues pertaining to access and quality of service persist. There are wide disparities in access to safe water and improved sanitation among income groups in many urban areas in Asia and the Pacific. For many urban poor living in slum areas or informal settlements, there is not sufficient quantity of clean water supply, and sanitation services are failing to meet demands or needs — particularly for women and girls.¹⁹ Lack of sufficient access to safe water and sanitation among the urban poor results in wide urban health disparities among population groups.

20. Urban poverty and vulnerability continue to be underestimated. Urban income poverty cannot be understood solely based on national poverty lines because unlike the rural poor who produce many of their own goods and consumption items, the urban poor typically must pay cash for all basic items and have much higher housing and transport costs. Over time, the cost of capital has increased and wage rates have shifted upwards. Costs of living in many cities have risen substantially in recent years, creating a significant burden for households.

Creating cities of opportunity

21. Creating greater employment opportunities for current and future urban populations is critical. Most of the urban labour force continues to find work in the informal sector. Even though the urban informal sector is hard to define and its economic significance is difficult to capture, the size of this sector in the Asia-Pacific region is generally estimated to be large and account for a majority of urban employment.²⁰ In fact, without a vibrant informal sector, employment data would be much worse in the region. Youth form a significant part of under- and unemployed in the cities as increasingly it is difficult for them to find full-time, regular employment. Female labour force participation rates in Asia and the Pacific remain significantly lower than those of males.²¹ Female workers have a difficulty securing employment in cities, and when they do find jobs, the positions tend to be lower paying than jobs taken by their male counterparts.

22. As a result of the economic dynamism in the region, urban areas are no longer cheap production centres and inexpensive places to live. Keeping production and labour costs low is not an effective development strategy in the long term. In order to transform the economy into a knowledge-based one that attracts high-quality talent, an increasing number of cities have been setting as a goal their intention to become a “world-class city”. However, governments need to carefully balance gaps between global aspirations and meeting local needs. This requires investment in social, economic and

¹⁸ In 2012, 97% of the urban population in the region had access to safe water supply which was 94% in 1990. Access to improved sanitation for people living in urban areas in the region has been much slower in achievement, at 75%. Source: ESCAP, *Statistical Yearbook for Asia and the Pacific 2014* (United Nations publication, ST/ESCAP/2704).

¹⁹ WHO/UNICEF JMP – Joint Monitoring Programme for Water Supply and Sanitation, 2011. Available from www.wssinfo.org/data-estimates/table/ (accessed 21 April 2015).

²⁰ ILO, Statistical update on employment in the informal economy, June 2012. http://laborsta.ilo.org/applv8/data/INFORMAL_ECONOMY/2012-06-Statistical%20update%20-%20v2.pdf.

²¹ ESCAP, *Statistical Yearbook of Asia and the Pacific 2013* (United Nations publication, Sales No. E.13.II.F.1).

ecological capital. Transforming urban economies will not be easy, but it is an essential task for both future urban and national development.

IV. The region needs to enhance urban environmental quality

23. While many cities have developed through an exploitation model, especially with regard to environmental capital, this model is no longer sustainable or without costs. It is widely acknowledged that the region's cities face significant challenges in balancing growth with quality of life. Urbanization has largely been unplanned and poorly integrated with resource use and concerns with sustainability are often secondary to that of growth. This pattern of exploitation is now being felt in terms of the following: declining livability of many cities; limited access to green and open space; and decreasing viability of natural systems. The impacts of such patterns are being felt across social, environmental and economic domains. If cities are to drive economic growth and development, greater attention must be paid to their qualitative conditions and livability.

Resource gaps

24. The Asia-Pacific region faces specific problems resulting from its current energy and resource-intensive growth patterns. Energy, water and food are the most essential natural resources to sustain development efforts, but they are also the most vulnerable to future demand. The 2012 report of the United Nations Secretary-General's High-Level Panel on Global Sustainability, for example, warned that by 2030, the world would need at least 50 per cent more food, 45 per cent more energy and 30 per cent more water.²² Much of that demand is being driven by cities, and their urbanizing regions. The rapid urbanization of the Asia-Pacific region entails the risk of widening supply and resource gaps, in particular for water supply and sanitation systems, energy supply, land use and food security. This necessitates new forms of management that allow for integrative solutions to resource use and coordination among key stakeholders. Overall, resource use and future urban growth urgently needs to be decoupled.²³ However, the majority of local level administration and municipal utilities in the region continue to be planned and managed along sectoral lines and within municipal boundaries. Rarely are they coordinated in an integrated manner. As a consequence, urban areas are not in a position to fully utilize the integration and synergies between water, energy and food security for efficiency gains.

Towards integrated solutions

25. An urban nexus approach aimed at integrated planning and management processes of the key sectors of energy, water and food security is urgently required for the long-term sustainable development of rapidly growing cities and their regions.²⁴ This approach can and should be

²² United Nations Secretary-General's High-level Panel on Global Sustainability, "Resilient people, resilient planet: a future worth choosing, Overview" (New York, 2012). Available from http://uscib.org/docs/GSPReportOverview_A4%20size.pdf.

²³ Mark Swilling and others, "City-level decoupling: urban resource flows and the governance of infrastructure transition", a report of the Working Group on Cities of the International Resource Panel, UNEP, 2013. Available from http://www.unep.org/resourcepanel/portals/24102/pdfs/Cities-Full_Report.pdf.

²⁴ ESCAP, Background note for the Regional Workshop on Integrated Resource Management in Asian Cities: The Urban Nexus, Bangkok, 2-4 December 2013. Available from www.unescap.org/events/regional-workshop-integrated-resource-management-asian-cities-urban-nexus-1.

embedded into planning frameworks, at both national and local levels, so it becomes normative. Cross-sectoral and planning ministries have a key role to play in supporting cities in their resource nexus strategies.²⁵ As both the resource footprint of cities and ecosystem boundaries transcend urban administrative boundaries, greater coordination across actors and institutions is needed.

26. Opportunities for integration as part of efforts to more effectively address current challenges through closing resource gaps for Asian and Pacific cities can be found in water, waste management and transport/mobility.

27. Water is one example in which greater synergies and integration can provide significant benefits. Development of eco-efficient water infrastructure that aims to accomplish both ecological and economic efficiency in urban water management, and implementation of integrated urban water management tools at national and local levels are vital for achieving sustainable urban water management in the region. Integrated urban water management is an approach aimed at: improving water supply and consumption efficiency; ensuring adequate water quality and wastewater treatment; increasing economic efficiency of services to sustain operations and investments for water, wastewater and storm water management; using alternative water sources, including rainwater, and reclaimed and treated water; engaging communities to reflect their needs and knowledge for water management; establishing and implementing appropriate policies and strategies to facilitate the above activities; and supporting capacity development of personnel and institutions.

28. With support from ESCAP, community-based rainwater harvesting, storm water management and domestic wastewater treatment, reuse and recycling systems in Cebu City, Philippines, Bandung, Indonesia, and Kathmandu have been promoted together with capacity-building activities and national/local policy development documents for promoting eco-efficient urban water infrastructure.²⁶ In addition, the secretariat has supported sustainable water use for industry development in Mongolia. Examples of integrated strategies to manage scarce resources, such as water, are critical for future urban planning and management. Meeting such needs through integrated systems, such as through the use of wastewater and the more effective capture of water resources, are important strategies in this regard.

29. Rising incomes and consumption along with changing production patterns have created the potential for a waste crisis in many of the region's cities. In spite of spending 20 to 50 per cent of their annual budgets on solid waste management, many towns and cities are still unable to provide full collection services and dispose of solid waste in an environmentally acceptable manner. Current solid waste management practice relies on open dumping (often accompanied by partial burning) and uncontrolled landfilling. These practices generate significant environmental problems, including the contamination of waterways, soil and the air, and create health hazards. However, the high percentage of organic matter in waste streams in

²⁵ ESCAP, Report of the Fourth Regional Workshop on Integrated Resource Management in Asian Cities: The Urban Nexus, Ulaanbaatar, 5-7 November 2014. Available from www.unescap.org/events/fourth-regional-workshop-integrated-resource-management-asian-cities-urban-nexus.

²⁶ Further information is available at www.unescap.org/resources/managing-urban-water.

developing countries in Asia and the Pacific offers a tremendous opportunity to significantly reduce the waste going to landfill.²⁷

30. A number of good practices in the region have started to change this narrative. Waste Concern, a non-governmental organization in Bangladesh, has pioneered a decentralized, pro-poor and low cost waste-to-resource approach to solid waste management. With assistance from ESCAP, a number of cities in the region, including Matale and Ratnapura in Sri Lanka, Quy Nhon and Kon Tum in Viet Nam, and Kampot in Cambodia, are using waste as a resource through recycling and composting initiatives that involve entire communities and provide jobs opportunities for the urban poor.²⁸

31. The region is experiencing rapid motorization. Although broader access to private motor vehicles promises mobility improvements, the typical result is escalating problems: public transport mired in congestion; slow goods movement; increasing road casualties; health impacts of air pollution; blighted public places; and shrinking space for walking or cycling. Many of those problems also compound the exclusion of already marginalized groups, such as the poor, people living with disabilities and older persons. The economic consequences are also serious, with mobility accounting for burdensome shares in household and municipal budgets.²⁹ Moreover, transport-related externalities can add up to more than 10 per cent of a country's GDP. Thus, a shift to sustainable mobility is urgently required.

32. Mobility demand can be met in a sustainable way through public transport and non-motorized transport through integrated transport and land use planning, while controlling private vehicle use. Rather than building more roads, limited road space can be used to prioritize public transport, cycling and walking by allocating exclusive bus lanes and expanding the width of sidewalks. In addition, investment in rail-based transport should be prioritized both nationwide and intracity in order to support mobility and strengthen rural-urban linkages.

Green urbanism

33. Through "green urbanism", greater integration of natural resources in urban planning and development is possible. Green urbanism is a conceptual model for zero-emissions and zero-waste urban design. It promotes compact energy-efficient urban development that aims to transform existing city physical structures and regenerate post-industrial city centres. A number of cities in the region are setting ambitious targets related to the reduction of greenhouse gas emissions. For example, China has initiated low-carbon pilot cities and provinces, and a pilot low-carbon transportation system; Seoul has committed to reduce greenhouse gas emissions by 40 per cent by 2030 through energy efficiency; and Tokyo has committed to a 10-year project for a "Carbon-Minus Tokyo" and has targeted to reduce emissions by 25 per cent

²⁷ ESCAP, Quy Nhon outcome document: recommendations for the promotion of pro-poor and sustainable solid waste management in the Asia-Pacific region, Quy Nhon, Vietnam, 24-26 September 2014. Available from www.unescap.org/events/regional-workshop-pro-poor-and-sustainable-solid-waste-management-secondary-cities-and-small.

²⁸ ESCAP, "Decentralized and integrated resource recovery centers in developing countries: lessons learnt from Asia-Pacific", policy paper presented at the 2013 ISWA World Congress, Vienna, 7-11 October. Available from http://waste2resource.org/wp-content/uploads/2014/03/ESCAP-paper_IRRC_ISWA-Congress.pdf.

²⁹ ESCAP and UN-Habitat, *State of Asia-Pacific Cities 2015* (forthcoming).

from 2010 levels by 2020 through advanced energy-saving measures and strict compliance. Attaining low-carbon cities also provides opportunities for alternative design and building materials, as well as innovative technologies, and can extend future-oriented business opportunities for cities.

34. Green urbanism goes beyond the physical aspects of urban form by also embracing social and environmentally sustainable city development. It advocates a holistic planning approach and paradigm shift of the urban system that enables changes without negatively affecting planetary boundaries and ecosystems. Its 15 principles taken together are developed to optimally preserve the natural resources — air, water and biodiversity — to achieve sustainability and safeguard ecology within urban spheres.³⁰

35. The need for greater resource efficiency to support future urban development is critical given the expanding resource footprint of cities, which are transcending ecosystem and administrative boundaries. This demands greater coordination and systems thinking across actors and institutions.

V. Developing resilient cities

36. The region's cities have developed impressive facades, which often mask fragile underpinnings. In the years to come, the impacts of a changing climate will intersect with the region's specific vulnerabilities, namely a large number of cities vulnerable to sea level rise, flooding, disasters and other challenges. It is increasingly recognized that the region's urban areas need to urgently pursue a resilience agenda, inclusive of its environmental, economic and social dimensions.

Cities at risk

37. Asia and the Pacific is the most affected region in terms of natural disasters and climate change. Between 2000 and 2010, 8 out of the 12 largest recorded disasters took place in Asia and the Pacific.³¹ An ESCAP study found that between 1970 and 2014, the region accounted for two million fatalities from disasters, which represented almost 56.6 per cent of the victims reported globally. Over the same period, the ESCAP subregion of South and South-West Asia suffered the largest average number of deaths, averaging 625 lives lost per occurrence, with the economic loss also the highest at \$1.15 trillion worth of damages — equivalent to 40.7 per cent of the worldwide figure.³² The region's policymakers must pursue holistic and inclusive strategies to make their cities more resilient to future shocks and disasters.

38. Coastal cities in the region are extremely vulnerable to the impact of climate change, in particular sea level rise and stronger cyclones, typhoons and storm surges. Such vulnerabilities directly threaten some of the region's

³⁰ S. Lehmann and K. Thornton, "Planning principles for sustainable and green cities in the Asia-Pacific region: a new platform for engagement", report commissioned by ESCAP for a workshop at the seventh CITYNET Congress, Seoul, November 2013.

³¹ ESCAP, UN-Habitat and the Rockefeller Foundation, *Quick Guide for Policy Makers: Pro-poor Urban Climate Resilience in Asia and the Pacific* (Nairobi, UN-Habitat and Bangkok, ESCAP, 2014).

³² ESCAP, "Overview of natural disasters and their impacts in Asia and the Pacific 1970-2014", ESCAP technical paper, Bangkok, 2015. Available from <http://www.unescap.org/resources/overview-natural-disasters-and-their-impacts-asia-and-pacific-1970-2014>.

most populated, most rapidly growing and globally connected cities. Many cities, including megacities, are exposed to several natural hazards due to their location along a coastline or a fault line. In the case of small island developing States, such vulnerability is further compounded in contexts in which there is a sole or primary urban centre in high areas of risk, such as Male (Maldives), Tarawa (Kiribati) and Apia (Samoa).

39. It is estimated that about half of the urban population of Asia and the Pacific live in low-lying coastal areas. Throughout Asia, cities such as Bangkok, Dhaka, Ho Chi Minh City, Jakarta, Kolkata and Manila are located in low-elevation coastal zones and will be affected by a rise in sea level. In coastal cities, the impact of sea level rise is exacerbated by land subsidence due to groundwater withdrawal. Sea level rise could have major consequences on the global economy and international trade, as 38 per cent of the world's largest port cities are in the region.³³

40. Unplanned urbanization coupled with a rapid rise in population, lack of planning, poor infrastructure and inadequate water management and drainage has significantly degraded the environment and increased the number of people exposed to climate-related disasters in the region. Urban flood management can also have wider regional and global implications. The 2011 flood in Thailand, for example, damaged factories belonging to one of the world's largest manufacturers of hard disks, severely affecting global computer supplies. Since that devastating flood, Thai authorities at both the central and local government levels have been working together to minimize risks associated with floods based on lessons learned.

41. There is need to develop greater knowledge and platforms for sharing experience and policy frameworks on urban flood management. As an example, ESCAP, in partnership with the Ministry of Foreign Affairs and Trade of the Republic of Korea and the Korean Water and Wastewater Works Association, organized a regional workshop on climate change and urban flood management in Daegu, Republic of Korea, on 19 and 20 March 2013. The workshop yielded four priority policy recommendations in the form of the "Daegu Outcome Document". In the context of managing urban floods in Asia and the Pacific, particularly in the ASEAN region, the key outcomes were that cities need to: (a) strengthen institutional frameworks to support improved capacity of governments, especially local government; (b) mainstream urban flood management into urban and regional planning, including land use planning; (c) promote multi-stakeholder engagement; and (d) effectively manage financial resources for urban flood management.³⁴

Towards pro-poor urban climate resilience

42. The urban poor are affected disproportionately by climate change vulnerability due to a combination of factors, including, among them, at-risk

³³ R. J. Nicholls and others, "Ranking port cities with high exposure and vulnerability to climate extremes: exposure estimates", OECD Environment Working Papers, No. 1 (Paris, OECD, 19 November 2008). Available from www.oecd-ilibrary.org/environment/ranking-port-cities-with-high-exposure-and-vulnerability-to-climate-extremes_011766488208.

³⁴ ESCAP, "Daegu workshop outcome document. Priority policy recommendations for urban flood management in the context of climate change in the Asia-Pacific region", Regional Workshop on Climate Change and Urban Flood Management, Daegu, Republic of Korea, 19-20 March 2013. Available from www.unescap.org/events/regional-workshop-climate-change-and-urban-flood-management.

physical locations, inadequate shelter and an often limited capacity to prepare for, cope with and recover from extreme weather events and slow-onset impacts of climate change. In fact, the impacts of climate variability and change threaten to interfere with, and even reverse, hard won poverty reduction and development gains.

43. Given the significant overlap between climate change vulnerability and urban poverty, poor communities should be actively supported in efforts to strengthen resilience. Urban poor communities can do much to reduce their vulnerability themselves, especially when local governments and other key urban actors understand their needs and are ready to support them. At the very least, their needs should be considered in climate change-related interventions in order not to exacerbate vulnerability. The main goal should be to proactively integrate poverty reduction efforts with climate change related interventions. This is not a trade-off.³⁵

44. There are numerous obstacles in building urban climate resilience. Among them are authorities' inadequate efforts to integrate climate change concerns into national policies and programmes, and lack of specific strategies and action plans. Tackling those issues requires financial assistance from both local and international actors, as well as political will and regional coordination, cooperation and commitments. Selecting the most appropriate adaptation measures is difficult, with the choice often made based on political rather than economic factors. In addition, planners tend to underestimate the adaptive capacity of the urban poor whose impact-minimizing actions are a regular practice that has been generated through years of experience.

45. Cities must develop approaches and the means to be more resilient to climate change and other disasters. In doing so, the region's policymakers should seek to develop holistic and inclusive strategies to make their cities more resilient to future shocks and disasters, including those driven by urban climate change. There must be greater action to lessen the region's urban vulnerability to disasters and the impacts of climate change through strengthening the capacity of cities (individuals, communities, institutions, businesses and systems) to survive, adapt and thrive in the face of stress and shocks.

VI. Cities for all

Harnessing diversity through equity

46. As a result of economic development, growing regional connectivity, and social and demographic change, the region's cities will undergo profound social transformation. The cities and countries in the best position to harness and manage this change will most likely be the most successful and competitive. Throughout the region, cities must become more inclusive, livable, and accessible for all. This involves greater integration of economic and social policy, urban policy and planning. Standardized urban design and institutional systems will increasingly prove ineffective and redundant in the face of growing social diversity and change through globalization.

47. Though the region has been successful in eradicating extreme poverty in recent decades, urban poverty, inequality and marginalization remain critical concerns. In Asia and the Pacific, the urban poor and even the newly

³⁵ ESCAP, UN-Habitat and the Rockefeller Foundation, *Quick Guide for Policy Makers: Pro-poor Urban Climate Resilience in Asia and the Pacific* (Nairobi, UN-Habitat and Bangkok, ESCAP, 2014).

emerging middle classes continue to rely on informal systems to satisfy their need for housing, land, infrastructure, services and transport. Informal settlements remain the most affordable and accessible option for the poor. Throughout the region, they are a visible manifestation of inequality, exclusion and the failure of formal systems. More than 550 million people in the region live in slums,³⁶ a figure which is increasing.³⁷ As long as the urban poor are not formally recognized, they are deprived of the rights of urban citizenship, secure land tenure and access to basic services.

Rise of urban middle class

48. One key emerging social transformation has been the recent rapid growth of new middle class.³⁸ The Asia-Pacific region now has the highest number of middle class people in the world, about two billion, mostly urban dwellers.³⁹ As a proportion of global middle class populations, the Asia-Pacific share is projected to increase from 28 per cent in 2009 to 66 per cent in 2030.⁴⁰ The middle class will have profound cultural, economic and political significance for the region and its cities, and are transforming the region's urban social fabric through changing consumption, leisure and mobility patterns.

Investing in social inclusion

49. The rise of those defined as urban middle class is not an all-inclusive process. Urban poverty and vulnerability remains an important agenda for the region. Widening disparities can undermine social cohesion and consensus. As regional connectivity becomes a greater priority for the region, with likely implications for enhanced labour mobility, greater attention will need to be centred on the needs and rights of migrant workers and their families. Undocumented migrant workers are especially disadvantaged with regard to access to services, secure tenure and housing. Bridging those rights gaps is essential for cities to become more inclusive and accessible for all.

50. Overall, further investment must be directed to social support structures and social protection systems for the region's urban population. In most of the region, changing family structure and gender roles are resulting in a decline in traditional support structures. In the context of rapid demographic transition, cities will need to take into account ageing populations, with implications for both soft and hard infrastructure. From 1990 to 2014, the population of elderly persons in the region (65 years and older) nearly doubled (from 173 million to more than 330 million). Over the next 20 years, the elderly population is expected to double from its current level of

³⁶ UN-Habitat, *The State of Asia-Pacific Cities 2010/11* (Fukuoka, Japan, 2010).

³⁷ UN-Habitat, *State of the World's Cities Report 2012/2013: Prosperity of Cities* (New York, Routledge, 2013).

³⁸ Phu Huynh and Steven Kapsos, "Economic class and labour market inclusion: poor and middle class workers in developing Asia and the Pacific", ILO Asia-Pacific Working Paper Series, Economic and Labour Market Analysis Department, Regional Office for Asia and the Pacific, July 2013. Available from www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_218752.pdf.

³⁹ Asian Development Bank, "Special chapter. The Rise of Asia's Middle Class", in *Key Indicators for Asia and the Pacific* (Mandaluyong City, Philippines, 2010).

⁴⁰ Homi Kharas and Geoffrey Gertz, "The new global middle class: a cross-over from West to East", Wolfensohn Center for Development, 2010.

330 million people.⁴¹ Thus, about 60 per cent of the world's older population lives in Asia and the Pacific.⁴² The region's cities will face significant challenges from its demographic transition. In order to support ageing in place and active ageing (including employment), as well as access to social services, significant shifts in planning paradigms and investment are required to prevent older persons from becoming the region's future urban poor.

51. Overall, cities across the region need to promote and invest in more balanced models of growth. While, for the most part, the region's cities are safe places in which to live, widening disparities may undermine social cohesion and consensus. Presently, too many people living in cities lack access to decent shelter, affordable health care and emerging social protection systems, and do not benefit from secure tenure arrangements.⁴³ The social transformation taking place will require equally responsive policies and measures to meet unmet needs and changing demands. Growing social diversity is likely to make it more difficult to set social policy, but transforming social policy provides an opportunity for many cities in the region. Indeed, investment in people will likely be a key driver of future urban growth and prosperity. This requires a shift in economic and social policy in which greater investment is made in social capital and urban policy is more strongly oriented towards inclusive growth.

VII. From competitive to collaborative governance

Renewing the urban governance agenda

52. The absence of effective management of cities and urbanization in the Asia-Pacific region exists mainly because of the vacuums created by less, rather than more government intervention. This certainly does not mean governments should try to do everything. Rather, governments should play a proactive and strategic role in orchestrating urban development to achieve social, environmental and economic sustainability. This role can neither be performed by the private sector nor by civil society.

53. The region's governance frameworks are increasingly ineffective and insufficient to address the patterns and magnitude of urban growth. Many Asian and Pacific cities are managed with outdated legal and regulatory frameworks and institutional arrangements. Effective power-sharing arrangements have been difficult to develop and sustain. Solutions to the scale and pace of change have not been found in wholly centralized or decentralized systems. There are obvious gaps and problems emerging from disconnected forms of governance. To tackle the governance challenges of urbanization, the region should look towards coordinated governance frameworks, within cities, between institutions and across administrative levels. Competitive models will not bring about the change that is needed.

54. As the region connects economically (as illustrated by the establishment of the ASEAN Economic Community), there will need to be greater regional cooperation among cities and their role in regional

⁴¹ ESCAP, *Statistical Yearbook for Asia and the Pacific 2014* (United Nations publication, ST/ESCAP/2704).

⁴² ESCAP "Factsheet: preparing for ageing societies in Asia and the Pacific", November, 2013. Available from www.unescap.org/resources/preparing-ageing-societies-asia-and-pacific.

⁴³ ESCAP, *The Promise of Protection: Social protection and development in Asia and the Pacific* (United Nations publication, Sales No. E.11.II.F.5).

connectivity. There is need for enhanced and new forms of urban governance required to address such challenges – and opportunities. This must tackle shortfalls facing local governments in terms of mandates, institutional arrangements, financing and capacities. It should also result in more transparent and participatory forms of governance, and regional action on the development of renewed national urban policies.

Closing the urban finance gaps

55. To meet the region's challenges for additional and inclusive infrastructure, there is an urgent need to bridge financing gaps. The Asian Development Bank (ADB) has projected that \$8 trillion would be required in the region between 2010 and 2020 to fill the infrastructure-financing gap.⁴⁴ ESCAP has estimated that approximately \$2.5 trillion would be needed each year in the region to cover infrastructure costs to accommodate increasing urbanization and to battle poverty. The World Bank in its analysis further argued that new infrastructure investments in South Asia alone would need to be between \$1.7 trillion and \$2.5 trillion, which is equivalent to between 6.6 and 9.9 per cent of 2010 GDP, per year.⁴⁵ South Asia is an important case as it is one of the most populated subregions and it urgently needs to expand basic service provisions and infrastructure requirements while at the same time deal with equity and access issues.

56. Even though reforms have brought about improvements in planning practices, major weaknesses in terms of implementation strategies and long-term financing remain. The revenue sources of local governments are usually insufficient to meet the large, long-term financing needs of infrastructure as local budgets are often hard-pressed to finance basic revenue expenditure. Conditional funding can act as a lever for performance improvements and reform in local government. Evidence shows that property taxes usually account for only about 20 per cent of local revenues, mainly because few local governments are able to collect the full property tax owed. Cities that have streamlined their property tax assessment and collection have significantly increased their revenues. Alternatively, international finance institutions have played a significant part in funding urban infrastructure in all countries in the region.⁴⁶

57. There are obvious problems emerging from disconnected forms of governance. Decentralization across much of Asia and the Pacific over the past two decades has seen mixed results, partly because it was often driven by competing interests and voices, including disenfranchised local governments, marginalized societal groups and overburdened national governments.

58. At the same time, there is need for greater accountability and transparency. Initiatives, such as the Citizen's Charters in India, Malaysia and the Philippines, and Citizens Report Cards in Solomon Islands and Sri Lanka, have proven to be successful ways in which citizens can hold government

⁴⁴ ADB, *Infrastructure for Supporting Inclusive Growth and Poverty Reduction in Asia* (Mandaluyong City, Philippines, 2013).

⁴⁵ Luis Andres, Dan Biller and Matias Herrera Dappe, "Infrastructure gap in South Asia: infrastructure needs, prioritization, and financing", World Bank Policy Research Working Paper No. 7032 (World Bank Group, September 2014). Available from www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/09/16/000158349_20140916083708/Rendered/PDF/WPS7032.pdf.

⁴⁶ ESCAP and UN-Habitat, *The State of Asia-Pacific Cities 2015* (forthcoming).

accountable for their policies and provide feedback for improvement.⁴⁷ National policies for greater transparency provide a good framework, but good urban governance also requires empowered and capable local governments.

59. New forms of decentralization and local governance now offer options for more responsive service delivery and better targeting of the poor, and open up new opportunities for citizens to participate in local decision-making. The emergence of online systems as new governance modalities (e-governance) has enhanced transparency and improved urban management efficiency in several cities in Asia and the Pacific. For example, the Korean Public Procurement Service developed the e-procurement system, which makes public purchasing more transparent and more rapid, has been adopted by other countries.

60. Without more holistic approaches that can better integrate urban with national planning and focus on increasing connectivity of urban growth with national and regional development, significant governance gaps will remain. For the region's largest cities and urbanizing regions, new multi-level governance modalities need to be pursued. In the region's small and medium-sized cities and towns, institutional strengthening and capacity-building will be necessary.

61. Critical to more effective urban governance are functional relationships across spheres of government, especially between national and local governments. In order to tackle those challenges, there is urgent need to foster critical reforms that address the following:

- (a) Provision of appropriate mandates and systems for national and subnational governments to plan for sustainable urban development;
- (b) Formation of appropriate and inclusive governance mechanisms to be representative of all urban stakeholders;
- (c) Incentive systems for funding the investment needed to underpin the transition to the sustainability agenda;
- (d) Maximizing participation and managing necessary reforms in subnational governments and the provision of systems to improve the quality of decision-making;
- (e) The development of an enabling framework, at all levels, to facilitate and stimulate investment;
- (f) Sustainable production and consumption, including the preservation of ecological services;
- (g) Strengthening capacities required to bring about necessary change, including through effective coordination with key local and national stakeholders.⁴⁸

⁴⁷ Dennis Arroyo and Karen Sirker, "Stocking of social accountability initiatives in the Asia-Pacific region", The World Bank Institute Community Empowerment and Social Inclusion Learning Program (Washington D.C., 2005).

⁴⁸ ESCAP, "Conclusions and recommendations of the Expert Group Meeting on the Role of Local Government in The Future We Want", Bangkok, 28 October 2013. Available from www.unescap.org/events/role-local-governments-future-we-want.

VIII. Conclusions: matters for the attention of the commission

62. As the present paper has shown, rapid urbanization has contributed to the economic success of the region in recent decades, but traditional urban planning and management has not kept pace with challenges brought about by urbanization. This has resulted in a number of significant gaps. Importantly, growing inequalities and environmental degradation and risks pose a serious threat to sustained and sustainable prosperity.

63. It is evident that the region's current governance frameworks are increasingly insufficient to address the patterns and magnitude of the urban growth taking place in the region. Harnessing the potential of urbanization to drive socioeconomic development and contribute to sustainable development requires a recasting of policy responses on critical urban issues facing the region.

64. The Commission may, therefore, wish to consider:

(a) Directions and suggestions on key policies and initiatives to be addressed by the secretariat's work on sustainable urban development;

(b) Directions and suggestions on key issues to be tabled for discussion at the Sixth Asia-Pacific Urban Forum and at the High-level Regional Preparatory Meeting for Habitat III for Asia-Pacific;

(c) Establishing a regional platform for knowledge-sharing and cooperation for sustainable urban development policies. Such a platform could comprise a web-based community of practice and knowledge hub on national/local urban policies to bring together existing knowledge and expertise across the region, and a regular policy dialogue platform;

(d) Promoting dialogue at the regional level on how to close economic, social and environmental gaps, drawing on national lessons learned and experiences;

(e) Strengthening regional cooperation to promote sustainable urban development through coordinated urban governance. In particular, consider the desirability of a programme under the theme "Collaborative cities in Asia and the Pacific". Such a programme could focus on three levels of city coordination: intercity, urban-region and intracity cooperation under the development of national urban policies to achieve sustainable, resilient and inclusive urban development;

(f) Reviewing current practices of financing and identifying areas in which local governments can improve their fiscal performance and asset management;

(g) Developing improved data management systems and tools to improve the analytical basis for planning, management and sustainable development of future cities.