UNITED NATIONS
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Economic and Social Commission for Asia and the Pacific

# Cities of Opportunity

## Partnerships for an Inclusive and Sustainable Future

**Bangkok, Thailand, 20-25 June 2011**

# Report of the

# Fifth Asia-Pacific Urban Forum

**UN Conference Centre, Bangkok, Thailand**

**20-25 June 2011**

UNITED NATIONS
ESCAP
Economic and Social Commission for Asia and the Pacific

ESCAP is the regional development arm of the United Nations and serves as the main economic and social development centre for the United Nations in Asia and the Pacific. Its mandate is to foster cooperation between its 53 members and 9 associate members. ESCAP provides the strategic link between global and country-level programmes and issues. It supports Governments of countries in the region in consolidating regional positions and advocates regional approaches to meeting the region's unique socio-economic challenges in a globalizing world. The ESCAP office is located in Bangkok, Thailand. Please visit the ESCAP website at www.unescap.org for further information.

*The shaded areas of the map indicate ESCAP members and associate members.*

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# EXECUTIVE SUMMARY

The fifth Asia-Pacific Urban Forum (APUF-5) was held in Bangkok, Thailand from 20-25 June 2011. It was organized by ESCAP in conjunction with more than 30 partner organizations within and outside the United Nations system. More than 900 participants attended the Forum, including ministers, mayors and other government officials, representatives from academia, the private sector, civil society and grassroots leaders.

The Forum was organized to identify, discuss and prioritize emerging and critical issues in inclusive and sustainable urban development from different perspectives. It provided a forum for different urban partners and players to share their experiences on good and innovative practices and approaches to inclusive and sustainable urban development.

The Forum was structured around plenary panel discussions, Subregional focus groups and the Bazaar of Ideas and Practices. During the plenary sessions, people in Almaty, Colombo, Karachi and Islamabad watched the discussions on webcasts in Local Urban Forums and used Twitter to ask questions to the panellists in real time. Participants in Bangkok had the opportunity to explore urban issues in Asia in other ways, too: they could explore the exhibition organized by APUF-5 partners, watch documentaries at the urban documentary night and go on field trips highlighting good practices. Bloggers covered the event online.

In the first plenary session, 'Overcoming Barriers', the panellists and the audience explored strategies and approaches that could contribute towards a more inclusive and sustainable urban future. Many panellists stressed the importance of consultation; organizations working on urban issues should understand that participation is not a privilege, but a right. Panellists also advocated for revolutionary transformative changes. Cities across Asia are leading the way in providing examples of successful transformations. Other cities could learn from those examples.

The second plenary session focused on financing and governance approaches. Much of the discussion centred on the relationship between national and local governments, and other organizations that were involved in development. The state should work jointly with the market and civil society to develop successful projects – the more partnerships, the stronger the network of governance. When discussing financing approaches, panellists stressed the need to access new sources of financing. Public-private partnerships were recommended as an alternative, but should not be seen as a panacea, as these partnerships do not guarantee inclusiveness and sustainability. It is therefore vital that the government takes on a strong regulatory role.

The last panel discussion explored the different types of social movements that aimed to shift cities towards a more inclusive and sustainable urban development path. The panellists all agreed that social movements had changed since the 1970s; whereas they started out as protests, nowadays many of these movements have turned to negotiation. To make it easier for people to participate in decision-making, this dialogue should be institutionalized. For that, political will is crucial, and people should hold their governments accountable. In recent years, social media like Facebook and Twitter have become important tools for social movements to spread their message and gather support.

The Subregional focus groups met in parallel break-out sessions to discuss urban development priorities and practices, and explored links between different groups involved at the sub-regional level. While the meetings on Central Asia and North-East Asia talked about land-ownership issues in (post-)communist societies, the Pacific focus group discussed the culturally-based communal land ownership arrangements that so far politicians have been unable to overcome. The focus groups on South-East Asia and South and South-West Asia addressed, among other issues, the way urbanization had affected the region's culture, family values and social fabric.

The Bazaar of Ideas & Practices and Side Events were spaces for an active exchange and discussion in smaller group settings. During APUF-5, 19 Bazaar sessions and 5 Side Events were organized by more than 30 partner organizations. The sessions tackled a host of urban issues, including climate change, sustainable transportation,

green buildings, housing bubbles, solid waste management, empowerment of women, water and sanitation, health and security issues, urban disasters, financing for the urban poor and private sector involvement in urban development.

On the final day of the Forum, participants had the opportunity to share their views in two plenary sessions. Many participants felt that the transformation that Asia had undergone in the past decades had caused some cities to change too much. Rural-urban migration can lead to social dislocation, causing the social fabric of cities and towns to fray. Cities risk losing the immense indigenous knowledge and spiritual values of Asian cultures as a result. Many of these values are deeply ecological and would need to be reinvigorated if the region is really to move away from the current consumer-oriented development.

Another unique element of cities in the region, especially in South and South-East Asia, is the informal sector, which adds to the vibrancy and individuality of these cities. The informal economy creates opportunities that allow the urban poor to survive in the city, but it has its downside as well. In some cities, land mafias are very powerful in determining the direction and form of urban development. The links between the informal sector and governance, including the role of organized crime and corruption, warrants more careful investigation.

There was also a call for a broader research programme. ESCAP, UN-HABITAT and other organizations were asked to work together to create a regional hub of knowledge on urban issues. Many issues and strategies were discussed at different forums, but participants noted that there is a need for a central reservoir of knowledge on inclusive and sustainable urban development, where practices and policies are systematically analysed. This could help build an 'institutional memory'. The research programme should be linked to the preparation of the second State of Asian Cities report.

Participants found the discussions held at APUF-5 extremely useful and suggested that the dialogue should continue. The meeting requested ESCAP and its partners to convene subregional or national urban forums, linked to ministerial dialogues and conferences. It also requested to support multi-stakeholder thematic policy dialogues on specific urban issues such as urban land management, urban finance, urban transport, slum upgrading, and so on.

This report contains summaries of all plenary sessions, subregional focus groups, sessions held during the Bazaar of Ideas and Practices and Side Events. The eight discussion papers prepared for the Forum are included in the annexes to this report.

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# INTRODUCTION

The fifth Asia-Pacific Urban Forum (APUF-5) – held in Bangkok from 20-25 June 2011 – was organized by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) together with more than 30 partners. It brought together national and local government officials, academics, civil society, grassroots leaders, the private sector and United Nations representatives to discuss how to accomplish inclusive and sustainable urban development in practice.

The Forum's main goal was to promote urban development that makes cities a better place to live. This year's meeting focused on "Cities of Opportunity: Partnerships for an Inclusive and Sustainable Future".

## Cities at a turning point

Urban areas in Asia and the Pacific are growing at an unprecedented rate. Within the next twenty years a majority of Asians will live in the region's urban areas. How these cities develop will be crucial to the future of Asia, and the world as a whole.

Asia's cities are engines of economic growth – producing more than 80 per cent of the region's GDP. They are social and cultural centres, full of creativity and innovation. But they are also facing severe problems which threaten their future existence.

Poverty and inequality are endemic. One in three Asia-Pacific's urban residents live in slums, without access to adequate shelter, water and sanitation. Many choose to work in the informal sector. There are also environmental concerns. Cities account for 67 per cent of all energy use. An estimated 54 per cent of cities are located in low-lying river deltas or along the coast and are prone to flooding and storm damage.

But despite these concerns, cities are at a turning point – and these challenges can be turned into opportunities to make the region's urban areas capable of being sustainable and better places to live for all city dwellers.

## Cities can be better places

What is needed is an inclusive and sustainable approach to development to make sure that cities can cope with current threats to their long-term future. New approaches are needed, including innovation in institutions and a change in attitudes to power and authority which gives a voice to groups that so far have been largely excluded from decision-making and exploring novel ways of financing that more effectively tap into existing and new sources.

This requires a more strategic use of appropriate technology; regulations and laws that promote participation and partnerships with both civil society and private companies. Implementing an inclusive and sustainable model of development means clearly identifying the barriers and introducing incentives for change.

## Long road of cooperation

ESCAP has periodically convened Asia-Pacific Urban Forums since 1993 to identify, discuss and prioritize emerging and critical issues in inclusive and sustainable urban development from different perspectives. It provides a forum for different urban partners to share experiences on good and innovative practices and approaches to inclusive and sustainable urban development, and to explore ways for coordination between all actors – including forming subregional, regional and global links that might help this process.

The first APUF, held in Bangkok, prepared a draft Regional Action Plan for the Ministerial Conference on Urbanization in Asia and the Pacific, which called for future regular Forums to be organized. Two years later the second APUF, held in Bangkok, discussed the regional contributions to the Habitat II report – 'Living in Asian Cities'. As a result LOGOTRI, a network of local government training and research institutes in Asia and the Pacific, and several other projects and initiatives were launched.

The third APUF, held in Hangzhou in 2000, was a preparatory meeting for Istanbul+5 and dealt with the need to localize the Habitat Agenda. This resulted in the formation of the Inter-agency Consultative Meeting on Good Urban Governance – a group of organizations within and outside the United Nations system that meet periodically to coordinate regional urban programmes. The fourth APUF was held in Hanoi in 2005 in conjunction with the CITYNET Congress under the theme "Making MDGs work for Cities".

## People and participation

The fifth Asia-Pacific Urban Forum has been a thoroughly participatory process of continuous coordination with partners and resource persons, including a series of preparatory meetings and discussion papers.

The main meeting in Bangkok was organized around ***plenary sessions*** which introduced key issues, linked various themes and provided participants with a forum for debate and an exchange of ideas and practices.

The ***Subregional focus groups*** met in parallel break-out sessions to discuss urban development priorities and practices in the Pacific, North and Central Asia, South and South-West Asia, South-East Asia and North and North-East Asia, and explored ways for more effective and inclusive links between different groups involved at the subregional level.

The ***Bazaar of Ideas & Practices*** and the ***Side Events*** – a series of parallel break-out sessions organized by APUF-5 partners – were intended to promote networking and facilitate the exchange of ideas by sharing different approaches to aspects of urbanization as well as good practices and ideas.

More than 900 participants attended the forum from 45 countries across the Asia-Pacific region. They included ministers, senior government officials, mayors, local government officials, academics, civil society and private sector representatives and grassroots leaders. During the plenary sessions, people in Colombo, Karachi, Islamabad and Almaty watched the discussions on webcasts in Local Urban Forums and used Twitter to ask questions to the panellists. A full list of participants is available online from *www.unescap.org/apuf-5/documents*.

Over thirty partners contributed substantively and financially to the success of the Asia-Pacific Urban Forum. Their logos and names appear on the back of this publication.

# PLENARY SESSION:
## OPENING

At the opening session, Prof. Dr. Her Royal Highness Princess Chulabhorn Mahidol of Thailand gave the keynote speech, after introductory remarks by Ms. Noeleen Heyzer, the UN Under-Secretary-General and Executive Secretary of ESCAP, and H.E. Mr. Abhisit Vejjajiva, the Prime Minister of Thailand.

### Cities of opportunity

"Our urban future is full of hope," said Ms. Noeleen Heyzer in her opening address to the fifth Asia-Pacific Urban Forum. "Urbanization is an opportunity to put our approaches to development on the right track – on a track that will result in inclusive and sustainable development for the region." No institution or group can hope to achieve this vision alone. Partnerships and participation are the key to comprehensive urban development. This means cooperation between national and local governments, civil society organizations, the private sector, academia and the media.

However threats and dangers remain, she stressed. The sheer scope and pace of urbanization is the biggest problem. In the next fifteen years the urban population will have almost doubled – and the challenge is to make sure this development is sustainable. Cities have been at the forefront of the region's spectacular economic growth, social progress and poverty reduction, but this growth has come at a social and environmental cost. Roads are congested, there are acute energy and water shortages, and horrendous air and water pollution. "Urban waterways in some cities are so polluted that no life can survive in them," she added. To continue with business as usual will leave many of the 2.3 billion urban residents in 2025 economically, environmentally and socially devastated.

On top of that, climate change poses even more problems. More than half of the region's residents live in low-lying areas and are at risk from extreme weather – floods and typhoons – that can wipe out years of development and push people back into poverty in a matter of days. "With the sheer population and migration numbers alone, we must change our approach to development," she said.

Cities must be socially just, inclusive and environmentally sustainable while remaining engines of economic growth, and increasingly, they must be resilient to climate change and other disasters. "The vision of the future for our cities and urban spaces is borne of necessity," said Heyzer. Civil society and the private sector need to be involved, and there is a need to adopt strategies that promote sustainable lifestyles and reduce consumption levels. "Let us make our cities liveable places of shared prosperity, social progress, cultural vibrancy and knowledge and ecological sustainability," she said. "Only then will our children inherit a promising future."

### People and participation

"Urbanization has been a significant part of Asia's development – forming a crucial part of the change of Asian economies from predominantly rural and food-producing, to manufacturing and service-driven economies," said Prime Minister Abhisit Vejjajiva. This rapid and expanding urbanization raises a whole range of issues – from transport, water supply, infrastructure, waste disposal, sanitation, and environment, to shelter and a new urban social culture.

"It has also highlighted the growing divisions between the haves and the have-nots," he said. Asia's rapid urbanization therefore presents a great challenge to the region. If it is to be sustainable, it must help reduce economic disparities between people in the urban and rural areas. "To tackle the environmental and social costs of urbanization, we must strive to find a new way of managing growth, in order to offer benefits to both rural and urban areas," he stressed.

In Thailand there are more than 3,000 local authorities and wards with community welfare systems run by community organizations, with the support of local authorities and other development actors. The Government of Thailand has used new flexible financial mechanisms to support the provision of urban poor housing and debt relief. This has given a large number of the poor access to formal finance that they were previously denied. However, implementing this approach is not always easy, he added.

Peoples' participation is crucial to finding solutions to the problems of urbanization. It is, in part, a question of governance. "The systems of governance need to be modified so that they are more people-driven, participatory and open at all levels, from central to local government," he concluded. This means creating more equal opportunities, broader involvement and participation, but in harmony and through consensus. The challenge for Asia is to achieve equitable and sustainable urbanization.

## Self-sufficient and green economy

All these challenges of rapid economic growth, increasing inequalities and disparities, environmental and climate change require that we reconsider our approach to development, said Her Royal Highness Princess Chulabhorn Mahidol of Thailand in her keynote address to the Forum. His Majesty, the King of Thailand, anticipated the need for such a change as far back as 1974, when he developed the concept of sufficiency economy.

*"Economic development […] should begin with the strengthening of our economic foundation, by assuring that the majority of our population has enough to live on. [...] Once reasonable progress has been achieved, we should then embark on the next step, by pursuing more advanced levels of economic development. Here, if one focuses only on rapid economic expansion without making sure that such [a] plan is appropriate for our people and the condition of our country, it will inevitably result in various imbalances and eventually end up as failure or crisis as found in other countries."*

"In the light of the alarming and indeed daunting demographic and social challenges in Asia's cities, there is now a growing recognition of the urgent need for a Green Economy," said the Princess. This should include sustainable development that is inclusive and equitable, including the stewardship of the environment, reducing green house gases to mitigate climate change, transition to low carbon and cleaner energy, and less wasteful and more efficient use of water and natural resources, leading to a cleaner, healthier environment.

Green and intelligent buildings are an essential element in future urban sustainability and resilience since buildings are a major source of energy use and green house gas emissions. Poor indoor air quality – often found in non-green buildings – is a major cause of ill health, particularly affecting young children who spend much of their time indoors.

However, intelligent green buildings do not necessarily demand high-tech devices to improve the cost-effectiveness and energy-saving capability. "The search and implementation of common sense and inexpensive solutions to improve the quality of buildings and urban life is the responsibility of us all, and can make a significant contribution to a healthier life in our cities," she said.

"Ultimately, a sustainable, safe, secure and resilient urban future will require a harmony of built and natural systems based on human ingenuity," she concluded. "We must ensure that we meet these challenges for the safety and the well being of all future generations in Asia and throughout the world."

# PLENARY SESSION:
## OVERCOMING BARRIERS: TOWARDS AN INCLUSIVE AND SUSTAINABLE URBAN FUTURE

The scale and pace of urbanization in Asia and the Pacific is unprecedented. Cities and towns in the region are engines of economic growth and centres of culture and creativity. They account for around 80 per cent of the region's economic production. How the region's cities and towns develop and function will shape the future, not just in Asia and the Pacific, but of the whole world.

In their drive for economic development the countries of the region have tended to overlook the environmental and social costs. As a result the region's urban centres in Asia-Pacific now face many interconnected challenges including environmental sustainability, poverty and disparities.

Moving towards a more inclusive and sustainable future means that cities and towns in the region must become more eco-efficient and green, more equitable and inclusive and more resilient to climate change and other disasters.

Development gaps related to legal and fiscal frameworks, financing and strategic planning will have to be bridged through more integrated and participatory approaches to urban governance and management. The panellists and audience explored strategies and approaches that could help bridge these gaps.

**Video available from:** *www.unescap.org/apuf-5/programme/high-level-panel.html*

**Moderator:** Prof. Nay Htun
Director, International Programmes, Advanced Energy Center, State University of New York, and former Assistant Secretary-General at UNEP and UNDP

**Panellists:**

- H.E. Mr. Jesse Robredo
  Secretary, Department of the Interior and Local Government, Philippines
- H.E. Mr. Colonel Samuela Saumatua
  Minister, Local Government, Urban Development, Housing and Environment, Fiji
- H.E. Ms. Liana Bratasida
  Assistant Minister, Global Environmental Affairs and International Cooperation, Indonesia and Chair, ASEAN Working Group on Environmentally Sustainable Cities
- Ms. Ofelia Bagotlo
  National President, Homeless People's Federation, Philippines
- Mr. Shobhakar Dhakal
  Coordinating Lead Author IPCC Fifth Assessment Report for the chapter on Human Settlements, Infrastructure and Spatial Planning
- Mr. Amitabh Kant
  CEO and Managing Director, Delhi-Mumbai Industrial Corridor Development Corporation, India

### Urgency

"There is a fierce urgency to do something now in the urban areas," said Prof. Nay Htun. "Our cities are the frontline of sustainability and what happens here will determine the future for all." No matter whether a country is big or small, rich or poor, landlocked or an island State, all countries are confronted with the problems of urbanization. Nowhere are those problems more acute than in the Asia-Pacific region.

The session was introduced by a multi-media presentation prepared by ESCAP. Although there are mega-cities in Asia – including Beijing, Delhi, Dhaka, Mumbai, Shanghai and Tokyo – a majority of the region's city dwellers live in towns and cities of less than one million people. Rapid urbanization in Asia only started a quarter of a century ago when the region's economies began to boom.

While the economies have grown massively, and the overall standard of living has improved, one in three people in these cities live in a slum – facing the constant threat of eviction. Environmental problems abound – from the lack of fresh water and sanitation in poorer areas to industrial pollution. As many cities are close to coastal areas they are prone to flooding and soil erosion. So urban strategies must seek to simultaneously reduce poverty, improve eco-efficiency and make more resilient to disasters.

## Development gaps

There are five development gaps that need to be tackled if cities are to be equitable, green, inclusive and resilient. First, legal and fiscal frameworks need to be in place to protect entrepreneurs, workers and residents alike, and to encourage behaviour that leads towards sustainability and inclusiveness. Urban development should always balance economic, environmental and social costs and benefits.

The second gap is the lack of financing to make cities inclusive and sustainable. While many central governments have devolved some powers to local administrations, they have generally done so while keeping a secure grip on the money. Local governments need to be given more power and authority over financial issues. Alternative and creative sources of finance should also be explored.

Third, greater attention needs to be paid to urban design and planning. The fourth gap is related to green technologies. Cities have always been centres of innovation – but it requires a great effort to cultivate this and to make use of new technologies. The last gap addresses human resources. Government officials, civic action groups and the people in the community should be trained and educated to be able to do this. The best way to bridge these gaps is an integrated, adaptive and participatory approach.

## Squatter settlements

Fiji is trying to tackle the problems of urban migration and increasing slum settlements. "The problem of squatters is not a housing issue, but a poverty issue," said Colonel Samuela Saumatua. The responsibility for local squatter settlements is being delegated to provincial and municipal authorities. Town administrators are being trained in planning and dealing with squatters and the informal sector. One pilot project being tried in Fiji involves developing urban agribusiness. Squatters are given urban farm land to grow vegetables which they sell in the market. From their savings from this venture they rent land, build their own house and survive from their means.

Fiji has also just announced a new housing policy – the first of its kind in the country's history. It specifically deals with the squatter settlements that are growing in the country's urban areas. In Fiji one of the main concerns, as in most of the South Pacific, is the rapid rate of urbanization. 51 per cent officially live in urban areas – though the actual figure is probably higher, and is increasing rapidly. The urban drift has brought with it environmental problems and a growing strain on existing resources and infrastructure. Recently the Prime Minister, visiting some of the islands, noted that some villages might have to be relocated because of coastal erosion and the seepage of salt water into the drinking water, according to Colonel Samuela Saumatua.

The Fiji government also understands that working with other groups, civil society in particular, can help tackle the problems in the long run, especially on the squatter issue. "We are learning from our Asian friends and profit from their experiences; as a result we have introduced community saving, participatory planning and involving the squatter communities themselves in the planning of their future," said Colonel Samuela Saumatua. This is a new culture which is against the traditional top-down approach, but it is now absorbed into the communities and government has taken it on board as well. "In this way we have upgraded three squatter settlements recently," he said, "And more will be done by the end of the year."

## Participation key

There are three things the poor need for housing said Ofelia Bagotlo, National President of the Homeless People's Federation of the Philippines: right to land and security of tenure; better regulations covering building standards; and access to housing finance. But above all the community needs to be able to communicate their concerns with the government. "In the Philippines we are trying to collaborate with the government," she said. Through a tripartite partnership of the private sector, NGOs and the grassroots, the government is made aware of the problems. "We, at the grassroots, know how to solve our problems. The only thing we need is guidance and help because we lack financing and we lack knowledge," she said.

"While participation is the key to dealing with problems of urbanization, the crucial thing to understand is that participation is not a privilege, it's a right," said Jesse Robredo. In the Philippines this has been institutionalized and NGOs have the right to question government and fully discuss matters of public importance. "We must share the pains and the gains," he said.

Growing urbanization has many problems – these are not just resource problems but people problems too. Government initiatives have frequently failed because of the lack of consultation and the lack of participation of the people who are supposed to benefit from the project. But there are challenges in promoting this kind of participation. It is essential to encourage meaningful participation – especially for those who will be affected by any particular project.

## ASEAN city initiative

The urgency of the urban problems in the region has motivated ASEAN (the Association of Southeast Asian Nations) to develop strategies and adopt action plans to help realize the vision of a clean and green ASEAN – built on environmentally sustainable cities. The implications of climate change have been taken into account in the action plans. "While awareness of climate change is growing in the region, the important thing now is action," said Liana Bratasida. "This is limited in many countries because of the extent of poverty." Economic development is needed, but at the same time a low-carbon approach needs to be a central part of any plan.

Progress though is already being made in the move to low-carbon cities in the region. In Indonesia the government has developed 'climate villages' and has established funds to support local initiatives which match the overall objective of creating low-carbon municipalities.

At its recent meeting the ASEAN working group on Environmentally Sustainable Cities agreed on a set of indicators for clean air, clean water and clean land. It also agreed to award the Environmentally Sustainable City Award every three years from now, which will also recognize the efforts of smaller cities. Earlier this month a meeting of local officials was held, which shows the general commitment of the region's cities to move to become low-carbon cities in keeping with ASEAN's strategic plan, said Liana Bratasida.

## Smart cities

The key to Asia's urban future is more compact cities and avoiding the urban sprawl of the United States in particular. This is something India is adopting in response to the unprecedented scale of urbanization. By 2030 more than 350 million people will be part of India's cities. That will have doubled by 2050. Every minute for the next 20 years, 20 Indians are moving into the cities from the countryside. "By that time a totally new India will have been created. The challenge is how to develop a socially equitable and environmentally sustainable India in the next forty years," said Amitabh Kant.

As part of this process, India has embarked on the Delhi Mumbai Industrial Corridor project, which will link the political capital Delhi with the economic capital Mumbai through a high-speed container train that will run across six States. Along this rail corridor, the plan is to create 24 new manufacturing cities – on both sides of the train tracks." When cities are created in Asia it is essential that they are based on good master plans," said Amitabh Kant. "This is the key to sustainable development."

In this vision cities must evolve on the back of good public transport systems. Public transport must be used by up to 7 out of 10 people for it to be effective and reduce carbon emissions.

"Technology will be the key to creating socially equitable cities. These will be the new trend centres for the future," said Amitabh Kant. A city should be seen as a business model that will take 12-15 years to break even and after that will create huge revenues.

Given the scale and ambitions of the Delhi Mumbai Industrial Corridor, some participants in the audience expressed concerns about the uncertainty of investment in the early stages of the venture. They suggested a more realistic approach to the longer-term profit of the project – as it is impossible to predict the future, especially in the current economic climate. Some participants also felt that such a technical approach to urban development is inherently dangerous, as they felt people, and the poor in particular, could easily disappear from the planning map. Companies are used to planning ahead, but for the poor it is almost impossible to participate in plans with such long life spans.

## Lessons from the region

Cities across Asia are leading the way in providing examples of good practise. Kitakyushu was one of the most polluted cities in the world thirty years ago, and is now one of the cleanest: just about everything is recycled. Yokohama in Japan is a frontrunner in the field of waste disposal management, as Singapore is for water management. More than 90 per cent of the cities' water needs to be recycled and Singapore offers a great example of how to do that in its Active, Beautiful and Clean (ABC) Waters Programme. "The challenge is to put these great practices together and create a great city," said Mr. Shobhakar Dhakal.

Cities are now the battleground, but the city is not the problem, it is part of the solution. Substantial change, including in lifestyle, will be necessary. "Learn the lessons from those cities which adapted earlier," he urged. A clear assessment is needed of the likely impact of climate change on cities and how far approaches to cities can be integrated. Atlanta in the United States and Barcelona in Spain were both established at roughly the same time and with similar size of populations. But the $CO_2$ emission in Atlanta is 8 times greater – because 97 per cent of the people travel by car there, while public transport is the main means of travel for 68 per cent of the Barcelona population.

Master planning is the most critical – that's what makes the difference between sustainable and non-sustainable cities, according to Amitabh Kant. "In the master plan today it is important to merge the geographic master plan with the digital one – so it can include utility corridors, put in sensors, recycle water and build in public safety measures," he said. "And you can monitor the city's management through technology – that's the key."

## Radical approach needed

All the panellists advocated for transformative changes, but had different views on what these changes were and how to implement them. "The days of incremental changes are over – if you don't make radical changes you will convert every single city into a slum," said Amitabh Kant.

This could involve outsourcing, involving the private sector taking over some of the local government's functions and service delivery. Compact, dense and vertical cities are an important answer. Work and home should be close to cut transport needs. "Use technology to make smart cities, use public transport, recycle water and provide workers' housing – these are the key solutions to getting the game right," said Amitabh Kant.

Most participants also stressed the need for serious decentralization. "Only by strengthening local government can cities achieve inclusive, equitable and sustainable development," said Jesse Robredo. "Steer instead of row – learn to specialize in services that the private sector do not and cannot offer," he said.

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# PLENARY SESSION:
## FINANCING AND GOVERNANCE APPROACHES AS KEY DRIVERS FOR CHANGE

Finance and governance can either shift cities onto an inclusive and sustainable path or be a barrier to progress. Among the key issues are decentralization and coordination: integrated horizontal and vertical management within government, including the involvement of the community, civil society and the private sector.

Regulatory and financial frameworks that can provide the incentives to drive change are needed. This includes innovative approaches to finance urban development – public partnerships with the private sector, linking formal financial markets with the informal market so that the poor can be involved in urban poor funds and savings groups.

**Video available from:** *www.unescap.org/apuf-5/programme/panel-financing-governance.html*

**Moderator:** Ms. Veronica Pedrosa
Lead News Presenter, Al Jazeera English TV

**Presenter:** Prof. Amitabh Kundu
Professor, Centre for the Study of Regional Development and Dean, School of Social Sciences, Jawaharlal Nehru University, New Delhi, India

**Panellists:**

- Prof. Xuemei Bai
  Professor, Human Ecology Programme, Fenner School of Environment and Society, Australian National University
- Mr. Rae Kwon Chung
  Director, Environment and Development Division, ESCAP
- Mr. Emiel Wegelin
  Programme Coordinator, GIZ-CDIA
- Ms. Sylvie Margat
  Deputy Country Director Thailand, Agence Française de Développement
- Ms. Thipparat Noppaladarom
  Director, Community Organizations Development Institute (CODI), Thailand
- Ms. Mary Jane Ortega
  Secretary General, CITYNET

### Opportunities and challenges

The session was introduced by Amitabh Kundu who stressed the region's rapid urbanization. In 1950 some 16 per cent of the people were city dwellers, whereas by 2050 this will rise to 65 per cent. Infrastructure investment is critically needed in these urban centres, not only to maintain them as engines of economic growth, but also to make them inclusive and sustainable so that they can absorb the influx of migrants. As a result of the current massive economic growth there is some scope for investment in infrastructure. But the long-term dependence on federal resources is a handicap – it is regressive.

There has been progress, but governments are too often less than enthusiastic in engaging the private sector in infrastructure and the provision of services. The role of the State remains far too powerful, though there have been innovative approaches to financing capital expenditure in some countries – bonds, structured debt agreements and carbon financing – which have helped tap into the capital market, as well as community funds and micro-financing.

There has also been a transfer of authority to local governments – a process of decentralization that has been supported politically with constitutional changes. Land and capital markets have been opened up allowing the local bodies and organizations to have access to funds. They have been forced into competition with the private operators increasing efficiency, transparency and accountability. Regulations and legal restrictions on land use have also been eased.

### Adapting the master plan

While the master plan approach remains – and has to – it has been developed to allow greater participation of the community and others which brings with it a greater flexibility. It is now more a vision than a rigid blueprint that is imposed on the city. Participation is crucial for it allows lower cost solutions, better designs, more effective monitoring and better provision of services.

The biggest problem remains that government has responded at a policy level but has been far slower to react at the ground level. Local governments have been lukewarm in tapping institutional finance. Private businesses too have been hesitant about public-private partnership models. Some private sector involvement has been encouraged – and proved particularly successful in water supply and solid waste disposal.

The future is clear: it is not State versus the market, but a collaborative process. The private sector needs the State to create a stable business environment. The State needs community groups and civil society to achieve the social goals.

### Good government

One key need is to build and strengthen the network of governance for cities. Cities need to involve both the local governments and the central authority; they need to form partnerships with as many parties as possible. Horizontal and vertical linkages need to be built. Agencies and communities need to work together in this process.

"A network of governance is not only important for individual cities to become inclusive and sustainable, but for other cities, which can learn from each other's successes too," said Xuemei Bai. In Linjao for example 99 per cent of the city's households use solar heaters. It is not a large or rich city, but the efforts of the local government have made this change possible. "Learning from each other is crucial," she said.

Many local governments are reluctant to use alternative financing sources. In Africa and South America, the French Development Agency often hands out loans directly to city governments. "In Asia this is more difficult," said Sylvie Margat. Because of the low levels of decentralization, cities are often unwilling to borrow money. Local governments must look into other sources of capital investment. "The financial needs of city development are huge. Different sources of funds have to be combined, including the private sector."

The energy efficiency of cities in particular needs to be improved, said Margat. The carbon footprint of a city depends on whether it's a huge urban sprawl as in America or more compact as in Japan. Green construction is also important to reduce energy use, according to Sylvie Margat: "50 per cent of electricity consumption in Bangkok is for air conditioning. This is a huge amount."

### Green growth

Green growth is essential as economic development is eating into the region's ecology. The region needs to continue to grow – so as to reduce and end poverty – but is now hitting the wall of resource shortages and growing environmental damage. The region has no alternative but to change the way it develops.

"We have to drastically change the way we use our natural resources," said Rae Kwon Chung. "We have to use our resources more efficiently." Both production and patterns of consumption have to be changed. At present there is government failure and market failure – so resources, including water, are wasted. A fundamental change in the system is needed.

Compact cities need to be built – to avoid the American model of cities – and there is a need to learn from the example of Japanese cities. Cities throughout the region continue to make the same mistake – allowing traffic congestion as the city expands. These failures have also led to growing inequality within the city – the wealthy getting their water cheaply and the poor being forced to buy expensive bottles of water. "This has to be reversed so that those who can afford the goods and services subsidize those who cannot," said Rae Kwon Chung.

## Infrastructure investment

National governments need to support investment as the country as a whole suffers as a result of inadequate infrastructure. "For example in India there is evidence that the lack of urban infrastructure deprives the country of a significant slice of economic growth – in the order of a 15 per cent loss," said Emiel Wegelin.

While a strong public transport system is the backbone of a sustainable city, the investment demand for infrastructure is massive, around a hundred million dollars a year of which only a third is currently being invested – so clearly there is a significant gap. And governments – national and local – provide the vast majority of this investment.

"From that it is clear that governments will have to do a better job," Wegelin said. "Revenues have to be increased so funds can flow to infrastructure investment." But governments alone cannot bridge that gap – other avenues of financing are definitely needed. Public-private partnerships are one way forward. But these are not always effective – partly because the legal and regulatory system in Asia is not always sufficiently transparent, he added.

Although the private sector can be efficient in building infrastructure and providing services, it is motivated by profit, warned Rae Kwon Chung. "This may not always guarantee inclusiveness and sustainability and that is where the government has to have a regulatory role to ensure that private-public partnerships deliver."

## Community funds

In Thailand the Community Organizations Development Institute (CODI) administers a community fund with money from the government to distribute for development that benefits the people. "This credit provision is available to the community when they organize themselves under the government's city-upgrading programme," said Thipparat Noppaladarom.

CODI uses its funds to support the construction of houses and infrastructure development, managed by the community and operated as a revolving fund. The land and houses are used as collateral. But the urban poor now also need access to soft loans from the banks – especially the Government Housing Bank – as there is more demand for funds to build houses than CODI can cope with. "Banks now need to be encouraged to offer loans to these poorer people with the communities' backing," said Thipparat Noppaladarom. "They have shown they are reliable borrowers and don't default. In this way the risk is spread."

Investment in infrastructure is also seen as a major issue, especially in terms of public transport. Consideration, said a participant from India, should be given to upgrading existing systems which are often under-used and generally cater to the poorest areas in the city. At present though it is much easier to get private financing for new infrastructure projects than renovation.

## Decentralization

Some discussants raised the importance of small and middle sized cities and expressed concerns that these urban centres may find it difficult to get private financing. A participant from Bangladesh suggested that small cities could be an example for future urban growth. "There is no mega-city in Sri Lanka; even Colombo has less than a million people." But the quality of life in Sri Lanka's cities is much higher than in most mega-cities." From Bangladesh, I look at that country as a model."

National governments are always quick to say they have decentralized authority to the local level, according to Mary Jane Ortega. They have devolved some functions, but while power may have been decentralized, finances remain centralized. "But financing should be transparent, accountable and equitable," she said. Good governance is the only way to ensure inclusive and sustainable cities, and that means involving the people in planning decisions. Land we have, said Mary Jane Ortega. "The money is there. The problem is how to access it."

Mayors and policymakers need to learn about funding in order to succesfully access new sources of finance, according to Mary Jane Ortega: "Unless you know how to ask the right questions, you'll be in the power of these finance officers who will just say: 'No, you can't do it'. "

# PLENARY SESSION:
## CATALYSING MOVEMENTS FOR CHANGE: CIVIC ENGAGEMENT AND ACTION IN THE TWENTY-FIRST CENTURY

Movements promoting civic engagement and social action have been vital to motivating change in the region's cities in the twenty-first century. These movements are big and small. They use informal networks and planned campaigns with one central goal: to change cities for the better.

They range from city-wide social and environmental activism to rights-based development issues. Digital information and communication technologies, provided by new social media as Twitter and Facebook, have helped galvanize these social movements for change.

The panel and audience discussion explored different types of movements that aim to shift cities towards inclusive and sustainable urban development. It also considered how to create an environment in which these movements thrive.

**Video available from:** *www.unescap.org/apuf-5/programme/panel-catalyzing-movements.html*

**Moderator:** Ms. Veronica Pedrosa
Lead News Presenter, Al Jazeera English TV

**Presenter:** Mr. Larry Jagan
Freelance Journalist based in Bangkok, and former regional news and current affairs editor for the Asia-Pacific region, BBC World Service

**Panellists:**

- Mr. Arif Hasan
  Chairman, Urban Resource Centre, Karachi, Pakistan
- Ms. Sunita Narain
  Director, Centre for Science and Environment, New Delhi, India
- Ms. Yevgenia Kozyreva
  President, Feminist League of Kazakhstan
- Ms. Somsook Boonyabancha
  Secretary General, Asian Coalition for Housing Rights
- Ms. Anunta Intra-Aksorn
  Volunteer, Big Tree Group, Bangkok Thailand
- Mr. Minar Pimple
  Regional Director, Millennium Campaign Asia-Pacific Regional Office

### Social activism

Larry Jagan introduced the discussion. "The future of Asia's cities is in the hands of the region's urban movements," he said. They range from protecting the poor from evictions to influencing slum clearance programmes and city upgrading; from protecting the environment to preserving old buildings and communal heritage. Their central aim though is to create communities that can look after themselves.

Social movements have changed since the 1970s, when they were most often involved in fighting slum evictions throughout the region. Now they are more networks, clubbing together to tackle more diverse concerns, including city-wide issues – transport, piped water and waste disposal, and the environment in general.

Their social composition has also changed as Asia's economies have boomed. Education and the information revolution spurned new groups, extended their reach and involved more professional people. Technical innovation and the digital revolution have made it easier for social movements to organize, but perhaps most crucially the democratic vibration throughout the region has allowed these movements to thrive.

## Revolutionary tools

Social media in recent years has certainly made it easier to organize social activism and protests. According to Larry Jagan, organizers of the recent Egyptian unrest used Facebook to schedule the protests, Twitter to coordinate, and YouTube to tell the world. It is a cheap and fast way to spread a message to a large group of individuals who are sympathetic to a cause. It is an effective way to synchronize action. But it has its limitations as more than 80 per cent of the chatter on Twitter is frivolous.

In the end though, social movements can only succeed if there is political will. People need to be made visible and the balance of power shifted. Negotiations are central to the process.The aim is to find a compromise between the people and government officials. The traditional paternalistic approach is being replaced. But there is still a gap between what people want and what the government wants – between city and community – and that is why the role of urban social movements remains critical.

## Times are changing

Since social movements emerged in Asia some forty years ago, their concerns and composition has changed. Partly because the movements have developed, but also because their social, cultural and political environment has altered.

"The movements in the seventies when we started working with communities, were movements of protest – they were protests for democracy and freedom," said Arif Hasan. "They were movements, they were not projects. Today it is not protests, it's negotiations. What we are asking for now is institutional space for negotiations – partly because the world has changed, and partly because society has evolved."

Previously social movements represented the working class. Today the leadership is young educated people. Entrepreneurship has developed and these movements are economically and politically more powerful. "It's gone beyond the protests and putting pressure on the government," said Somsook Boonyabancha. "It's about negotiating – it's about making people visible and giving them space to be the core actors in the process of change."

Social movements are difficult to define, according to Arif Hasan. They include NGOs which work for social change and social justice, but it's more than that. "For me a social movement is the networks that are being created around certain issues which affect the city – transport, water, sanitation, waste disposal and so on," he stressed. This is what transforms local action into a movement.

## Best practices

"Perhaps what is needed is a new political system. The role of the State is to open the space for peoples' participation – let people do it, let people create the new city. But it needs to be institutionalized," said Somsook Boonyabancha."Some countries have much more limited [political] space – but international support can help increase the impetus for change."It's a ripple effect; start locally and then reach out. Although working in individual countries, the link across the region is important. "We learn from each other: about savings from India and building communities from K.I.P. [Kampung Improvement Programme] from Indonesia," she said.

New radical approaches to urban development are essential, according to the panellists. A leap-frog solution is needed, said Sunita Narain. In Delhi in the mid-nineties, environmentalists pushed for clean air and succeeded in getting the public transport system to convert to compressed gas. "But the gains of moving the public transport system to clean fuel were lost within a few years because of the growth in the number of vehicles."

From the government's own statistics, 20 per cent of the Delhi population walks to work, and another 40 per cent catches public transport. "The challenge is: can we grow without cars? Can we make the ultimate leap-frog: we use the bicycle today because we are poor; we use the bicycle tomorrow because we are rich. That is the model we should be aspiring towards. We need to expand that demand for public transport which offers an equitable and sustainable solution," said Sunita Narain.

Politicians are beginning to hear this. The development approach from the west is no longer acceptable: it is capital intensive, resource intensive and it increases the inequality within our cities according to many of the panellists. "We will not be able to deal with the challenge of sustainability," insisted Sunita Narain. "We have to find a different way but that's where we are all stuck – what is the different way."

## Political will

"It's a gradual process that provides space – little by little. The demand-driven approach is possible," said Somsook Boonyabancha. Through pushing the voices of the community it is possible to develop new approaches. It is essential that people are the main actors, not just at the lower levels of decision-making, but even at the highest.

Sometimes the key is to use international meetings and conventions to push this approach – especially women's rights. After the Kazakhstan president signed the Beijing Platform for Action in 1995, this was used to convince the country's Government to adopt strong legislation against domestic violence and violence against women. "This also opened an avenue to the president, so that women's groups can talk directly with the president," said Yevgenia Kozyreva.

The United Nations' Millennium Development Goals are another means to promote dignity for all, said Minar Pimple. "From our experience in the last decade, it is clear that political will is the core. The challenge is to strengthen that political will. People must hold their governments accountable." In India the 'Nine is mine' campaign – 6 per cent of the budget for education and 3 per cent for health – was launched by school children. Recently more than a million students went to the PM's office and the finance minister demanding the nine is mine. "We are not asking for the sky. We're asking you to deliver on the promise that you made when you signed the Millennium Declaration," Minar Pimple said.

## Social media

Many social movements throughout the region are now using Facebook, Twitter and other social media to organize and build their networks of supporters. It can attract professionals – architects, designers, writers and teachers – as with the Big Tree campaign in Bangkok, said Anunta Intra-Aksorn. This is a campaign that uses the internet and social media to highlight the destruction of trees in the centre of the city. The internet increases awareness, and social media helps to organize. But there has to be an off-line presence too in order to have an impact, she said.

But as Veronica Pedrosa pointed out, it's very easy to launch a social movement almost with a flick of light on the computer, using social networks, but that may not be enough. Sunita Narain agreed: there's a virtual world of Twitter and Facebook and a real world with social movements that are fighting on the ground and suffering as a result. Veronica Pedrosa also suggested that nowadays where people lead, leaders follow.

"We are the first generation that can make history and end poverty. We have the financial resources, the technical capacity and the human resources to completely abolish poverty," said Minar Pimple. But that can only happen if social movements and people at the grassroots are involved.

# PLENARY SESSION:
## LAUNCH OF THE STATE OF ASIAN CITIES 2010/2011 REPORT

During APUF-5, the first State of Asian Cities report was launched. The report is a result of the collaborative effort of UN-Habitat and ESCAP and their partners United Nations Environment Programme, and the United Cities and Local Governments – Asia-Pacific Regional Section (UCLG-ASPAC).

**Video available from:** *www.unescap.org/apuf-5/programme/soacr.html*

**Moderator:** Ms. Mariko Sato
Chief, UN-Habitat Bangkok Office, Thailand

**Speakers:**

- Mr. Adnan Aliani
  Chief, Sustainable Urban Development Section, Environment and Development Division, ESCAP
- Mr. Toshi Noda
  Regional Director, UN-Habitat, Fukuoka, Japan
- Mr. Stefanos Fotiou
  Regional Coordinator Resource Efficiency and Sustainable Consumption and Production, UNEP
- Mr. Krishna Prasad Jaishi
  Co-president, UCLG-ASPAC

The State of Asian Cities 2010/2011 reviews and documents the trends in inclusive and sustainable urban development throughout the Asia-Pacific region. The preparation of the report drew on the latest data, good practices and examples, the rich knowledge of a broad range of specialists, and peer reviews by experts. The report can be downloaded from the APUF-5 website: *www.unescap.org/apuf-5*.

# PLENARY SESSION:
## CONCLUSIONS

The concluding session included the outcomes of the subregional focus groups and an open "Voices from the Floor" discussion. Chairs of each subregional focus group presented the summary of their discussions. Prof. Xuemai Bai, Prof. Amitabh Kundu and Prof. Edsel Sajor reflected on the commonalities and the way forward followed by an open debate.

The Voices from the Floor session was launched with a short video presentation by the Goethe Institut's Cityscapes website bloggers (blog.goethe.de/cityscapes). The video reflected the bloggers' impressions on the issues discussed at the Forum, with excerpts from participants and illustrative scenes shot around Bangkok. The floor was opened to participants to share their views and opinions on the Forum, including overall impressions, specific outcomes of break-out sessions and proposed follow-up actions. The moderator, Mr. Adnan H. Aliani, Chief of the Sustainable Urban Development Section, Environment and Development Division, ESCAP, summed up the session before the Forum was closed by Mr. Rae Kwon Chung, Director of the Environment and Development Division, ESCAP.

### Regional convergence

Discussants and participants pointed out that the conventional dichotomy between rural and urban areas is fading away and that there is a need to redefine what is meant by 'urban'. Traditional definitions, based on administrative jurisdiction, are no longer relevant. Cities and their rural hinterlands need to be seen as one continuous, dynamic system. Current classifications may actually be under-reporting the extent of urbanization as many outlying areas of the city are in fact urban in nature, but often reported as rural in official statistics.

Another common threat that emerged was that the majority of each subregion's urban population lives in secondary cities and small towns, while most research and policy initiatives focus on large cities. To make inclusive and sustainable urban development a reality, a concerted effort is needed to collect information on these cities and towns.

Many participants noted that the current discussions do not truly reflect the immense indigenous knowledge and spiritual values of Asian cultures. Many of these values are deeply ecological and need to be reinvigorated if the region is to really move away from the current consumer-oriented development towards a more sustainable development.

New technologies that make communication easier – physically and virtually – within the city, and between the city and its rural hinterlands, can increase economic productivity, environmental sustainability and reduce poverty. But a change in the approach to development is essential because cities and towns of Asia-Pacific are highly vulnerable to climate change and natural disasters. These include both short and intense disasters, like cyclones, earthquakes and tsunamis, as well as disasters that take longer to unfold such as droughts, desertification and soil erosion.

### Environment and inclusiveness

The Forum felt that issues of environmental sustainability and poverty are closely interlinked. In South and South-East Asia, a majority of the urban population either walks, uses bicycles or public transport. Yet, most investment in transport is in expressways and flyovers, which benefit only a minority. More investment is needed in mass transit systems, which are more affordable to the poor.

"If we look at cities in South-East Asia, 60 to 70 per cent use public transport, but improving this is not a government priority," said a participant. "Little money is made available, while a lot of funds go to the maintenance of road networks that are only used by 30 to 40 per cent of urban dwellers. The cost of public transport is borne by the poor people and it eats up a lot of their purchasing power."

Participants pointed to another similarity: the fact that the social fabric of Asian cities and towns is fraying because of exclusion, inequalities and unsustainable development. This is not only happening in cities and towns, but also in rural areas. In many cases, rural-urban migration has resulted in households that are headed by women alone. This social dislocation is leading to increased intolerance, violence and lack of security, particularly for women.

All the subregions reported some degree of informality. In some countries, the informal sector is at least as large as the formal sector. This informal economy adds to the unique vibrancy and individuality of the cities in the region, especially in South and South-East Asia. But it also causes problems. In some cities, land mafias are very powerful in determining the direction and form of urban development. This directly affects economic prosperity, environmental sustainability, equity and social inclusiveness. Both the positive and negative aspects of the informal sector need to be re-examined, according to some participants. The links between the informal sector and governance, including the role of organized crime and corruption, would certainly warrant more careful investigation.

Methods of governance and the way resources are allocated need to be re-evaluated. Governance systems need to be made more effective and inclusive. The region's youth are a huge resource that could be channelled to bring about change, according to some participants. Tapping into their energy and including them in development and governance could be crucial for the region's towns and settlements to be sustainable.

## Institutional memory

The participants felt strongly that the region lacks 'institutional memory'. Many issues and strategies are discussed at different forums, but there is no central reservoir of knowledge on inclusive and sustainable urban development, where practices and policies are systematically analysed. Even when relevant information is available, it is often scattered and difficult to find.

ESCAP, UN-Habitat and other organizations were asked to work together to create a regional storehouse of knowledge on urban issues. Such a regional knowledge platform should take into account existing information sources like the UN-Habitat Global Urban Observatory. In view of the importance of research on urban issues, participants felt that ESCAP and other organizations need to help identify and support a robust research programme, which should be linked to the preparation of the second State of Asian Cities report.

## Dialogue should go on

Most participants found the plenary sessions, the subregional focus group discussions, as well as the Bazaar of Ideas and Practices extremely useful. It was proposed that these discussions be continued through blogs and discussion groups. ESCAP was asked to set up an online forum as a follow-up to the Asia-Pacific Urban Forum.

Participants also suggested that ESCAP and its partners work with relevant subregional organizations to convene subregional urban forums. Some participants also recommended that national urban forums be organized. The meeting felt that regional and subregional forums should be linked to ministerial dialogues or conferences and it requested ESCAP to organize such meetings.

The Forum further asked ESCAP and its partners to organize multi-stakeholder thematic policy dialogues at regional and subregional level on specific urban issues like urban land management, urban finance, urban transport, slum upgrading and low-income housing, urban culture and social fabric, and so on.

Participants also wanted ESCAP and other organizations to work with networks of local governments and other actors to increase the number of training courses and leadership development available for local governments and their partners.

Some participants urged the setting up of a regional alternative financing mechanism for strengthening grassroots financing and to link the formal financing sector to community-based financing. They suggested ESCAP, UN-Habitat and ACHR work on this issue together.

## Sharing outcomes

Participants felt that the Forum achieved its objectives of discussing critical and emerging issues and exchanging experiences. They valued the opportunity to network and discuss pressing urban issues. The presence of grassroots leaders was particularly appreciated as this recognizes the importance of community organizations as agents of change. In this way, the Ministerial Dialogue was particularly useful and it was suggested that it be held on a regular basis.

The frank exchanges with the private sector, especially during some of the sessions in the Bazaar of Ideas and Practices, was also highlighted as many felt that often there is a lack of private sector participation in such forums. However, the involvement of more private sector firms in future Forums was encouraged.

Local government representatives – mayors and senior officials – noted that most of them were on target to meet many of the Millennium Development Goals. Nonetheless, they signed a Declaration to increase their efforts and forge stronger partnerships in order to meet the Goals.

## Learning goes on

Mary Jane Ortega, Secretary-General of CITYNET told the Forum that their members had actively participated in the Forum, discussing issues, sharing experiences and learning from each other. "I leave this Forum thanking you, as I'm going back not only with one idea, but with a variety of ideas. Now it is up to us to pick up from the best practices and come up with new ideas," said Mary Jane Ortega. CITYNET had already started taking concrete steps for the future by signing an MoU with ACHR and CODI on low-income housing and poverty reduction and another with CDIA on financing urban development. In addition, the governments of Thailand and Indonesia signed an MoU on Cities without Slums, witnessed by the Executive Secretary of ESCAP.

Participants appreciated the opportunity to meet, discuss and hear new ideas and good practices. "I have learnt a lot from the interaction with different people – ministers, community workers and community representatives. On a practical level I have strengthened my links with ACHR – so it has motivated me to go on with citywide upgrading but to push it up a level," Colonel Samuela Saumatua , Minister for Local Government, Urban Development, Housing and Environment in Fiji.

In concluding the session, Adnan Aliani noted that participants had appreciated the value of the Forum, and that they strongly urged that the discussions continue through regional and subregional urban forums. He noted that the United Nations and other organizations could assist and facilitate those recommendations but the initiative lay with national and local governments, civil society and other organizations. ESCAP and its partners were ready to assist them in turning these ideas into reality.

In his closing statement, Rae Kwon Chung promised that the organization would do all it could to support the outcomes of the Forum, but warned that only national and local political leaders, civil servants, academics and opinion makers, members of civil society organizations and members of urban poor communities and, of course, the private sector could make the future development of Asia-Pacific's cities and towns people-centred and environmentally sustainable.

He thanked all the panellists, resource persons and participants for their insights and comments: "Without each and every one of you we could not have held such a platform for rich and diverse ideas and opinions."

# SUBREGIONAL FOCUS GROUPS

The Asia-Pacific Urban Forum included five parallel meetings of the subregional focus groups. The objective of these sessions was to facilitate and focus discussion on urban issues that were of particular importance to each of the five subregions: East and North-East Asia, South-East Asia, South and South-West Asia, North and Central Asia and the Pacific. Each focus group was opened by an urban expert presenting their paper on urban development, challenges cities are coping with, and some possible solutions for the specific subregion (these papers are included in the annexes of this report).

The main goals of these subregional focus groups were to identify the urban issues that are of particular importance to the subregion; discuss strategies and policies that are needed to tackle these issues; identify and review existing partnerships, initiatives, programmes and subregional institutions that could assist these strategies being adopted and implemented; and discuss regional action, partnerships and support mechanisms that are needed to deal with these issues at the subregional and national levels.

## East and North-East Asia

This session was chaired by Prof. Sun Sheng Han, of the Faculty of Architecture at the University of Melbourne, who had written the discussion paper for the subregion. He introduced the session by characterizing the subregion as one in which there is strong government intervention in urban development. The region is the world's economic powerhouse, and there is severe environmental damage in the subregion.

A key feature of the subregion is its unique economic and political systems and the approaches taken towards economic development. Urbanization steadily increased in the Republic of Korea – with most urban development taking place in the 1960s and 1970s. In China, this has progressed rapidly over the past 30 years. Migration patterns are also distinct – from city to city as well as from rural areas to cities – with mostly migrant workers in search for better living conditions.

### Challenges and strategies

Four key challenges and gaps were identified. These are the lack of an effective planning policy to deal with the over-concentration of urban populations in primate cities and in high density regions; the lack of an effective social security net to deal with the increased inequality that has resulted from economic liberalization; inadequate technology, planning strategies and individual efforts in coping with the environmental problems; and the lack of vision and supporting mechanisms to assist the growth of the subregional city-regions that have emerged as a result of regional integration of capital, goods and people across national boundaries.

Participants discussed how to deal with some of the challenges, especially decentralization in the forms of the relocation of capital and the development of satellite cities to create space, development of infrastructure and the provision of services in order to cope with rural-urban migration, rights to private land purchase and ownership to generate capital wealth in former communist countries and the role of civil society in building inclusive and sustainable cities.

The meeting focused on the key policies and strategies that are needed to cope with the identified challenges. Participants proposed that an urbanization policy should be developed to deal with the hierarchical and spatial distribution of cities. Major institutional adjustments are needed to allow equal access to urban services and jobs. Policies should be expanded to delink economic growth from environmental deterioration, with a sustainable development approach. And finally it was felt that new institutional agreements should be introduced that assist the development of cross-border infrastructure projects, and economic specialization, with the help of international organizations and mechanisms.

Several suggestions were made to ensure that the strategies can be implemented effectively. Local conditions must be considered in each case as no single solution can deal with the different countries and challenges.

Good strategic planning that takes into account both the internal and external dynamics in each city, region and country is needed. Public-private partnership with others is necessary for the successful planning and putting the programme into practice.

### Way forward

International organizations and mechanisms were considered appropriate vehicles through which governments can gain opportunities to improve the urban future in this subregion. This includes organizing learning forums that provide the latest information on place-specific urban trends, projects in the pipeline, and 'state-of-the-art' practices.

It was also proposed that international organizations should organize training programmes that help increase the capacity in the areas of visioning, strategic planning and management. A feasibility study is needed on the establishment of a centre to coordinate research and the transfer of knowledge on urban development in the subregion.

Some areas where subregional cooperation and initiatives could be very useful were discussed with the participants. These areas include strategic planning of sustainable, harmonious and ecologically friendly cities, public-private partnerships in infrastructure, institutional reforms for municipal governance, development of green GDP as a performance index for cities, and the promotion of low carbon cities with renewable energy.

## South-East Asia

This session was chaired by Ms. Liana Bratasida, the Assistant Minister for Global Environmental Affairs and International Cooperation of Indonesia and Chair of the ASEAN Working Group on Environmentally Sustainable Cities. Mr. Yap Kioe Sheng, Honorary Professor of Housing at the City and Regional Planning Department, Cardiff University, started the discussion by presenting the conference paper which identified a number of key urban challenges facing the subregion.

The subsequent discussion on the challenges and the opportunities for subregional cooperation in confronting these challenges was initiated by Mr. Apisayadeth from the Lao People's Democratic Republic and Professor Goldblum from France who presented the outcomes of the regional seminar on South-East Asia Emerging Cities and Urbanization, which had been held in Vientiane as an associated event of APUF.

### Better data needed

The formulation of effective urban policies requires a thorough understanding of the process and conditions of urbanization. However, participants pointed out that the available data is often unsuitable for policymakers and urban planners. There is an urgent need to develop data bases on urban, rather than municipal, conditions and processes, on intra-urban and inter-urban disparities and on new urban developments, including city clusters, urban corridors and cross-border urban developments.

Participants agreed that this is an area where the countries in the subregion could benefit from greater cooperation and learning from each other. In addition, several stressed the importance of disaggregating the data by gender.

Urbanization results in socio-cultural changes that have long-term and far-reaching consequences. Among these are declining fertility rates and an ageing population, which raise issues of dependency, social welfare and the role of the family, the State and civil society; the rise of the urban middle class and its impact on the economy, politics and the environment, as well as the spread of urban norms and values to rural areas. Participants also pointed to emerging social issues including the importance of problems such as the spread of HIV/AIDS and illegal drug use.

### New approaches to development

The long-term viability of economic growth in South-East Asian cities is not guaranteed, given the fierce competition in the current global economy. Economic growth on its own will not necessarily lead to reduced poverty, unless there are serious efforts made to increase the capacity of the poor to seize any emerging economic opportunities.

Economic growth and broad-based prosperity will further damage the environment, unless these are separated from the use of natural resources and its environmental impact. Local governments, the private sector and civil society in South-East Asia must rethink their growth and development approaches in anticipation of the significant climate changes that are likely to affect the subregion. Increasing food insecurity in urban areas is among the possible consequences of climate change.

Participants also discussed the needs and opportunities for urban agriculture and the need to strengthen rural-urban linkages. Several people warned that water shortages, water pollution and the problems of inadequate sanitation would increasingly affect the urban population, especially the poor.

## Decentralization

Central Governments alone cannot solve all urban challenges. They need the cooperation of everyone involved: local government, local communities, the private sector and civil society. Decentralization helps local governments to improve service delivery and make sure it more effectively meets the local needs and demands. However, many local governments lack the financial and human resources to carry out these new responsibilities. This is where public-private partnerships and privatization could help fill the gaps. However, local governments often lack the capacity and the willingness to negotiate contracts that guarantee the private partner the necessary profit, while also serving the public interest.

Moreover, market-driven urban development is often not inclusive and may exclude the urban poor and other marginalized groups from affordable housing, reliable basic infrastructure and participation in decision-making. Participants stressed that urban development must take into account current and future human needs and community ideas, and not only focus on profit-making in order for cities to be environmentally sustainable.

The problems with decentralization and privatization are not an argument to reverse or abandon these processes, most participants agreed, but are an argument to strengthen local government and civil society and to empower the urban population, particularly the poor. As this is relatively uncharted territory, local governments need to learn from each other in order to deal with the effects of decentralization, privatization and globalization. Learning from good practices and developing local leadership are critical to strengthening the capacity of local governments in order to deal with the new urban challenges in relation to economic development, reducing poverty and environmental sustainability.

## Subregional mechanisms

Several participants argued that the Governments of South-East Asian countries needed to be aware of these challenges and that these should be raised in existing regional forums. The meeting agreed that the ASEAN Working Group on Environmentally Sustainable Cities would be a suitable forum for these issues to be aired, and asked the Chairperson to bring the issues to the ASEAN Working Group.

In addition, participants were urged to raise the issues with their respective governments, so that the leaders are in a position to highlight the issues at relevant ASEAN forums. The Chairperson had her reservations about the effectiveness of this proposal in light of her previous experience in trying to bring urban-environmental issues to ASEAN ministers. Nonetheless, she said she would continue to try to raise awareness of the policymakers in South-East Asia.

Other urban players like the private sector should also be included in forums and partnerships in order to help come up with effective and comprehensive solutions. Participants also considered other platforms to raise awareness about the urban challenges, like the various forums provided by CITYNET and other regional networks. Furthermore, cooperation with development agencies and donors would be important in prioritizing issues and strengthening subregional cooperation.

Finally, the meeting stressed that ASEAN, CITYNET and others should not limit themselves to just talking, but should seek ways to turn talk into action at the subregional level.

## South and South-West Asia

The session was chaired by Mr. Abdul Manan Khan, the Minister of Housing of Bangladesh. Prof. Om Prakash Mathur, of the National Institute of Urban Affairs, New Delhi, started the discussion by presenting his paper.

He noted that South and South-West Asia are experiencing rapid urbanization. Some 15 per cent of the world's urban population live in this region – including 46 per cent of the world's urban poor. Urbanization is a continuing process. Over the next 20 years, more than 340 million new residents are expected to settle in the region's cities. The implications of this demographic transition are neither understood nor seriously discussed.

### Beyond control

Urbanization in South Asia is influenced by forces beyond its control and there is a deep dissatisfaction with the way urbanization is unfolding. As a result it adversely affects the region's culture, family values and social fabric. It is unaffordable in the long-term. It poses a danger to peace and security. It seriously distorts the land markets, and it causes extreme inequality in the provision of basic infrastructure.

The people involved in urban development are often unable to effectively cope with these problems. The failure of devolution and decentralization to take off has left the public sector in difficulties. The private sector is unlikely to absorb the high costs of urbanization. Both sectors have shown less and less interest in financing urban infrastructure – they don't recognize sufficiently that inadequate infrastructure is also costly.

Stakeholders do not have enough data to develop detailed policies. It is nearly impossible to carry out a meaningful assessment. Research and methodology are not consistent across the subregion.

### New development vision

Economic production (GDP) has become the sole measure of growth and development, although urban sustainability is key to global progress. Security and peace, migration (rural and cross-border), age, family, health, culture, literature, happiness and environmental sustainability are ignored in the current approach to urban development. Long-term policies for sustainable and equitable cities are missing; when the policies are there, implementation is often difficult.

To overcome these problems, a new development model is needed, which should be inclusive, sustainable, resilient – and respect culture, social fabric and family values. The meeting suggested that a broader approach needs to be taken to improve urban infrastructure and services – both geographically (including a review of the definition of urban) and thematically. It is essential to have a vision for the future of long-term development, especially focusing on the efficient use of resources, including urban land markets, water and waste.

This vision can only be developed after multi-sectoral and multi-stakeholder consultations. For stakeholders to be able to make meaningful contributions, they should be given skills training and leadership development courses. Available data and information can be presented in new informative ways, but this would require a robust development programme. The meeting recommended that ESCAP assist the countries in developing such a programme.

Above all, regional support is essential to help make all this happen. However, subregional initiatives in the South Asia region are at an early stage, so far there have been no concrete results. Therefore, the focus meeting strongly recommended the creation of a multi-sectoral, multi-stakeholder South-Asia Urban Forum – preferably at the ministerial level.

The participants recommended that ESCAP and SAARC (the South Asian Association for Regional Cooperation) jointly organize such a Forum. The meeting also recommended that ESCAP organize – in partnership with other organizations – regional and subregional thematic Urban Forums on specific issues, especially land, infrastructure, water and waste.

### Local Urban Forums

At the same time as the subregional focus groups met in Bangkok, three Local Urban Forums were held in South Asia: in Colombo (Sri Lanka), Karachi and Islamabad (Pakistan). In Pakistan, the Local Urban Forums noted that citizens play a leading role. The State is rapidly withdrawing from fulfilling its responsibilities but holds onto the regulatory process, whereas NGO leaders have direct contact with the people. Political leadership is becoming alienated from the masses.

Social movements were seen as legitimate platforms for change. They can mobilize the community, ensure stakeholders' goals are consistent with a common agenda and prepare a plan of action. But in multi-ethnic societies – such as Karachi and Islamabad – it is more difficult to get all the groups together. Therefore, social movements started to work on common issues like taxation or safety, around which CBOs, NGOs, the private sector and religious institutions could gather and work together. The Orangi Pilot Project proved that this is possible.

Participants concluded that Local Urban Forums are much needed platforms on which all stakeholders in a city can come together. They act as mediators between government and the community. UN-Habitat Pakistan should take the lead and devise – in collaboration with local and national governments – a comprehensive programme to launch Local Urban Forums across Pakistan. Involving institutions like Chambers of Commerce and private sector organizations in these Forums was seen as essential.

## Central and North Asia

This session was chaired by Mr. Sergey Gulyayev of NGO Decenta and the deputy of the Pavlodar city council, Kazakhstan. In parallel to the meeting in Bangkok, a Local Urban Forum was organized in Almaty, Kazakhstan, by the Regional Environmental Centre for Central Asia (CAREC). The two groups interacted with each other through Skype. Ms. Alexandra Kazakova, KAMEDA PF, Kazakhstan, who had written the discussion paper for the subregion, introduced the session.

### Common conditions

The institutional, legal and regulatory frameworks of Central and North Asian countries have evolved from a common, comprehensive Soviet base. Good physical infrastructure had been established, including the provision of basic services, transport and widespread access to education. However, years of poor maintenance and out-dated technology means that the services are now rundown, resources wasted and the environment damaged. Access to basic services and education is no longer universal because of hidden and informal costs.

Most of the countries in the subregion have relatively low population densities, low population growth and low urbanization – there are hardly any cities with a population of more than a million inhabitants. Most of the countries are landlocked. The region covers a vast territory with huge distances between the cities which significantly adds to transportation and communication costs. And the region is beset with harsh climatic conditions – temperatures range from -40˚C in winter to +40˚C in summer – which result in sizable technical challenges and higher costs for infrastructure and housing.

As a result of the generally lower level of urbanization, the subregion is only starting to face some of the challenges that are already plaguing the rest the Asia-Pacific region. They therefore lack the experience to deal with them. The meeting identified several gaps and challenges that need to be tackled.

### Governance

Decision-making is highly centralized, which often means that local governments do not have the power or political will to make decisions and do not have enough control over their budgets. There are also weaknesses in the legal frameworks and a lack of law enforcement.

There is inadequate civil participation, because of the lack of effective mechanisms for such participation and the lack of motivation caused by the common belief that it would not have any impact on the decision-making process. Generally civil society is only prompted to organize and take action in response to government or administrative failure – as in the case of the Shanyrak district in Almaty, Kazakhstan, where inhabitants tried to stop the bulldozing of their informal housing.

Even though urbanization rates are not high, the process is largely unregulated, leading to the expansion of informal housing, where inhabitants lack infrastructure and secure tenure. Their informal status hampers their access to education, medical services and social protection.

Strategic urban planning was seen mainly as a 'window-dressing' exercise, not adapted to the needs of specific cities. Even though some expertise in urban planning exists in the subregion – especially in academia – it is often left to local government authorities that neither have the knowledge nor mechanisms to involve civil society in decision-making. As a result, urban planning often ignores environmental sustainability and the ecological capacity of cities.

After the collapse of the Soviet Union, many cities that had been built around one specific industrial enterprise ('mono-cities') faced massive unemployment once production in that industry could no longer be sustained. Cumbersome bureaucracy, corruption and a lack of transparency continue to pose serious barriers to private initiatives – especially for small and medium enterprises – to participate in cities' economic development. This in turn hampers employment opportunities.

### Migration

There is easy mobility between countries in the North and Central Asia region, resulting in high rates of informal migration of low skilled workers to the more developed cities of the subregion. Although demand-driven, this poses a number of problems.

There is no mechanism to protect these informal migrants from crime and the violation of their rights, or to ensure access to education, medical services and social protection, making them extremely vulnerable. No tax revenue is generated from the labour of these informal migrants in the receiving countries. Meanwhile, sending countries, like Tajikistan, have become highly dependent on the remittances sent home by the migrants.

The majority of informal migrants are men from poor families. As a result of their migration, families are frequently left divided. Given prevailing social norms and a lack of employment opportunities, women-headed households often plunge deeper into poverty.

### Environmental problems

Dilapidated infrastructure and the reliance on out-dated technology have resulted in the inefficient use of resources, as well as severe air, water and land pollution. The major challenges for Central and North Asia include the lack of proper solid waste management and recycling facilities.

Most countries in the subregion are affected by acute water shortages and seasonal fluctuations in the water supply – both for domestic (drinking water) and economic (industry, agriculture and the production of electricity) purposes. Some countries are also suffering from an unreliable energy supply, which is made worse by inefficient infrastructure, incorrect pricing incentives and lack of an effective legal framework.

Environmental damage is also forcing eco-refugees to move from heavily polluted areas – such as the Aral Sea, Baykanur and areas that were subjected to nuclear weapon testing during Soviet times.

### New approaches

The participants agreed on strategies and policies that are regarded as essential for inclusive and sustainable urban development in the subregion. These included comprehensive strategies and mechanisms to ensure more efficient infrastructure upgrading and city planning. Policies should be aimed at removing barriers to private sector development, especially small and medium enterprises. A new pricing structure for services, particularly utilities and transport, should be introduced and developed, including incentive mechanisms for key groups.

Participants pointed out that in order to develop more inclusive and sustainable cities in the region a more adequate situational analysis is needed, based on reliable data, to establish a baseline and help formulate ways forward. They called for a comprehensive survey or study of the urban development issues in the subregion.

The meeting also suggested that a 'Forum of Cities' could represent an institutionalized mechanism for comprehensive dialogue at the city-level within the subregion. This could help increase the capacity of everyone involved by learning from the experiences and practices that already exist. At the same time the Forum could serve as a platform for the exchange of ideas and practices beyond the subregion with cities across Asia and the Pacific.

## The Pacific

This session was chaired by Leith Veremaito, Program Manager of the Governance for Growth Program, run by AusAID in Vanuatu. Sarah Mecartney, UN-Habitat Programme Manager for the Pacific, started the discussion by presenting the discussion paper which identified a number of key urban challenges facing the region. These were good governance, economic development – including the urban-rural link – housing, services and infrastructure, and adapting to climate change and its consequences.

The participants all agreed that the region's urban challenges require considerable planning and far-sighted policies, involving consultation and decision-making that included communities and traditional authorities. Urban management strategies must also be part of national development plans.

The need to share best practices for managing urban growth across the region was stressed by many participants. However, it was noted that there are particular limits to the development of blueprints – particularly as a result of the different land tenure systems and cultural values associated with land – in the Pacific. Opportunities though do exist for a regional focus, if not approach, on the region's rapidly growing urban centres. Key discernable trends, such as the growing economic importance of urban centres, makes urban management increasingly important for many Pacific island countries.

### Challenges

Among the challenges identified by the participants are the limited number of national governments that have agencies directly responsible for urban affairs, the lack of urban knowledge centres and NGOs interested in helping increase the capacity of people involved in urban affairs, the absence of forward-looking planning, limited infrastructure and services and inadequate funding for maintenance, the very limited domestic capital for investment in cities and the lack of recognition that urban governance and management require a broad coalition including the important role of customary authorities – particularly on land issues. Overall the absence of successful models in the region is of considerable concern with the region's rapidly rising urban population.

One key challenge that participants pointed to is the lack of specific urban-related information and data. The absence of a well-defined focal point or agency for urban issues and the lack of coordination across government and civil society hinders the development of a cohesive and effective urban planning strategy. There is also an acute lack of political commitment for urban planning and development across the region.

Each of these challenges requires a very specific approach. In countries where there has been some success in dealing with urban growth – such as Samoa and Vanuatu – the approaches followed are very diverse. Each case reflects distinct institutions and relationships, including different ways of dealing with issues affecting areas functionally connected to the city, but outside its jurisdictional borders. Nevertheless, there are lessons to be shared even in these diverse responses.

## Together

The key answer to urbanization in the region is to manage urban growth as part of the national development plan. This approach must be inclusive, involving the diverse voices on urban issues while focusing on establishing coalitions to encourage ownership and partnerships that more effectively link urban and rural areas. This is fundamental to achieving more liveable and sustainable cities and towns in the region. But many Pacific island countries lack the necessary expertise in urban planning and management to accomplish this.

Climate change and other environmental challenges are also particularly serious for the Pacific region. These are long-established problems for the region's atoll and micro-States, but the challenges posed by the need to adapt to climate change and develop disaster resilience are now much more urgent. This is made worse by the acute lack of resources within the region. These environmental threats are heightened by the increasing urban population which lack access to sanitation and water services. This is especially urgent for the burgeoning population living in areas close to cities, which in some cases account for almost all the urban growth.

The meeting agreed that a clear commitment to a regional approach to urban challenges is vital. Opportunities to push the urban agenda in Pacific island countries included the Pacific Urban Agenda (2003, 2007), the Cities Alliance-UN HABITAT supported Pacific Urban Regional Knowledge Framework (2011), and existing efforts to strengthen local governments and their associations.

# BAZAAR OF IDEAS AND PRACTICES AND SIDE EVENTS

The Bazaar of Ideas and Practices and the Side Events were spaces for active exchange and discussion in a smaller group setting. They were conducted by APUF-5 partners to discuss emerging and persistent urban issues and ideas, present partners' work and network. The Bazaar of Ideas and Practices took place as four sets of parallel break-out events of 90 minutes each. The Side Events were shorter sessions from 45 minutes up to an hour. During APUF-5, 19 Bazaar sessions and 5 Side Events were organized by over 30 organizations. Below summaries were prepared by the organizers of the respective sessions.

## Climate Change Resilience for Sustainable Cities

**Organized by:** LOGOTRI, UN-Habitat and UNDP, in partnership with ICLEI, The Rockefeller Foundation, UNEP, ESCAP and UNICEF

### Resource Persons/Panellists/Speakers:

- Ms. Anuradha Rajivan, Practice Leader Poverty Reduction Human Development Report, UNDP
- Mr. Bharat Dahiya, Human Settlements Officer, UN-Habitat
- Ms. Helen Scott, Manager, Sustainability Services, ICLEI Oceania Office
- Ms. Julieta Ortal, Community Leader, Legazpi City Slumdwellers Federation Inc.
- Ms. Htay Thu Zar, Community Leader and Ms. Van Lisar, Community Architect, ACHR
- Mr. Sam Kernaghan, Associate, ARUP
- Mr. Bert Smolders, Consultant, Shelter Programme Manager, ARCADIS
- Ms. Taranjot Kaur Gadhok, Chief Projects, Human Settlements Management Institute/Housing and Urban Development Corporation Limited (HSMI/HUDCL)
- Mr. Edsel Sajor, Associate Professor and Coordinator, UEM Field of Study, AIT
- Ms. Cecilia Andersson, Urban Safety Expert, UN-Habitat
- Mr. Mozaharul Alam, Climate Change Network Coordinator, UNEP ROAP
- Ms. Anna Brown, Associate Director, Rockefeller Foundation
- Mr. Marcus Lee, Urban Economist, World Bank
- Mr. Vinay Lall, Director-General, SDS-India, and President, LOGOTRI

### Outline

In the Asia-Pacific region, urbanization and climate change are complicated challenges that need to be addressed by national, sub-national and local governments, in partnership with a range of non-State stakeholders: civil society organizations, business, academic/research/training institutions and donor/aid/UN agencies. This session brought together representatives of all key constituents who deliberated on developing sustainable solutions to the challenges of climate change faced by cities and towns in the Asia-Pacific region with a focus on poor and vulnerable communities. The panellists and participants shared good practices, policy messages, lessons learned and gaps in institutional and partnership capacities. They discussed sustainable urban development strategies to help make cities climate change resilient.

### Summary of discussions

Mr. Vinay Lall welcomed the participants and briefly explained the purpose and relevance of the topic. He mentioned the roles of different stakeholders: local governments, civil society, private sector, academia/training and research institutes and international development partners in addressing climate change, urbanization and the challenge of combining all these perceptions in building sustainable cities especially on policy, planning and management. He stressed the need to upgrade capacity-building and to develop a platform for active engagement across a wide range of actors.

Mr. Anuradha Rajivan and Mr. Bharat Dahiya provided an overview on the state of cities and climate change in the region and on-going works of the UN to address and assess what lies ahead through the forthcoming Asia-Pacific Human Development Report on Climate Change. Their presentation showed that by 2050, Asia is poised to host 63 per cent of the global urban population. Most of the worlds' mega-cities are situated in the region and these cities are densely populated. Thus the way the region balances the prosperity versus emissions dilemma will influence the world at large.

Further, they mentioned that these cities are highly exposed to climate variability and have the highest urban population living in low-elevation coastal zones, both in terms of numbers and percentage of population. The cities are highly vulnerable in terms of exposure, inequalities in living standards and limited capacities to adapt to climate variability (especially the poor). They highlighted that the region is faced with adaptation deficits, as most governments lack infrastructure and institutional and governance capacities which need to be in place for effective adaptation to happen. They also stressed that Asian cities are faced with the so-called triple challenge of promoting growth, alleviating poverty and addressing inequalities in the context of climate change. These demonstrate that, while the region shows great development potentials, it is highly vulnerable to the challenges posed by climate change which may impede urban growth in the region. Further, they stated that the vulnerability of cities to impacts of climate change is determined by the type of local governments, physical exposure of various groups, economic and social conditions and the planning at the local level.

Considering such realities and challenges ahead, the discussions focused on the perspectives of five different stakeholders on the kind of engagement they can develop with the local governments. It also addressed the kind of environment that the latter can create to allow these stakeholders to engage with them.

Most of the participants agreed that the local governments are at the forefront of addressing the challenge of climate change and urbanization; however, they noted that other stakeholders also play a significant role in helping the local governments develop inclusive solutions. Thus, it is important to provide 'space' and 'trust building' among stakeholders and develop holistic solutions, where all are engaged in the process of decision-making and implementation of tested tools. Civil society plays a crucial role to consolidate the local issues, to discuss it with the government and to develop solutions with them. Civil society participants also pointed out the importance of a people-led approach and the use of indigenous knowledge and tools to address the problem.

The business sector, on the one hand, stated that climate change can impact and disrupt the supply chain of labour, raw materials and energy, both positively and negatively. It can completely destroy the market and thus affects business continuity and the ability of the private sector to function. Therefore, both the private and the public sector should be cautious in applying new technologies and rather employ and improve existing local strategies with the communities, for effects may revert to them and the community. The private sector can provide knowledge, expertise, alliances and partnerships to help cities address urbanization and climate change. They mentioned that it is important to learn from each other's experiences, build awareness and provide expert assistance not only to those cities who can afford it, but more importantly to the poor people and vulnerable areas. The best way is to integrate planning through networks of understandings and processes.

Bridging the knowledge gaps both at the global and local levels, on the other hand, is the significant role for academia or the training and research institutes. HSMI specifically mentioned that they should serve as catalysts to bridge global and local communities to address the problem and develop solutions. The research institutes can also help prepare the vulnerability assessments. These are important for cities to identify specific adaptation strategies and help developing sustainability indicators to objectively observe the changes that resulted from climate change. Likewise, local capacities and traditional knowledge, culture and socio-economic situations should be considered in identifying appropriate strategies. While it is encouraged to look at the good and bad practices of other countries, they mentioned that it is important to replicate them indigenously.

AIT further stressed the role of the academia to develop research that addresses government needs and can influence policy development. However, research institutions should first address constraints within their respective organizations, primarily on research agenda setting and institutional embeddedness as requirements may not be aligned with those of the local governments. Definitely, research institutes are mostly identified as entities that could influence the policy actions of the governments by developing research aimed to support government

programs. Unless the government and research institutes agreed to give mutual support, research would remain a piece of document waiting to be considered for policy action. AIT also highlighted that policy research actions should be multi-stakeholder, demand-driven and articulated by local governments, but at the same time a result of participatory consultation processes, to make sure the results can be pushed forward for government actions. Other important mechanisms that were stressed to address climate change were incentive systems in government and private sector to encourage partnerships, the brokering and coordinating role of academia to disseminate research on climate change and a model that keep United Nations agencies, governments and other stakeholders aware of existing research to avoid duplicating work of others.

For the international development partners and United Nations agencies, recognizing the role of the local governments to address climate change and urbanization is important, considering that climate change should be addressed locally. Most of development partners' approaches are very project-based or issue-based. Thus to make sure that their projects generate changes at the community level and impact existing local government systems, it's important for them to develop a process that facilitates engagements with a range of stakeholders. The World Bank mentioned three particular strategies development partners may consider in dealing with local governments to address intersections of urban poverty and climate change – first, to promote the traditional structure or 'on-ground framework' in handling the problem and providing solutions; second, to focus assistance on medium-sized and small-sized cities; and third, to relate work with governments at all levels. Capacity-building assistance should also be strategic. Development partners should not only provide capacity-building for new skills and knowledge but also for change (i.e. political, power) building resilience in communities.

In summary, all agreed that climate change is everybody's concern, and that the challenge of addressing climate change along with the inevitable consequences of urbanization make the task more complicated. It requires a strategic approach and synchronized implementation at the local, national and international level. Mutual support, commitment and integration of the efforts of different stakeholders into plan and policy directions of governments are key strategies to effectuate climate change adaptation efforts. Incentive mechanisms, capacity-building, knowledge management and local-national-global dialogues should continue and should be integrated in each stakeholder's institutional framework. While local governments play a crucial role in addressing the problem, all governance stakeholders should be equally accountable to help them produce sustainable results. LOGOTRI, UNDP and UN-Habitat thanked all participants for actively engaging in the discussions and highlighted that ideas and agreements that resulted out of the session will be considered in future activities of all organizers.

### For more information, please contact

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## The Urban Planning Café

**Organized by :** UN-Habitat, CITYNET

### Resource Persons/Panellists/Speakers:

- Ms. Linda P. Gonzalez, Mayor, Ligao City, Philippines
- Ms. Violeta Seva, Senior Advisor, Makati, Philippines
- Mr. Nazim Mohammad, Professor and Honorary Secretary, Centre for Urban Studies, Bangladesh
- Mr. Ajith Ratnayake, Director, Sri Lanka Institute of Local Governance (SLIG)
- Mr. Pablo Vaggione, Urban Planner, Spain
- Mr. John Hogan, Human Settlements Officer, UN-Habitat

### Outline

Our cities have never been more complex. We depend upon local leaders to design economically vibrant, environmentally accountable and culturally appropriate cities. The evidence is clear: good design depends upon good decision making. But how is the average leader meant to develop this critical skill? This session provided an environment whereby mayors and senior policymakers met to discuss ways of improving planning in our cities. Building on experiences from across Asia, we addressed how to tackle the most complex problems of the day, including congestion, unemployment, slums, rising inequality, crumbling infrastructure and weak urban economies. The event was highly interactive and utilized a 'World Café' format which involved a facilitated and progressive discussion among participants. Participants learned about new approaches to planning as a key tool to deliver sustainable development and economic growth, and discovered how to meet training needs in local government urban planning.

### Summary of discussions

Participants called for an urgent effort to embrace urban planning as a key tool to solving urban challenges. City leaders, community based organizers and academics took stock of experiences and initiatives of cities and partners from the region and noted that the rapid pace of urbanization and the global constraints imposed by climate change and the economic global crisis are clear challenges to the sustainability of cities. Urban planning has been overlooked despite the fact that it has a key role to play in assisting local leaders' efforts in balancing private and public interests within fast moving real estate markets. Knowledge, skills and core competencies are needed if leaders are to successfully balance the conflicting roles of being a 'city marketer', a partner in commercial development processes, a recognized advocate for the public good, especially for the urban poor, and arbiter over conflicting interests. There is a need to make better use of planning as a means of anticipating growth through city expansions, visualizing future environmental and social scenarios, framing the dialogue between national, regional and local authorities, and to support community-driven development agendas.

A common perception was that many communities, particularly those more disadvantaged, remain excluded from formal planning processes, because of a lack of political will or resources. In many countries from the region, the effective use of skilled human resources for urban planning was very limited. More often than not politics trumped established planning processes which were seen as overly bureaucratic and not responsive to local needs. There is therefore a need to bridge the gap between political reality and professional exigencies. Creating a space for dialogue through the support of institutionalized capacity-building can build better connections between different urban systems and sectors while helping key players think outside of the box, be they technical or geographic. Rather than as the problem, urban planning must be seen as a solution used by leaders and officials alike as an essential means of coordination and harmonization priorities. The failure of cities, and ensuing slum formation, over congestion and degraded environments is in large part due to a lack of spatial awareness. It is therefore imperative that efforts are made to engage leaders, planners and community groups in this discourse in our common effort to realize the goal of sustainable urbanization.

### For more information, please contact

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## Sustainable Urban Transport, Financing and Urban Freight

**Organized by:** GIZ, ESCAP

### Resource Persons/Panellists/Speakers:

- Mr. Manfred Breithaupt, Senior Transport Advisor, GIZ
- Mr. Santhosh Kodukula, Senior Project Officer, GIZ
- Mr. Ridwan Quaium, Project Development Engineer, AIT Consulting, AIT

### Outline

Due to the growing demand to address urban issues like traffic congestion, air pollution and climate change, there is an immediate need to bring forward a new perspective for the solution. The traditional method of "predict-and-provide' has been proven unsuccessful. Concentrating on providing more infrastructure favoring personal automobiles has worsened the situation in the social, economic and environmental sectors of the city. The new paradigm is to shift the focus towards modes such as public and non-motorized transport, building our cities 'intelligently' so they are dense, accessible and economically friendly.

This event addressed the overall concept of sustainable transportation, and gave information on how a city could finance its sustainable transport without greatly depending on external financial sources. It also addressed how a city could assess its sustainable transport development programme by using a set of indicators.

### Summary of Discussions

The main outcomes of the discussions were:

- More investment is needed in people friendly infrastructure such as walking and cycling paths, public and mass transport;
- Cities can be liveable only if they avoid dependence on automobiles;
- Various existing transport modes in cities, such as waterways, need to be considered;
- Cities can finance their sustainable transport projects by taxing the excessive use of automobiles;
- Cities have to start with simple instruments such as parking pricing which will result in immediate benefits, and develop alternative modes for travel in parallel;
- In order to realize potential benefits, a structured approach is essential. The indicators developed by ESCAP can be used for identifying the various options that can be implemented immediately in a city.

### For more information, please contact

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## Inception Workshop and Launch of the ASEAN ESC Model Cities Programme

**Organized by:** ASEAN Working Group on Environmentally Sustainable Cities (AWGESC), ASEAN Secretariat, IGES, ESCAP

### Resource Persons/Panellists/Speakers:

Representatives of ASEAN member States

### Outline

The Inception Workshop was held in Bangkok on 21 June 2011, as an APUF-5 associated event. The objective was to discuss and evaluate the project proposals received from national and local governments, and to confirm programme implementation matters. A number of proposals were jointly approved at this workshop, while remaining proposals were anticipated to be approved by July 2011 after appropriate revisions were made.

On the following day, the programme was launched during a break-out session, where representatives of ASEAN member States and selected local governments representing the 'Model Cities' under this programme, promoted their sustainable city development plans, and proposed capacity-building activities to a wide range of stakeholders, including representatives of other countries and numerous supporting organizations.

### Summary of discussions

The discussion at the Launch was jointly moderated by Ms. Liana Bratasida (Chair, AWGESC) and Mr. Masakazu Ichimura (ESCAP). From the presentations, it was evident that several local governments are more advanced in establishing policies and measures for achieving sustainable city development which could be promoted to

others. On the whole, participants appreciated this new initiative and noted that this programme would provide a valuable forum to enable mutual learning among the local governments in respective countries and also at a regional level. This was echoed by Ms. Pornsri Kitcham (Nonthaburi Municipality), who remarked that though local governments may be equipped with technical knowledge, the practical task of implementing solutions and technologies in new projects is a far greater challenge. Local governments obtain valuable inspiration for new projects from their peers by participating in knowledge exchange events. Local governments also require more support from national policymakers in order to make greater strides forward.

A participant pointed out that although direct copying of good policies and practices is difficult, local governments might gain some lessons and insights from a collective base of experience, rather than a case-by-case basis. The Chair of the AWGESC pointed out that the capacity gap among ASEAN local governments complicates the process of transferring and replicating good practices, but in the near future, ASEAN hopes to devise common criteria for sustainable city development which would enable ASEAN cities to 'compete' with each other on their performance. Mr. Ichimura suggested that participating national and local governments formulate quantitative goals for their respective projects and the Secretariat might establish a benchmark to measure the progress achieved.

Mr. Shobhakar Dhakal (Global Carbon Project) raised the issue of how a 'Model City' is defined under the programme. Ms. Bratasida responded that a 'one-size fits all' definition is not feasible considering the diversity of ASEAN member States, and the programme encourages national and local governments to derive their own interpretation of a 'Model City' based on their unique culture and context.

A representative from a Yangon-based development NGO voiced her excitement in learning of Myanmar's participation in this new programme, and expressed the desire for non-State actors to be more actively involved in the programme and other ASEAN activities.

Mr. Paul Chamniern Vorratchaiphan of the Thailand Environment Institute commented that ASEAN's existing initiatives and mechanisms to promote environmental cooperation and sustainable development are still underdeveloped. He hoped that ASEAN would continue to establish more robust and impactful mechanisms and programmes, as well as to open its processes and forums to non-State stakeholders.

In conclusion, Ms. Bratasida acknowledged the importance of partnership among multiple stakeholders on the sustainable city agenda and stressed that governments need to be more transparent and inclusive in the policymaking to achieve real progress. Mr. Ichimura thanked all participants for their insightful remarks and stressed that the new programme represents part of a range of efforts to support local sustainability initiatives. He encouraged all stakeholders to continue communicating with each other to exchange knowledge and share experiences.

### For more information, please contact

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## Innovative Approaches to Improving Solid Waste Management in Asia

**Organized by:** UNEP, ESCAP

### Resource Persons/Panellists/Speakers:

- Mr. Mushtaq Memon, Programme Officer, UNEP (moderator)

Session 1:

- Ms. Mary Jane Ortega, Secretary General, CITYNET and President, Solid Waste Management Association, Philippines
- Ms. Lakshmi Narayan, General Secretary, Secretariat for Alliance of Indian Wastepickers
- Ms. K. Usha Rao, Senior Project manager, KfW Carbon Fund South Asia
- Mr. Kiran Farhan, Solid Waste Management Specialist, Urban Unit in Pakistan

Session 2:

- Mr. Iftekhar Enayatullah, Founder, Waste Concern
- Mr. Jayaratne Kananke, President, Sevanatha Urban Resource Center
- Ms. Lakshmi Narayan, General Secretary, Secretariat for Alliance of Indian Wastepickers
- Mr. Khai Van Doan, Project Coordinator, ENDA Viet Nam
- Ms. Karin Andersson, Environmental Affairs Officer, ESCAP

## Outline

Increased economic growth and prosperity in the region comes together with the increasing generation of solid wastes. Governments face increasing costs for the collection and disposal while untreated solid wastes threaten public health and the environment. At the same time, the sector holds immense opportunities to create business opportunities for local entrepreneurs and green jobs for the urban poor. The session looked at waste as a resource and discussed opportunities for building new partnerships.

The session:

- Discussed new and emerging challenges of waste management from the perspective of different stakeholders
- Provided an opportunity to present, share and discuss experiences and innovative practices from around the region.
- Introduced carbon financing options for replicating and upscaling community-based solid waste management approaches
- Presented mechanisms for sharing experiences and promoting sustainable practices: introducing UNEP's Global Partnership on Waste Management

## Summary of discussions

"Innovative Approaches to Improving Solid Waste Management in Asia" was a two-part session focusing on the challenges and opportunities of solid waste management in Asia. Session one was an interactive session started by a panel discussion in which the panellists answered questions from the moderator as well as from the audience. During session 2, presenters shared lessons and challenges about their specific experiences in solid waste management and audience members were able to ask questions.

### Session 1

This session was an opportunity for waste management policymakers and practitioners to share their challenges and innovative approaches to improve solid waste management in various countries.

UNEP's Mushtaq Ahmed Memon provided an overview of challenges and opportunities in solid waste management in Asia. Some of the innovative approaches including public private partnerships, waste to energy, and integrated solid waste management were introduced. A brief overview of the Global Partnership on Waste Management (GPWM) and Information Platform on Waste Management was also presented.

The panel discussion began with Ms. Lakshmi Narayan, who discussed how to take advantage of public-private partnerships while ensuring that waste management solutions remain pro-poor. She encouraged attendees to look at waste management and pro-poor solutions in two ways. First, that the poor are recipients of the service, and second, that the poor are service providers. She said that any public-private partnership must have pro-poor initiatives built into the framework by including informal workers and regulating labour laws. Ms. Narayan also stressed the importance of the recycling sector and incorporating recycling into pro-poor models of waste management.

Source separation is also crucial for sustainable waste management. Several panelists discussed the fact that it takes a long time to educate people to separate at the source and to sustain results. A variety of methods need to be used including education, media, and persistent advocacy. Ms. Mary Jane Ortega shared a success story from her time as mayor of San Fernando City in the Philippines. During her time as mayor, through the promotion of source separation and close collaboration with the informal recycling industry, the city managed to significantly reduce the amount of waste brought to the landfill sites.

As Carbon Financing grows, it is a possible tool but utilizing it remains a challenge for the waste sector. Ms. K. Usha Rao was able to present the perspective of KFW German Development Bank which finances CDM projects. Waste is one sector that has the potential to mitigate climate change by reducing greenhouse gas emissions and therefore, many waste management projects could be eligible for carbon financing.

The session concluded with questions from the audience and closing thoughts from the panelists. There were three main conclusions. First, that we need a paradigm shift that looks at waste as a resource, doesn't focus on end-of-pipe solutions, and ensures that the poor are included in this process. Second, that awareness to promote source separation is not a one-time event. Lastly, that governments should facilitate sustainable waste management by being coherent and consistent in their policies and actions.

### Session 2

This session was an opportunity for waste management practitioners to share their experiences of pro-poor waste management solutions in various countries.

ESCAP's Ms. Karin Andersson began with an overview of one of ESCAP's projects, 'Pro-Poor and Sustainable Solid Waste Management'. This project builds on Waste Concern's model, initially implemented in Dhaka, Bangladesh, to build Integrated Resource Recovery Centers which are pro-poor, cost saving, and environmentally beneficial. These projects have been implemented in several countries and are promoting a low-cost, non-mechanized approach to waste management.

Mr. Iftekhar Enaytetullah, founder of Waste Concern, gave an overview of Waste Concern's waste management philosophy and practices. Waste Concern has successfully developed a CDM project in Dhaka, Bangladesh. CDM projects allow developed countries to achieve part of their greenhouse gas reduction target through investment in greenhouse gas reduction projects in developing countries. He discussed the importance of identifying the baseline situation before projects are implemented. In the case of Waste Concern, compost plants were built which employ the poor, bring people who previously worked in dumpsites into the new system, and provide training, uniforms, day-care and food. He stressed the importance of source separation and finding clean sources of organic waste while also ensuring that projects are pro-poor.

Mr. Jayaratne Kanake provided a case study of Integrated Resource Recovery Centers in Matale, Sri Lanka. Mr. Kanake's presentation focused on how the IRRCs had achieved a high level of source separation. He explained the process of developing the IRRCs which begin by involving community and political leaders in the process. He emphasized the extensive campaigning and interaction with the community that took place in order to achieve source separation and argued that in order for source separation to be successful everyone involved must be committed. He also suggested that efficient and decent service is the key to success and that the community must see the benefits of source separation in order for a project like this to be fully supported.

Mr. Khai Van Doan from ENDA Viet Nam, discussed the challenges of solid waste management in Viet Nam. First, due to the lack of investment in solid waste management, the equipment used for transporting and treating solid waste is inefficient and unable to treat the ever increasing volume of solid waste. When cities try to reduce solid waste through composting, it is often inefficient because of a lack of waste sorting in households, highly technical composting systems, and a lack of incentives including policies. He argued that waste separation, good management of composting plants, and relationships between the community and local authorities are crucial to developing successful solid waste management strategies.

Ms. Ranu Kamble presented the experience of the SWACH in Pune, India where waste pickers organized themselves as a cooperative and are now integrated in the local solid waste management collection and disposal system. Participants were particularly interested in the financial model of the cooperative which covers operation costs and salaries through a collection fee and the sale of recyclables.

**For more information, please contact**

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# Women in Cities: Key Issues, Policy Implications and Strategies for Action

**Organized by:** UN-Habitat, SFWF-Seoul Metropolitan Government, Huairou Commission, WIEGO

**Resource Persons/Panellists/Speakers:**

- Ms. Rhonda Douglas, Global Projects Director, WIEGO (Moderator)
- Ms. Bernadette P. Resurreccion, Associate Professor, Coordinator, Gender & Development Studies School of Environment, Resources & Development, AIT, Thailand
- Ms. Hyun Kyung Park, President, SFWF, Seoul Metropolitan Government;
- Ms. Kihyun Mun, International Project Coordinator, SFWF
- Mr. Rajiv Kale, Representative of Department of Children and Women's Welfare, Delhi Municipal Corporation, India
- Ms. Ankita Upreti, Self Employed Women's Association (SEWA), India
- Ms. Sundariben, Self Employed Women's Association (SEWA), India
- Mr. Vinod Simon, National Alliance of Street Vendors of India (NASVI), India
- Ms. Hasnia Dg Caya, Coordinator of the Community Disaster Resilience Fund (CDRF) Programme, Makassar, Indonesia

## Outline

As the Asia and Pacific regions rapidly urbanize, the need for cities and local authorities to promote gender equality, equity and empowerment of women as critical elements in sustainable urban development grows. Special measures are needed in order to increase women's participation in sustainable urban development and to promote gender awareness and competence among women and men in the political arena and planning practice.

The women in cities event brought together practitioners, policy-makers, academics, women's organizations, grassroots women, representatives of cities and local authorities, United Nations agencies and development partners to discuss measures to increase action for gender equality and empowerment of women at city and local government level. The event highlighted key issues and policy implications, examined what does and does not work in influencing urban policies and programmes, presented best practices, identified challenges, strategies for action, and made recommendations for target groups.

## Summary of discussions

The session was organized on the assumption that cities of opportunity are cities for all. Policy-makers, grassroots women, street vendors, academia and other participants gathered to share and discuss which policy and programme responses do and do not work, to ensure women are fully included in today's cities.

The participants in this session first heard presentations on research on the situation of women in several cities across Asia, as conducted and presented by Ms. Bernadette Resurreccion, Associate Professor at the Asian Institute of Technology. Following this context-setting presentation, the Seoul Foundation for Women and Family presented information on a new project piloted in Seoul which follows up community audits with appropriate actions to ensure that women are safe in public spaces.

This was followed by a presentation by the Delhi Municipal Corporation on their new programme to help ensure the physical safety of women in the public spaces of Delhi and on public transport. Delhi was also highlighted as a grassroots representative from the Self-Employed Women's Association of India (SEWA) spoke about the legal struggle female street vendors had successfully engaged in to protect the spaces where they make their livelihoods prior to the Commonwealth Games.

Following on the theme of women and livelihoods, the National Association of Street Vendors of India (NASVI) gave a presentation on the push to have the National Street Vending Policy in India implemented across the country, and how this affects the lives of women street vendors. The final panellist, a grassroots women leader

associated with the Huariou Commission spoke about her experiences organizing for change in her community. She shared a case from Makasar, Indonesia, where women have a strong position to negotiate with the local authority. She explained how and when women in her community are organized and how they are included in the decision making process.Through their Community Practitioners' Platform initiative, they have a regular dialogue with the local authority to ensure grassroots women's full participation in building more resilient urban communities.

A vigorous discussion followed the presentations on the various issues that had been raised on the many ways cities need to act to fully include women and consider gender empowerment in their policies, planning and programming. The points raised included the need for women and men to work together to ensure that women are safe in their communities, and for all those working on women's empowerment to consider ways to engage men on these issues. The programmes on physical safety for women in Seoul and Delhi were considered promising examples and participants were interested in hearing more in the future on how these programmes worked after several years of experience. The work by grassroots women in organizing and employing innovative strategies, such as seeking legal recourse and partnering with the local government are to be highlighted and resources appropriated. A recommendation was made that the career advancement of city officials should rest, at least in part, on how well they respond to issues related to women and full gender inclusion in their cities. A further recommendation was made that cities hosting mega-events should ensure that the planning and implementation of these events include the voices of women from all levels of the society, and do not harm livelihoods in the process.

The session contributed to a further understanding of the importance of including women working as equal partners with men to establish cities free of violence against women and girls, create resilient communities, maintain livelihoods, and monitor gender equality and women's empowerment.

### For more information, please contact

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## Mitigating Future Housing Bubbles with Housing Information Systems

**Organized by:** Government Housing Bank, Pathfinder Asia Ltd

### Resource Persons/Panellists/Speakers:

- Mr. K.I. Woo, Director and Senior Advisor, Pathfinder Asia Ltd (Chair)
- Mr. Leland Sun, CEO, Pan Asia Mortgage Co Ltd, Hong Kong
- Ms. Zhang Hong, PhD, Associate Professor of Finance, Shanghai Finance University, China
- Mr. Sopon Pornchokchai, PhD, President, Thai Appraisal Foundation and Agency of Real Estate Affairs, Thailand
- Mr. Ballobh Kritayanavaj, Senior VP, Head of Research and Information Services Dept, Government Housing Bank, Thailand
- Ms. Chamnian Duriyapraneet, Deputy Governor, National Housing Authority, Thailand
- Ms. Thipparat Noppoladarom, Director, Community Organizations Development Institute, Thailand

### Outline

The breakout session looked at three main areas:

- Development of various tools to identify and mitigate damage caused by housing bubbles
- How governments and policy leaders have used these tools to mitigate housing bubbles
- Whether housing bubbles are good for low income housing.

### Summary of discussions

Mr. Ballobh and Mr. Sopon first talked about how housing information systems have been developed during the past several decades in Thailand. They spoke of Thailand's experiences during the 1997 economic crisis that was

largely triggered by too much hot money and an overheated housing industry that collapsed. They spoke of how various stakeholders in Thailand have strived to develop up-to-date and accurate real estate industry information that was sorely lacking in the mid-1990s. These new information tools, they said, have helped policymakers including Central Bankers and developers to better manage the supply of housing.

The second panel featured Leland Sun from Hong Kong, China and Ms. Zhang from China. Mr. Sun mentioned that Hong Kong, China has had a very volatile real estate market during the past four or five decades. The government is very aware of the damage that a sudden collapse of housing prices can make to both the economy and the harmony of the region. Housing prices in Hong Kong, China are currently quite high and he said that since November 2010, the government of Hong Kong, China has put in place 34 different measures to slow the demand for housing. These include raising interest rates, stamp taxes and decreasing loan to value ratios.

Ms. Zhang said that China's stimulus policies to combat the effects of the global economic slow-down had resulted in a significant growth of the real estate industry. The government has also implemented measures to manage its growth in the past year.

Ms. Thipparat and Ms. Chamnian said that their organizations' studies have indicated that housing bubbles are not good for low-income people. Rising rents and building costs during housing bubbles raise the ultimate costs of housing and these cost increases in most cases never recede when a housing bubble bursts.

### For more information, please contact

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## Green Infrastructure and Buildings: Ensuring Sustainability of Small and Medium Scale Cities

**Organized by:** AIT

### Resource Persons/Panellists/Speakers:

- Prof. Chettiyappan Visavanathan, Professor, AIT, Bangkok, Thailand (Chair)
- Mr. Ranjith Perera, Associate Professor, AIT, Bangkok, Thailand
- Mr. Gamini Senanayake, Chairman, M/s, Gamini Senanayake Associates Private Limited, Kurunegala, Sri Lanka
- Mr. Thanit Angkawinijwong, Vice Mayor, Rayong Municipality, Thailand
- Mr. Atch Sreshthaputra, Assistant Professor, Chulalongkorn University, Bangkok, Thailand
- Ms. Panya Warapetcharayut, Pollution Control Department, Thailand
- Ms. Pornsri Kictham, Nonthaburi Municipality, Thailand
- Mr. Veravit Sattayanon, Pruksa Real Estate Public Company Limited, Bangkok, Thailand

### Outline

Although many of the small and medium sized cities in developing countries today are not major resource users or polluters, these cities follow the same unsustainable urban development pattern of big cities. Thus, proactive measures are needed to guide their urban development towards sustainability in the future. This session emphasized the proactive actions needed to guide small and medium scale cities.

There were four presentations in this session, focusing on Green Infrastructure (overview), Sustainable Transport, Solid-waste management, and Green Buildings. It was followed by a panel discussion with three invited experts representing national and local governments and the private sector. The panel discussion was followed by an interactive discussion with the audience. Attendees from academia, civil society and the business community were requested to express their views and experiences on 'greening infrastructure and buildings'.

## Summary of discussions

The session paid particular attention to the solid waste, transport and building sectors, because they are generally the main contributors of greenhouse gases in small and medium sized (S&M) cities which lack other types of major contributors like industries. Cities with a population of less than 100,000 inhabitants were defined as small; those with 100,000-500,000 inhabitants were defined as medium. It was noted that the carbon profiles of S&M cities are very different to those of large and mega-cities, and may vary depending on their anchoring functions. For example, the carbon footprint of an ordinary service centre city may be very different from a city dominated by the tourism sector. Climate change mitigation strategies adapted in large and mega-cities may not be applicable for S&M cities. Hence, a comprehensive analysis of the carbon footprint of each city, using an analytical tool like 'Bilan Carbon™ ' was emphasized in order to prepare a strategic plan for climate change mitigation. Using this analysis, strategies can be proposed for each sector.

With regards to reducing carbon emission from the transportation sector in S&M cities, it was observed that widely used strategies like promoting mass transit systems (LRT or MRT) are often not suitable due to a lack of passengers. Instead, bus rapid transit systems and non-motorized modes such as cycling are more effective, as demonstrated in Yogyakarta and Nonthaburi respectively. The discussant from Nonthaburi municipality shared their experience of a successful bicycle parking project, which encouraged daily commuters to travel from home to bus and boat terminals by bicycle. It enabled the urban poor to save about 20 baht a day (economic benefit) while making a small contribution to the city by helping to reduce congestion and carbon emissions (environmental benefit). Both the expert discussants and participants emphasized that the promotion of public transport systems using natural gas vehicle buses and commuter vehicles are the most suitable and practical measure to reduce GHG emissions from the transport sector in S&M cities. It was also emphasized that the cost of implementation of such measures should be socially acceptable and affordable for local governments. Climate action plans targeting the transport sector in S&M cities need to focus on long-term sustainability and need to be implemented step by step through short-term strategies.

The deputy mayor of Rayong municipality explained the solid waste management good practices of his city. Rayong had a serious problem of large amounts of solid waste, mainly plastics. The municipality introduced a set of measures to separate plastics from other waste and to dig-up plastics from the old dumping site (called landfill mining) in order to convert plastic waste to energy (oil). A discussant questioned the financial feasibility and the pay-back period for the technology used. It was revealed that the local government of Rayong implemented that measure and also other measures such as composting and bio-gas production using municipal waste, to show its social and environmental responsibility and not to seek revenue. The deputy mayor emphasized that improvement of people's quality of life is the major gain of those measures, and that this cannot be quantified in financial terms.

Mr. Atch Shresthaputra informed the audience that the Green Building Code for Thailand will be completed in 2012 by integrating the scattered (and scope-wise limited) efforts of four authorities. The development of this building code has taken both environmental and energy aspects into consideration. Improved environmental conditions and the reduction of energy consumption from the building sector are the main goals of this Green Building Code. The discussant from the private sector raised a concern about the increasing cost of construction when complying with the code. An architect representing a real estate company countered by arguing that although there is a higher initial cost for constructing greener buildings, they have competitive advantages over normal buildings due to lower operation and maintenance costs. He further argued that environmentally conscious customers prefer greener hotels, condos and office buildings. Realizing this trend, some resort hotel owners in Thailand have already implemented green policies by adopting energy-saving and waste-recycling measures. Some of these hotels have been designed and built according to the green building principles to serve tourists especially from Scandinavian countries that look for eco-friendly goods and services. The rooms in such hotels are sold at premium prices. He further emphasized that traditional housing architecture aptly reflected the concept of eco-friendly buildings. These buildings created by ordinary people can serve as good examples for professionals to research and then develop ideas suitable for the contemporary society.

The chair summed up the main points of the presentations and discussions. Authorities of small and medium size cities shouldn't follow climate change mitigation strategies of large and mega-cities. Instead, they should identify innovative and more appropriate ideas targeting the sectors that show an increase in carbon emissions with the rapid process of urbanization. If S&M cities are genuinely concerned about sustainable urban development, carbon emission reduction strategies should generate social and environmental benefits but not necessarily economic benefits. Greener infrastructure and buildings are not only the backbone of sustainable urban development but also catalysts for improving the quality of life of people, as demonstrated by the good practices of Rayong municipality and Nonthaburi municipality.

### For more information, please contact

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## Mayors' Round Table on MDGs Challenges & the Way Forward

**Organized by:** CITYNET, UCLG-ASPAC, UN Millennium Campaign, UN-Habitat

### Resource Persons/Panellists/Speakers:

- Ms. Mary Jane Ortega, Secretary General, CITYNET
- Mr. Krishna Prasad Jaishi, Co-President, UCLG ASPAC
- Mr. Minar Pimple, Regional Director, UN Millennium Campaign
- Ms. Linda Gonzales, Mayor, Ligao City, the Philippines
- Mr. Del De Guzman, Mayor, Marikina, the Philippines
- Mr. Hiron Md. Showkat Hossain, Mayor, Barisal, Bangladesh
- Mr. Mohamed Omar Z. Kamil, Special Commissioner, Colombo, Sri Lanka
- Mr. Eric Codilla, Mayor, Ormoc, Philippines
- Mr. Dilip Kumar Chapagain, Chief Executive Officer/Acting Mayor, Bharatpur, Nepal
- Mr. Hugua, Regent Mayor, Wakatobi, Indonesia
- Ms. Premrudee Charmpoonod, Mayor, Phitsanulok, Thailand
- Mr. Cr. Sampath Perera, Chairman, Young Councillors National Platform for MDGs, Sri Lanka

### Outline

The Mayors' Forum reviewed issues and challenges related to the Millennium Development Goals, and most importantly, it looked at the way forward. A commitment statement and the Bangkok Declaration underlined the common goals and sentiments of mayors in the Asia-Pacific region.

### Summary of discussions

The session was opened by Ms. Mary Jane Ortega and Mr. Krishna Prasad Jaishi. The Millennium Development Goals (MDGs) are closely related to the process of urbanization. Currently, there is an ongoing debate about whether we are on the right track to achieve the MDGs or not. In cases where we are a bit off-track, there may be a need to adopt new targets and new ways of planning in order to move in the right direction. People need to be empowered in order to triumph, succeed or move forward in attaining the MDGs by 2015, in spite of the current challenges.

Mr. Pimple presented the MDG challenges and opportunities for local governments. The Asia-Pacific region accounts for 65 per cent of the developing world's population. Still 60 million people in urban areas live without clean water, which is over 40 per cent of the world's share. The Asia-Pacific region has 35 per cent of the world's urban slum dwellers. In South Asia, the proportion of women in urban areas receiving recommended pregnancy-related health care is only 58 per cent. The region already has 15 of the world's largest cities, and over the next 10 years, the region's urban population will grow further by 1.1 billion people due to increased rural-urban migration. This massive migration has been posing great challenges for urban governments in providing basic services, especially for migrants who are particularly vulnerable. The key roles and comparative advantages for

local governments are as follows: delivering services, fostering local economic development, building climate change resilience, achieving food security, promoting gender equality and state-building in post-conflict settings. In addition, there must be promotion of local governance and MDG acceleration through citizens' monitoring and tracking of the MDGs.

Moderated by Ms. Linda Gonzales, mayors from Marikina, Ormoc, Barisal, Colombo and Bharatpur municipalities provided explicit pictures of the status of the MDGs in their respective countries. They claimed accomplishments of specific MDGs, particularly in the areas of health and sanitation, education, environmental management coupled with disaster risk reduction practices, infrastructure improvement including housing for informal settlers, application of technology, better promotion of gender and development, especially in the government bureaucracy, and economic growth with strong consideration for employment for the poor. Some even valued their achievements in certain development areas to be in the 80 percentile, and a 20 per cent improvement in poverty ratings. The mayors also mentioned the participatory planning processes and new governance approaches used, creating partnerships, developing more sustainable and innovative programmes in delivering services closer to needy constituents, the benchmarking and sharing of best practices, resource mobilization, building alliances, and recognizing citizens' engagement in governance. The mayors also recognized some issues that need to be confronted, such as resource constraints, bureaucratic impediments, vulnerability to disasters, sustained problems related to livelihood or the lack of job security, and continuing rural-to-urban migration.

Three countries presented their progress: Indonesia (represented by Wakatobi Regency Government), Thailand (represented by Phitsanulok Municipality) and Sri Lanka (represented by the Young Councillor's National Platform). These countries have much in common in terms of economic reforms that paved the way for improving their socio-physical conditions. Wakatobi has managed their coastal and marine resources well, making the city an eco-tourist destination. Phitsanulok has been recognized for its efficient solid waste management, turning itself into a 'clean city', while Sri Lanka has developed regional trading by way of maximizing global partnerships.

These countries also recognized the dilemmas in delivering the requisites for fulfilling the MDGs. As far as Wakatobi is concerned, budget allocation is a main issue, as it is estimated that 57 per cent is spent for programmes not related to MDGs. Some questions need clarification: are the MDGs coordinated through city or agency planning? For whom are the MDGs? How should it start? Who are the appropriate partners?

Sri Lanka, on the other hand, has seen positive development in the areas of primary universal education, gender equality, maternal health, child mortality and in combating HIV/AIDS, malaria and other diseases. The main problems are uneven development within and among provinces and cities, a lack of skilled staff in local authorities and a lack of understanding of the importance of MDGs by political leaders. Other challenges include legislative and policy issues, political interference and differences, and weak institutional setup and mechanisms.

Both Wakatobi and the representatives from Sri Lanka suggested ways in which countries can achieve MDGs, or move forward: the use of score carding to make a country more aware of its actions, promoting global justice and prosperity, and speaking out against poverty. It was also recommended that the CIA (Control, Influence, and Appreciate) approach could be used. To Control, select projects that are manageable, build partnerships with the private sector to mobilize resources and work for environmental sustainability. To Influence, city councils can be pushed to focus on MDGs, women can be encouraged to participate in local elections. And to Appreciate, awareness programmes, skills training and sharing good practices can be good tools.

Finally, mayors and participants signed the "Bangkok Declaration for Achieving the MDGs" to reaffirm their commitment, to give priority to the MDGs and to request that national governments keep their promises and recognize the role of local government as an essential and unique partner in meeting the MDGs.

**For more information, please contact:**

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# Making a Business Case for Inclusive Urban Development

**Organized by:** CDIA

**Resource Persons/Panellists/Speakers:**

- Mr. Austere Panadero, Undersecretary for Local Governments, DILG, Philippines
- Mr. Kirtee Shah, Hon. Director, Ahmedabad Study Action Group (ASAG). India
- Mr. Kalanidhi Devkota, Executive Secretary, Municipal Association of Nepal (MuAN) and Representative, UCLG-ASPAC
- Ms. Bernadia Irawati Tjandradewi, Program Director, CITYNET
- Mr. Mats Jarnhammar, Social Development Specialist, SIDA-CDIA
- Mr. Emiel Wegelin, Program Coordinator, GIZ-CDIA (Moderator)

## Outline

While many cities are working towards incorporating more pro-poor and inclusive elements within the formulation of their key development projects, there is still significantly more that can be done. To encourage more cities to take action there need to be incentives that create an enabling environment. A 'business case' for an urban infrastructure project can demonstrate well defined financial benefits for cities.

The session was a moderated exchange of perspectives on identifying (financial and other) incentives for a business case for incorporating inclusive development principles within strategic urban infrastructure investments. Questions were raised if adequate incentives exist, whether they are meeting the need of cities and financiers, where there are opportunities to improve, and from where these incentives should originate. Through this discussion, the objective was to raise interest towards building a business case where more inclusiveness and pro-poor integration in project formulation becomes financially attractive.

## Summary of discussions

Some key questions were asked to initiate the discussion. Funders often have a premium on bringing in large projects, but they don't have a premium for innovative or inclusive projects. Do we need to change project incentives handed out by national or other levels of government? What are the main bottlenecks and how can we remove those by initiating additional incentives? Is there always a role for the private sector? The discussions addressed four key areas;

### Resources

There are enough resources on the market for more sustainable inclusive development. An inclusive approach will help promote sustainability of projects. Financing institutions should look closely at this. Inclusiveness is not optional; it has a financial impact and has a strong political component. Putting up a fund as incentive to encourage more inclusive approaches in infrastructure implementation could be a solution, but capacity-building is equally important.

### Role of development banks and international funders

There are not sufficient incentives to encourage a more pro-poor and inclusive approach to infrastructure investments. Compared to the action taken by the international community on the environmental agenda, we do not see much on the poverty side. This is also true when we look at the cost of non-action: the analysis has been done for environmental impacts, but not for poverty aspects.

Typically, the development banks' view is that investments lead to growth. The challenge is to make banks interested in both growth and development. Development banks are controlled by member countries; they could be influenced to change the type of lending and conditions associated with development bank operations. Donor funds can play an important role here. Through leading by example, they can show that inclusive development is possible and makes good business sense for cities;

### Capacity-building

There is a need to change people's perceptions at many levels on the value of an inclusive approach to development – the time of charity is gone, projects should have a solid business case. The misconception that projects for the poor are not sustainable must be disregarded. We are often blind to the economy of the poor and their ability to pay. Business cases can be made, but perhaps we have been formulating projects poorly and need to adopt stronger projects to attract investment.

Capacity-building can help. It must target many levels including the city government, community workers, professionals and consultants. They have to understand that development must be both inclusive and integrated. They have to learn how to take a process approach supported by key mechanisms, and how to go from project preparation to implementation. There are a number of examples that can be used to raise awareness.

### Role of local and national governments

Local governments with strong decentralized power are the only actors that can effectively address this issue. The role of the national government is to support regional infrastructure investments such as regional road networks. Incentives (financial and others) and best practices are needed at both levels.

In conclusion there was a consensus that a business case can be made for more pro-poor and inclusive urban development and that infrastructure that targets low income communities can be seen as an investment instead of 'charity work'. However, action needs to be taken at several levels with a select number of key thrusts. While the local level should integrate and implement such actions within their development plans, there is an important role for international development banks, the donor community and national governments to take a lead by creating financial incentives and an enabling environment similar to what has been done to encourage action on environmental sustainability.

### For more information, please contact

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## Urban Water and Sanitation in Asia and the Pacific

**Organized by:** UN-Habitat

### Resource Persons/Panellists/Speakers:

- Prof. Amitabh Kundu, Professor and Dean, Jawaharlal Nehru University, New Delhi, India
- Mrs. Abha Bahadur, Senior Vice President, Sulabh International Social Service Organization
- Ms. Mary Jane Ortega, Secretary General, CITYNET
- Mr. Artong Jumsai, Director, SPW, Thailand
- Mr. Thaiphachanh Khamthavy, Director General, Department of Housing and Urban Planning, Lao People's Democratic Republic
- Mr. Noupheuak Birabouth, Deputy Director General, Department of Housing and Urban Planning, Lao People's Democratic Republic
- Mr. Kulwant Singh, Advisor, Capacity-building and Programme Monitoring, UN-Habitat
- Mr. Avi Sarkar, Chief Technical Advisor, UN-Habitat

### Outline

Water in the Asian and Pacific region is a very multifaceted issue. There is scarcity, waste, pollution, inadequate service levels, increasing and competing demands to name but a few. There are many causes and many actors. There are solutions, but more urgency is needed to give water a greater priority in development and investment plans. In Asian cities, efficiency is the key to provide water for the ballooning populations. Choices need to be made to decrease water loss, manage demands, improve bankable utilities and slash energy costs to reduce the impact of climate change. The region may achieve the Millennium Development Goal relating to water, but not the one relating to sanitation. The session discussed mechanisms to achieve both goals in the next four years by discussing various options and sharing successful experiences from the region.

### Summary of discussions

The session focused on city-to-city cooperation: working closely together when preparing city level strategies for water and sanitation. Many participants expressed interest to introduce human values based water, sanitation and hygiene in education programmes in their countries. The session generated a lot of discussion on Sulabh sanitation technologies. Policies relating to pro-poor water and sanitation governance were considered extremely important for an inclusive and sustainable future for Asian cities. Participants decided to continue interacting among themselves through e-mail and exchange visits, in order to learn about successful implementation of water and sanitation related policies and programmes in Asian countries.

### For more information, please contact

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## New Community Finance Systems for Citywide Upgrading

**Organized by:** ACHR, Shack/Slum Dwellers International (SDI)

### Resource Persons/Panellists/Speakers:

- Ms. Ruby Haddad, Luzon Coordinator, Homeless People's Federation of the Philippines (Moderator)
- Mr. Nandasiri Gamage, Founder and Senior Advisor, Women's Bank, Sri Lanka
- Ms. Rupa Manel, President, Women's Bank, Sri Lanka
- Ms. Sonia Cadornigara, Visayas Coordinator, Homeless People's Federation of the Philippines, and Board Member, SDI, Philippines
- Ms. Lajana Manandhar, Director, Lumanti, Nepal
- Community representatives from Thailand, Nepal, Sri Lanka, Cambodia, Myanmar

### Outline

As the urban poor and residents of informal settlements usually do not have access to formal finance to meet their housing, infrastructure and livelihood needs, communities across Asia have started to develop their own, flexible forms of finance to enable community-driven development. Starting with the establishment of savings groups, many urban poor communities have now moved on to create community development funds, working in partnership with city level actors, and even on a national scale.

### Summary of discussions

The discussion started with brief presentations by the Women's Bank of Sri Lanka, Thai community representatives, and Sonia Cadornigara from the Philippines, about how savings processes started and evolved in their countries, and what the savings have enabled in terms of housing, infrastructure and livelihood development. The floor was then opened up to questions, which included clarifications about the running costs of savings groups, the problems faced by savings groups and how they are overcome, the impact that savings have on women, and how to ensure loan repayments. The discussion closed by concluding that it is possible for alternative, flexible, financial systems to be developed to meet the specific needs of the poor. The challenge is now to try and link these community-based systems with formal systems.

### For more information, please contact

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# Urban Health Matters: Towards an Integrated and Coordinated Approach

**Organized by:** WHO Liaison Office with ESCAP, Center for Global Health and Development, Thammasat University

## Resource Persons/Panellists/Speakers:

- Mr. Abdul Sattar Yoosuf, Assistant Regional Director, WHO South-East Asia Regional Office (Chair)
- Mr. Han Tieru, Director, Building Healthy Communities and Populations, WHO Pacific Regional Office (Co-chair)
- Ms. Malinee Sukkavejworakij, Deputy Governor, Bangkok Metropolitan Administration Office
- Mr. Siddharth Agarwal, Executive Director, Urban Health Resource Centre, India

## Outline

Urban conditions are significant determinants of the health of people living in cities. Rates of urbanization grow rapidly when people migrate for social or economic purposes. The urban lifestyle however, is not always healthy, especially for the poor. Urban development brings both opportunities and challenges: skylines emerge along with crowded slums, there is an uncontrollable flow of population, and an urgent need for better waste management. People in cities often live close to modern technologies and medicine, but they are not always able to access health services due to the cost and other social and economic obstacles; they have no guaranteed access to clean and safe drinking water and sanitation; they often do not enjoy adequate and healthy diets or are able to participate in physical activities since people are pre-occupied with earning a livelihood. To address urban health issues, one must think of a city beyond its material environment and its status as a livelihood provider, and focus on the people living in the city. Multi-sectoral interventions and coordination are important to ensure health of urban populations.

## Summary of discussions

The session dealt with four themes:

### Health Challenges from Rapid Urbanization Strategies and Actions: Development and Scaling up of Healthy Cities in the Western Pacific Region

The first topic discussed was the socio-economic, environmental, and human dimensions of urban health. A strategy was advocated that developed healthy cities through multi-sectoral collaboration, city governance and leadership, community participation to promote healthy living by providing a supportive physical and social environment that is clean and safe, sustainable and healthy transport and smoke free environments. The meeting also emphasized the need for schools, workplaces, hospitals, markets and communities that promote healthy lifestyles.

### Experiences from the Bangkok Metropolitan Authority

The second topic provided an overview of the efforts of the Bangkok Metropolitan Authority to make Bangkok environmentally friendly and healthy. This rapidly growing city has numerous unhealthy slums, health care problems, a lack of education for the underprivileged people, growing waste problems, traffic congestion and air pollution. In order to address this situation, the Metropolitan Authority has approved the Healthy Bangkok Plan, which envisages a city in which residents would have good health, quality of life, happiness, safety, security and a pleasant living environment. The plan emphasizes the need for good governance and participation from all stakeholders concerned to realize this vision.

### Practical Lessons and Experiences in Urban Health

The third theme dealt with practical lessons and experiences in urban health. The presentation and discussions focused on the relationship between unplanned urbanization (growing slums) and health inequality: poor people are more vulnerable to health risks. The meeting called for a focus on medium sized and smaller cities, spatial mapping, use of pro-poor public private partnerships, and having urban poor as active agents to promote a healthy urban setting.

### Urban Health Matters: Towards an Integrated and Coordinated Approach in South-East Asia

The fourth topic had the same title as the break-out session and raised a lot of spiritual dimensions: the importance of peace and dialogue among all stakeholders in dealing with urban health. The presentation gave an overview of the challenges to health and equity. It also gave an overview of persistent urban health issues: urban sanitation, safe drinking water, the often unhealthy working environment in the informal sector and the ever increasing traffic problems. It emphasized the issues of enforcement and governance, nutrition and urban settings. It recommended that a paradigm shift towards governance with a human face was needed. Finally, it detailed the ongoing efforts in South-East Asia to promote urban health, including urban health mission, healthy communities and neighborhoods, corporate health volunteer schemes, community health insurance, slum improvement with provision of safe water and sanitation, public private partnerships, green transport, carbon neutrality, food security, workers health initiatives and legislation.

### For more information, please contact

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## Alternative Building Materials, Technologies & Designs to House the Urban Poor

**Organized by:** HfHI, ESCAP, UNESCO

### Resource Persons/Panellists/Speakers:

- Ms. Montira Horayangura Unakul, Culture Programme Officer, UNESCO, Bangkok, Thailand
- Ms. Corinna Salzer, Master Student in Civil Engineering, ETH Zurich, Switzerland
- Mr. Aruna Paul Simittrarachchi, Regional Program Advisor for South Asia, Country Representative for Nepal, HfH
- Mr. Fernando Morales, Appropriate Construction Technologies Manager Asia Pacific, HfH

### Outline

The break-out session introduced participants to some of the region's rich tangible and intangible heritage, presented criteria for and examples of pro-poor and environmentally sound housing, and discussed how to increase incentives and overcome barriers to the mass-scale application of alternative building materials, technologies and designs in Asia-Pacific.

### Summary of discussions

In her presentation 'Finding New Life for Heritage Buildings and Traditional Building Knowledge in a Contemporary Urban Context', Ms. Montira Horayangura Unakul looked at integration of built cultural heritage into contemporary urban landscapes, in order to preserve the quality of our urban environments and to enhance socio-economic development. She talked about the use of traditional techniques and materials and the integration of contemporary designs into historic environments and presented case studies from the UNESCO Asia-Pacific Heritage Awards, an initiative that honours sustainable conservation projects from all over the region. All of the awarded projects contribute to both economic and social well-being of local communities and are exceptional in their approach to historic environments and their use of traditional building knowledge.

Ms. Corinna Salzer, in her presentation 'Appropriateness of Building Technologies in the Context of Urban Low Income Dwellers', presented a criteria catalogue for assessing alternative building materials vis-à-vis the three pillars of sustainability. These criteria look for example at process optimizations such as flexibility of structures and the reduction of skills needed on construction sites, reduced global warming potential or initial construction costs and economies of scale. She introduced Life Cycle Analyses in sustainable construction as one key tool to measure eco-performance and shared with participants some preliminary results of an analysis she had undertaken for bamboo roofing as part of on-going action research on pro-poor eco-settlements by ESCAP and the Homeless People's Federation of the Philippines.

In his presentation 'Bamboo Enterprise for Habitat in Nepal', Mr. Aruna Paul Simittrarachchi told participants that bamboo is the predominant building material in Eastern Nepal and that its advantages are that it is fast-growing, easy to use, environmentally friendly and durable. He informed participants that Habitat for Humanity Nepal is promoting pre-fabricated bamboo houses across Nepal and explained that the bamboo is first chemically treated, then cut to size and sent to various construction sites where it can be assembled. Houses built with such bamboo can be completed within seven days and can last for many years. The Bamboo Enterprise for Habitat also takes sheets of weaved bamboo, laminates them, bundles them together and presses them into hard corrugated roofing sheets which last much longer than conventional galvanized iron sheeting. He said that the factory's capacity would soon be 280 roofing sheets a day. Local women's groups weave the bamboo mats and sell up to 1,120 mats a day to the factory. HfH Nepal is using local bamboo, but has a programme to cultivate bamboo on about 100 hectares of land and in nurseries run by local women's groups and community-based groups.

Mr. Fernando Morales in his presentation on 'Low-cost Homes in Cambodia Using Sun-dried, Stabilized Adobe Blocks' discussed the environmentally friendliness, strength and durability of stabilized adobe blocks made from a mixture of soil and sand. Adding aggregate or a stabilizer dramatically improves structural performance as well as the lifespan of the home. In Cambodia, for example, HfH uses cement as a stabilizer. The mixture, including 10 per cent cement, is poured into steel block molds. After a few minutes, the molds are removed and the blocks left in the sun to dry for up to 15 days. HfH makes eight different types and sizes of adobe stabilized blocks including half blocks, U-blocks and rebate blocks. Adobe blocks are made on or near a construction site by local workers using local soils, while the steel molds are manufactured in neighbourhood metal workshops. HfH uses adobe blocks in tropical climates like Cambodia's, and in dry environments such as Afghanistan.

A representative from an Indonesian research institution said Indonesia has experimented with a lot of local materials and designs like bamboo as these are readily available, cheaper and provide more comfortable living conditions in a tropical climate. Building with bamboo is airy and ensures lower indoor temperatures. A government official from Nepal said he was very interested in the use and promotion of alternative building materials but that in practice he had encountered issues of social acceptance of these materials by government officials and the population at large. He said especially in an urban setting people feel that buildings have to be made from stone, cement or brick to be sturdy, permanent and modern. He also spoke about the old brick houses in Nepalese cities that are difficult to preserve. He was interested in exploring opportunities with UNESCO in this regard.

The presenters and several participants then discussed several options of using bamboo in a modern context, for example by pressing mats into roofing sheets or by using them as wall panels or even as load bearing pillars that allowed for multi-story houses. The discussion also touched upon the use of mixed building materials; in urban settings the first floor could be made from more conventional materials, and subsequent floors from lighter materials such as bamboo to cater to socio-cultural perceptions and taste. An architect from Thailand pointed out that much of the discussion had centred on bamboo as a substitute for other materials but that attention should also be paid to bamboo for its own merit. Instead of hiding the fact that it was bamboo, one should show it off at its best as was done in at least one luxury hotel in Thailand or the Green School in Bali. Celebrating bamboo and remaining true to its nature in the designing and building process would also go some way to removing social prejudices about what constituted modern building materials.

A community architect from Thailand confirmed that once a community that was undergoing an upgrading process for their housing had learned how much foreign guests were willing to pay for a night in that luxury resort with housing that did not look too dissimilar to their own, they were very happy to use their traditional materials and designs for their new houses. A representative from the private sector shared samples of different panels she produced from agricultural waste, pointing out that the glue used is environmentally sound, but pricey. Her example showed that it's difficult to keep alternative building materials truly environmentally friendly but that proper marketing can reach a growing audience of interested consumers in Asia and beyond.

### For more information, please contact

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# Dialogue with Private Sector Representatives on Sustainable Urban Development: Moving from Vulnerability to Human Development

**Organized by:** Embassy of France in Thailand, UNDP Asia-Pacific Regional Centre, ESCAP, CITYNET

## Resource Persons/Panellists/Speakers:

- Ms. Cecile Faraud, Regional Cooperation Officer for South-East Asia, Embassy of France in Thailand
- Prof. Aung Tun Thet, Senior Advisor, UNRC Office, Myanmar
- Ms. Anuradha Rajivan, Team Leader Human Development Report Unit/Poverty Reduction and Inclusive Growth Practice, UNDP Asia-Pacific Regional Centre
- Ms. Swati Khimsera, Assistant Marketing Manager, PLA Thailand.

## Outline

The private sector has two faces. One is "Business as usual" behaviour which contributes to green house gas emissions and threatens Asia-Pacific's prospects for inclusive and sustainable urban development, especially for the poor and vulnerable. While on the other hand, by developing innovative technologies and providing vital investment, the private sector is also part of the solution. As Asia-Pacific drives the global economic recovery, how can we strengthen responsible corporate behaviour? Is the business sector doing enough to balance short and long-term threats and opportunities in the context of climate change? How can we balance incentives with regulation? Are current Public Private Partnerships and Corporate Social Responsibility frameworks adequate to meet urban challenges? Existing development strategies often do not take into account the critical role of the private sector. This Forum has provided an opportunity for a dialogue with industry leaders and also to inform them about the forthcoming Asia-Pacific Human Development Report on Climate Change, a flagship policy advocacy document from UNDP.

## Summary of discussions

Ms. Cecile Faraud welcomed the participants and explained the support of France by showing the strong involvement in urban development that France is manifesting via its strategic vision (based upon urban governance) and its tools that can inspire partners and be adapted and replicated in the region to help strengthen Asian cities' sustainability. Ms. Anuradha Rajivan highlighted ongoing work on the private sector, cities and climate change for the forthcoming Asia-Pacific Human Development Report. This included many positive examples of companies in the region investing in the environment and the communities in which they operate and highlighted examples of Public Private Partnerships from the Philippines and Nepal. Landscape architect Swati Khimsera presented ways that her company is working with the Bangkok Metropolitan Authority in helping to use 'green design', especially effective in absorbing carbon dioxide, in downtown Bangkok.

The lively debate among business leaders, government officials, and representatives of federations of Chambers of Commerce and community organizations focused on the challenges the private sector faces in bringing environmental and urban sustainability into their corporate social responsibility and corporate governance culture. Participants showcased some of their business approaches in sectors such as energy, water and sanitation and hydro power. They also discussed constraints within the regulatory and legislative frameworks they have to deal with when trying to bring about environmental change and to shift from short-term profits to long-term sustainability.

Many of the sixty participants agreed that the private sector can bring entrepreneurship, financial support, innovation, technology as well as its renowned ability in lobbying for responsible and sustainable business practices, but cited incoherent, contradictory and insufficient regulations as one of the main hindrances. One such example is the desire of some companies to move towards renewable energy use, while certain governments continue to subsidize the use of fossil fuel that is hampering the implementation of sustainable energy approaches.

For Veolia, a French private waste management and sanitation firm with over 150 years of experience in 70 countries, sustainability is at the core of its business. The company advocates for more and better regulations to be enforced by enlightened decision makers. Veolia supports the development of institutional and individual

capacities of local authorities by knowledge sharing and partnering with the UN Institute for Training and Research. The representative of Renault, too, stressed that the private sector had no choice but to go faster than the public sector and anticipate the changes. There is no time to wait for regulations. The private sector has taken responsibility for sustainable solutions by adopting life cycle approaches and by reducing foot prints throughout its business models. For instance, the private sector builds roads and infrastructure to its companies' sites and assumes the responsibility to do this. Schneider Electric tries to bring together people and innovations, encourage entrepreneurship, involve staff and employees in creating innovative solutions: go amongst the people in the communities and bring back creative ideas. Some participants argued that good environmental practices cannot be left up to volunteerism only. They discussed the need for businesses to pay property taxes, to have good zoning and urban planning.

Representatives of think-tanks and NGOs suggested that, as important incentives and reward systems are necessary for successful business initiatives, there should also be 'disincentives' for not complying with the regulations, such as Polluters Pay Principles. In the urban context and in particular with regard to critical infrastructure, compliance with formal rules and voluntarily adapted codes of conduct as a manner of good business practices are essential.

A representative from a district development committee in Nepal said that his community is using partnerships between the public and private sectors to improve water conservation and waste management, reduce the costs and improve the environmental sustainability. An architect from an academic institution in India said that PPP should be turned into PPPP: Private Public People Partnership; people often mistrust public authorities due to corruption, and current interpretations of Corporate Social Responsibility are too limited to truly develop trust and partnerships. By including people in the process, this can be improved.

Last but not least, an independent consultant highlighted the preconditions of capacity development and how to capitalize capacities for partnership development. He emphasized that capacity development is a critical part of the chain from short to longer-term sustainable results and that capacity development leads to visible, intermediate results, like stronger leadership for change. In the medium term, stronger capacities can lead to enhanced performance for sustainable development.

The session concluded with a vote of thanks from the Embassy of France and UNDP. The co-organizers were extremely appreciative of the honesty and vigor of the discussion, which successfully brought out dynamics between the private sector and other stakeholders on issues such as regulations and market incentives for sustainable growth. It was hoped that future dialogue forums would aim at contributing to continuous efforts of both private sector and governments to enhance sustainable human development by stressing and building linkages for partnerships.

### For more information, please contact

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## Housing Profiles and the Global Housing Strategy

**Organized by:** UN-Habitat

### Resource Persons/Panellists/Speakers:

- Mr. Claudio Acioly Jr., Senior Housing Expert, Chief Housing Policy, UN-Habitat
- Ms. Lowie Rosales, Human Settlements Officer, Programme manager for Viet Nam, Nepal, Lao People's Democratic Republic, UN-Habitat
- Mr. Nguyen Quang, Programme Manager, UN-Habitat Viet Nam
- Mr. Prafulla Pradhan, Former Programme Manager, UN-Habitat Nepal

## Outline

The main objective of the session was to discuss the future of housing in a planet of cities and stimulate a discussion about the need for a paradigm shift in housing policy and practice. UN-Habitat has been mandated to initiate a local, national and global debate on a global housing strategy which, amongst other things, should trigger institutional and policy reforms that can change current trends of slum formation and informal urbanization in various parts of the world. UN-Habitat's experience with Housing Profiles in a number of countries helps to unfold critical bottlenecks hindering access to affordable and adequate housing by the different social groups of society. Participants at the session developed skills and knowledge about the evolution of housing policies, got acquainted with the participatory action-oriented housing profile tool and developed an overview of the challenges facing national and global housing strategy.

## Summary of discussions

During the session, the housing profile methodology was presented with various references made to the findings and outcome of the profiles being developed in ten countries. At first, UN-Habitat outlined the meaning of housing, underscoring the notion of housing as an economic sector that is strategic for a nation's economic growth and key to poverty reduction and employment generation. Housing is more than houses and at the current global scale of the problem and the ever increasing demand for housing, policies should focus more than before on the generation of a wide range of housing opportunities at scale and diversity in size, standard, location, type and price. Thus, it encompasses serviced land parcels, building materials loans, credit and multiple financial services, and also different types of social housing options.

Housing is produced when smart policies addressing land, infrastructure, building materials and construction industry, finance and labour are implemented. It has become evident that the demand for affordable housing remains hindered by several types of bottlenecks which severely affect housing delivery. Constraints in land supply result in time consuming and costly processes and higher land prices which serve as encouragement to people to resort to informal land markets. Regulations are often unsuitable and hinder access to affordable housing. Housing finance is another critical component. The housing profiles studies show that large parts of the population in countries like Malawi, Uganda, Nepal, Viet Nam, Senegal and Ecuador are excluded from formal housing finance. Banks and financial institutions charge very high interest rates and have little diversity of loans and mortgages services.

During the session, the overall context of urban development in Asia was outlined based on the State of Asian Cities Report launched earlier during the Forum. Rapid urbanization combined with slum prevalence is the norm in some subregions and countries of Asia. Asia has been the birthplace of innovative programmes and approaches with some countries, notably China, India and Singapore, reducing the numbers and percentages of slum populations dramatically. However, affordability, soaring land and housing prices and forced evictions are some of the critical issues to be addressed in the coming years.

In Nepal, the housing profile reveals that land prices have increased by 300 per cent since 2003. During the period 1985-2010 the number of informal settlements tripled and the population rose tenfold. Interest rates charged by banks and financial institutions vary between 10 and 15 per cent per annum. The demand for housing is high and keeps increasing since Nepal is still in its early phase of urbanization. At present, in order to keep up with this demand, Nepal needs to provide 40,000 units per annum until the year 2020.

In Viet Nam, the early findings of the housing profile reveal that 1 million people are added annually to the urban population. There is a shift in government assistance to housing, from subsidized to market oriented systems. A noticeable problem is the institutional fragmentation of responsibilities amongst the institutions of the housing sector. In both countries it is expected that the housing profiles will provide governments and stakeholders with the fundamental information, analysis and data to support evidence-based and well-informed housing policies. Discussions followed the presentations about Viet Nam and Nepal, with participants from Bhutan, Cambodia and the Philippines confirming that such an initiative would be very welcome in their countries.

### For more information, please contact

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## Human Security, Governance and Social Inclusion in Asian Cities

**Organized by:** UN-Habitat, CITYNET, Huairou Commission, SFWF

### Resource Persons/Panellists/Speakers:

- Mr. Anthony Walde, Chief, Urban Planning Division, Makati, Philippines
- Ms. Violeta Seva, Senior Advisor, Makati, Philippines
- Mr. Rathanyake, M. A. K. Sri Lanka Institute of Local Governance, Colombo Municipal Council
- Mr. Suman Dahal, Officiating Chief Executive Officer, Kathmandu Metropolitan City
- Ms. Aisa Tobing, Assistant to Governor/ Urban planner, Jakarta, Indonesia
- Ms. Sri Husnaini Sofjan, Senior Fellow, Programme Development, Huairou Commission
- Ms. Jung Ja Kim, Chair, Seoul Foundation of Women and Family
- Ms. Bernadia Irawati Tjandradewi, Programme Director, CITYNET
- Ms. Cecilia Andersson, Safer Cities Programme, UN-Habitat
- Mr. John Hogan, Chair, Training and Capacity-building Branch, UN-Habitat

### Outline

Increasingly, insecurity and rising social exclusion challenge the effective functioning of and the social well-being in cities. The innovative approach on urban safety which is being developed in Asia-Pacific focuses on reducing risk at community level, including crime and violence, disaster, flooding, fire and land conflicts. This offers an important lead in community organizing, participatory planning and strategies which prevent vulnerability and strengthen resilience. This session provided an opportunity to share experiences and lessons learned in the region. The roundtable session resulted in the identification of priority areas for an integrated programmatic framework for the region, which included consolidating local and regional approaches to building human security, governance and inclusive cities, enhancing knowledge, identifying priority actions and implementation strategies.

### Summary of discussions

The discussion contributed to the development of an Asia-Pacific strategy on building human security, governance and inclusive cities. Some priorities and implementation actions were identified to be included in the regional strategy. Discussions revolved around:

1. Main urban safety concerns and key priority areas that needed to be strengthened;
2. Key processes in improving human security and how to mainstream social inclusion policies, practices and processes in local government policies;
3. Key priority actions for city-to-city cooperation on human security;
4. Efforts taken to reduce urban insecurity through planning and design and how this can reduce insecurity in streets and public spaces.

The panelists were asked to talk about the main urban safety issues in their country/city, what could be done to overcome this issue and how cities could learn from each other.

**Makati, Philippines:** At the barangay level, common security issues are gang wars, petty street crimes and domestic violence. To improve this situation, and using their own resources, barangays can procure services and materials needed to implement safety programmes. In the Philippines, each barangay is required to implement a Gender and Development programme, which effectively assists in the problems of domestic violence. Barangays are cooperative endeavors, and in the case of Makati, are even clustered together to make it easier to showcase model projects and share resources.

**Jakarta, Indonesia:** Jakarta's main problems are flooding and the increasing numbers of migrants living in areas without proper facilities and high crime rates. For more social inclusion, urban planning must give more attention to the needs of the poor, physically and socio-economically. But it should also address the underlying causes: control migration and solve ecological problems.

**Ligao, Philippines:** The major safety issues of this city are natural disasters, especially flooding, insufficient supply of water and the proliferation of slums along riverbanks and mountain slopes. To improve the situation, the city government must incorporate disaster risk reduction and climate change in its land use planning. To improve city-to-city learning, a platform for knowledge sharing should be developed.

**Colombo, Sri Lanka:** In Colombo there's both social and economic inequity. Basic necessities, a safe and friendly environment and economic opportunities should be provided to the poor to uplift their lives.

**Seoul, Republic of Korea:** The Seoul Foundation for Women and Family intends to transform Seoul into a city where all women and families can enjoy greater happiness and safety. The Foundation has worked for better street lighting, more surveillance cameras, construction of public facilities that meet safety standards, conduct of safety audits of schools and residences, and for ascertaining environmental safety, in general.

**Huairou Commission:** Ms. Sri Husnaini Sofjan stated that their organization provides support to grassroots women's leaders in building human security, good urban governance and inclusive cities. The common community issues encountered were crime, violence, disorder, impact of disasters, and evictions. As the urban poor are often excluded from the planning process, it is necessary to strengthen one's engagement with communities to know and understand their needs, to empower women as co-equals of men, and to recognize the capacity of the poor to work with the authorities in solving their problems. For this, local-to-local dialogue, safety audit, and report cards can be used as tools to empower grassroots women's groups to build partnership with their local authorities.

**CITYNET:** Ms. Bernadia I. Tjandradewi explored with the audience how people understand "urban safety"; the general idea is "to be safe from crimes," but people are also scared of the police. Entry points for urban safety are needed. In Japan, for example, cities were obliged to have disaster units, hazard maps, and a process to check gaps between policy and implementation. Other possible approaches are town watching and community policing. The key for improved urban safety is to know the community well and engage the people in the process.

**UN-Habitat Safer Cities Programme:** Ms. Cecilia Andersson noted that every city grapples with governance issues in their urban safety projects and programmes. It is necessary to understand our communities' needs and engage the people in planning and implementing these policies. If cities coordinate better amongst themselves, they can learn from each other.

**Views from the Audience:** Participants mentioned various levels at which human security issues should be addressed. Sometimes, problems start with a family that does not spend its income wisely. Families should be encouraged to talk about safety. They should be brought into the MDG dialogue; perhaps an MDG Family Covenant could be set up?

The next scale level is that of communities; look what they can do themselves. A community NGO in the Bicol region (Philippines) presented the problems of the urban poor to the local government, and is now involved in decision making as a member of the Housing Board. The community level is also the best level to implement security programmes. Community leaders should not be complacent about security and they should be engaged in learning and planning processes by local officials.

The local government should promote good governance. Planning should always be done with a gender sensitive perspective. It should not only involve socio-economic and physical dimensions, but also look into the causes of a city's insecurity. In these times of social unrest, motivational activities by local governments are of critical importance to confront urban security issues. Lastly, human security programmes should also look across borders, as human trafficking is a big problem in many countries, including Nepal.

### For more information, please contact

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## Build lives, not just infrastructure; eco-efficient and inclusive infrastructure

**Organized by:** ESCAP

### Resource Persons/Panellists/Speakers:

- Mr. Lorenzo Santucci, Environmental Affairs Officer, ESCAP
- Mr. Joris Oele, Project Consultant Eco-efficient Infrastructure, ESCAP
- Ms. Lai Choo Malone-Lee, Director, Centre for Sustainable Asian Cities, National University of Singapore
- Mr. Changki Kwon, Senior Research fellow, Ulsan Development Institute, Ulsan Metropolitan City, Republic of Korea
- Ms. Ruby Papeleras, Luzon Coordinator, Homeless People's Federation Philippines
- Mr. Cecilio Hernandez, Mayor, Rodriguez, Philippines
- Mr. Carmelo Sta. Isabel, Councilor, Rodriguez, Philippines

### Outline

The issue is no longer how to construct infrastructure but how to ensure that developments benefit all citizens while minimizing the impact on the environment. This session showed that, by taking environmental improvements (efficiencies) as a starting point for development, the lives of people in cities can be improved.

#### Deliver services to all people in a time of rapid urbanization and environmental challenges

Eco-efficiency, which basically means "doing more with less", is a management philosophy that encourages municipalities, communities and businesses to seek environmental improvements that yield parallel economic and social benefits. Applied to infrastructure, the concept of eco-efficiency is concerned with expanding the access to and quality of services, such as housing, transportation, energy, water and waste treatment, while reducing costs and environmental problems including inefficient energy use, pollution and traffic congestion.

#### Develop infrastructure which benefits people, the environment and the economy; how to do it

Participants at the break-out session were introduced to the guidelines for developing eco-efficient and inclusive infrastructure. The guidelines emphasize six strategic principles for local governments to pursue in making a city for people in an environmentally healthy way while minimizing costs. Local governments can make these principles 'work' in practice by using the step-by-step strategic planning cycle that is also part of the guidelines. Cases from Singapore (water), Ulsan in the Republic of Korea (waste) and Rodriguez in the Philippines (pro-poor eco-settlement) were presented to show that infrastructure development can generate multiple benefits by using resources efficiently.

### Summary of discussions

During APUF, many questions were raised on implementation, pointing to the fact that many projects falter due to poor strategic planning. The cases presented in this session showed that win-win solutions are possible.

The first presentation was 'Eco-efficient and inclusive infrastructure: How to achieve win-win solutions. Principles, actions and strategies for the development of competitive and liveable cities'. Mr. Santucci and Mr. Oele introduced the Guidelines. Based on an analysis of what did and did not work in infrastructure development in cities in Asia and Latin America, six strategic principles were presented to address implementation issues and to ensure eco-efficient and inclusive outcomes.

These principles are:

1. Leadership to initiate change, get commitment and ensure implementation;
2. Long-term vision to bridge short-term political agendas;
3. Integration across sectors and institutions to identify win-win solutions;
4. Recognition of the multiple values of sustainable infrastructure;
5. Public participation to meet local needs;
6. Creation of a business case for eco-efficient solutions.

The last principle states that local governments can attract the private sector and residents to invest in and use sustainable infrastructure with already available tools: planning and design tools to shape the city, regulatory, fiscal and awareness raising tools to change the behaviour of businesses and residents. The planning cycle can be used to choose appropriate tools and compile a package of complimentary actions.

Ms. Malone-Lee presented the "Active, Beautiful and Clean" water programme in Singapore. This case showed that by recognizing the attractive features of water infrastructure beyond its water supply function, values such as recreation, education and economic growth potential can be added to the city to ultimately help improve the quality of life for residents. Discussions evolved around the social acceptability and cost-effectiveness of the ABC water programme in Singapore. A main point raised by Ms. Malone-Lee was that considering the multi-use and multiple values of water brings water closer to the citizens, heightening their understanding and appreciation. Return on investments for the project would also come through non-monetized benefits, such as increased city attractiveness, tourism and education.

The case of Ulsan in the Republic of Korea showed that local governments can reduce ecological impact and costs by prioritizing policies that minimize waste generation from source, involve the private sector for waste collection and promote recycling practices. In other words, to Reduce, Reuse and Recycle (3R). It was asked why land-filling was not a cost-effective solution anymore in Ulsan. Mr. Kwon answered that, besides the external environmental costs, the land prices are too high for development of a new land-fill, making it more attractive to take a 3R approach.

The last presentation was on 'Options for a Pro-Poor Eco-Settlements in Miraculous Hills Resettlement Site in Rodriguez, Philippines' and focused on community-based solutions for site development, infrastructure, housing, health, food security and income generation. It showed several synergetic solutions on how poverty reduction and environmental sustainability can be approached in tandem at community-level and managed by the community's inhabitants. It presented the process of participatory research and some of its findings to be implemented in a later phase, including the introduction of collective rainwater harvesting, storm water drainage, planting of vegetation and decentralized waste and waste water treatment through a biogas digester. Planting of vegetation and storm and rainwater management would reduce erosion, while the biogas digester would not only treat the waste but also provide cooking gas, in turn removing the need to cut down vegetation for fuel. Moreover, the residual product of the biogas digester could be used to fertilize mushrooms, which together with other planted fruit and vegetables would improve people's diets and could be sold for extra income. Ms. Papeleras elaborated on the current stage of the project: the rainwater harvesting, storm drainage and vegetation planting are already being implemented incrementally, the biogas digester and mushroom growing are planned as next steps.

### For more information, please contact

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# Complex Urban Disasters – Are We Ready?
# How to prepare better for complex emergencies arising from natural and technological hazards. Lessons learnt from Japan.

**Organized by:** ESCAP, UN-Habitat, CITYNET, ADPC, UNISDR

### Resource Persons/Panellists/Speakers:

- Ms. Mariko Sato, Chief, Bangkok Office, UN-Habitat (moderator)
- Mr. Masaaki Taniguchi, Manager International Technical Cooperation, Policy Bureau, City of Yokohama, Japan
- Prof. Rajib Shaw, Chair, Regional Task Force on Urban Risk Reduction (RTF-URR), University of Kyoto
- Brig. General Abul Hossain, Chief Engineer, Dhaka City Corporation, Bangladesh
- Mr. Cheng Xiaotao, Consultant, Urban Flood Risk Project in Typhoon Committee, China Institute of Water Resources and Hydropower Research

### Outline

How can cities better prepare for and manage risks arising out of multiple disasters, like an earthquake followed by a tsunami, resulting in fires, chemical spills and nuclear power accidents?

The magnitude of the 9.0 mega-earthquake and the associated tsunamis that struck the North-Eastern coast of Japan on 11 March 2011 was a painful reminder that no city is ever sufficiently ready to face complex disasters. Urban vulnerability to disasters is rapidly increasing across the world. The main causes are rapid urban population growth and migration, industry concentration, growth of slums and informal settlements, environmental degradation and poverty and inequality, putting vulnerable groups in the cities at even higher risk.

This Bazaar of Ideas and Practices session contributed to an important theme of APUF-5: building resilient urban areas in the context of increasing risks, including climate and human-induced risks. The objectives of the session were to define the concept of 'complex urban disaster management', identify the challenges cities are facing, question the readiness of cities in the Asia-Pacific region for complex urban disasters and call for a reassessment of the current plan for better preparedness.

### Summary of discussions

This session was a follow-up to the Expert Group Meeting on Creative Reconstruction from the Great East Earthquake in Japan, which took place 29-31 May 2011 in Tokyo and Sendai, Japan. The key questions from the session were: How has local government thinking changed since the Great East Japan Earthquake? How can we step up the preparedness of cities in Asia-Pacific?

There are many issues cities need to deal with when preparing for disasters: making infrastructure resilient; making urban planning sensitive to disasters; getting the water systems right to reduce risks of flooding; and protecting vulnerable groups during and after disasters, particularly pregnant women and the elderly.

During the Great East Japan Earthquake, the education programme in schools in the city of Kamaishi saved many lives. In the city overall, 1200 people died; among them only 5 children. This was largely the result of regular evacuation drills and disaster education that were part of the school curriculum. Participants agreed that local governments need to combine both structural measures and non-structural measures to make cities more resilient from disasters.

Local governments in Japan have begun revising their disaster prevention and preparedness plans. Yokohama City's policies for the financial year 2011 now include better tsunami responsiveness by enhancing disaster countermeasure stockpiles and equipment, strengthening measures to prepare for radioactive contamination, strengthening buildings against earthquakes, more disaster education in schools and strengthening information and communications infrastructure for disaster risk reduction.

The panellists and participants agreed that cities in Asia-Pacific were ***not*** ready for large-scale disasters such as the Great East Japan Earthquake. Some of the ideas raised on how to make cities more resilient included: carrying out risk assessments, making disaster preparedness plans risk sensitive, assessing existing infrastructure and investing resources to increase resiliency, raising public awareness for the benefit of disaster risk reduction as an investment and not merely expenditure, capacity-building of local governments through trainings and promoting disaster education.

### For more information, please contact

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## Community Practitioners' Platform for Resilience

**Organized by:** Huairou Commission

### Resource Persons/Panellists/Speakers:

- Ms. Femie Duka, Secretary General, Damayan ng Maralitang Pilipino Api (DAMPA) Inc, Philippines
- Ms. Julieta Ortal, Vice chair, Bicol Urban Poor Coordinating Committee (BUPCC), Philippines.
- Ms. Hasnia Dg Caya, Coordinator, Community Disaster Resilience Fund (CDRF) Programme, Makassar, Indonesia
- Ms. Fides Bagasao, Member, Executive Board, and South-East Asia Regional Coordinator, Huairou Commission (Moderator)

### Outline

The session introduced the Community Practitioners' Platform for Resilience that facilitates community groups vulnerable to natural disasters and climate change to demonstrate and teach their practices and build alliances with governments and development institutions to take strategic action to promote policy and programmes for pro-poor, resilient development. Panellists discussed policy frameworks, partnerships, and community innovations advanced through the Community Resilience Fund initiated by the Huairou Commission and GROOTS International.

### Summary of discussions

The Community Practitioners' Platform facilitates grassroots community groups vulnerable to natural disasters, climate change, and deepening poverty and degradation arising from these, to demonstrate, teach, and build alliances with governments and development institutions. It allows them to take strategic policy and programme decisions to promote pro-poor, resilient development. The Huairou Commission and GROOTS International were invited by UNISDR to design and lead the Community Practitioners' Platform to aggregate community voices and action to shape the agenda and processes leading up to the next Global Platform.

The formation of this platform presents a unique opportunity for community level representatives to play a key role in agenda setting and influencing UNISDR's strategic plans and in implementing the Hyogo Framework for Action. The platform functions to enhance the visibility of community-led innovations and partnerships to reduce the impact of disaster and climate change.

Activities of the Platform include convening grassroots community experts in regional and national forums to share practices and lessons and identify advocacy priorities; promoting interface between community leaders and local authorities, national governments and other donors and policymakers; facilitating community-led actions that demonstrate grassroots women and community capacities to undertake public roles in resilience; and creating products that communicate lessons, insights and advocacy messages of the Platform.

Community based organizations, particularly grassroots women's groups who have scaled up their efforts, built partnerships with local and national authorities or linked their risk reduction work to development and poverty reduction programs will be recruited to join the Platform to share their advanced practices and collectively

advocate for locally-led initiatives. Governments, policy and donor agencies, and academics who share an interest and commitment in seeing these groups succeed, will be asked to join and advise the Platform and help identify programmes, policies and resources that can scale-up collaborative community driven risk and vulnerability reduction.

The three principles for building the Community Practitioner's Platform are:

1. Financing community driven pro-poor resilience;
2. Advocacy and partnering between community based organizations and local and national government and multilateral agencies;
3. Networking between members to share, transfer, and aggregate good practices and lessons for engaging and scaling up community driven resilience processes.

Recognizing the need for a decentralized financial mechanism to advance community development priorities and locally implement the Hyogo Framework of Action, GROOTS International and the Huairou Commission created the Community Resilience Fund (CRF) in 2009. Currently being field-tested in twelve countries through member networks' grassroots women's organizations, the Fund has put resources in the hands of grassroots women's groups to identify context appropriate priorities, and take actions to reduce risks to natural hazards and the effects of climate change. Designed as a flexible funding mechanism, the Fund seeks to strengthen the leadership of grassroots women by identifying and mapping vulnerabilities, using small funds to surface climate appropriate solutions and create collaborative partnerships with governments and institutional stakeholders to build a culture of resilience.

The initial round of pilots, financed with more than half a million dollars (principally from the Norwegian Ministry of Foreign Affairs, UNDP Gender, the ProVention Consortium, and the Swiss Development Cooperation) have reached over 300,000 climate-threatened households in a dozen countries. The locally owned Funds build upon and scale-up steps that organized groups of grassroots women are taking to protect their development assets and cope with disasters and climate change. Their innovative solutions include work on reforestation, river embankments, basic services, infrastructure, land and settlement protection as well as the development of adaptive agricultural and food production systems and livelihood diversification initiatives.

Through the CRF pilots, grassroots women are increasingly taking on new public roles that reposition them as key actors and decision makers in shaping local resilience actions, planning and budgeting. These women are taking the lead on a wide variety of actions aimed at enhancing local resilience. Their actions include the mapping of community assets, disseminating knowledge on risks and vulnerabilities, negotiating for resources with governments, advising local governments and training them on resilience building, joining local committees and reviewing national disaster risk reduction strategies.

### For more information, please contact

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## Operationalizing the Two Sets of International Guidelines on Decentralization and Access to Basic Services

**Organized by:** UN-Habitat

### Resource Persons/Panellists/Speakers:

- Mr. Jean-Yves Barcelo, Inter-regional Adviser, UN-Habitat
- Mr. Toshi Noda, Director, Regional Office for Asia and Pacific, UN-Habitat

### Outline

The key principles contained in the International Guidelines on Decentralization and Access to Basic Services, adopted by UN Member States in 2007 and 2009 respectively with the recommendation to adapt them to national contexts for coordinated implementation, were presented. France has spearheaded these initiatives jointly with UN-Habitat within their policy on decentralized cooperation. Discussions were held on regional and national perspectives and on a road map for the Asia-Pacific region, based on the handbook for supporting the adaptation process at country level and ongoing initiatives from partners. Copies of the guidelines were made available.

### Summary of discussions

After the presentation of the Handbook to Operationalize the Two Sets of International Guidelines, two key issues emerged from the discussions:

(a) the Guidelines are used extensively by other UN programmes, e.g. UNDP Public Private Partnership for Service Delivery Programme. To attract attention of UN country teams, it would be good to publish the guidelines with the generic UN logo instead of UN-Habitat's logo, and

(b) the necessity for an advocacy strategy to mainstream the Guidelines in various existing programmes focusing on decentralization and services and/or complement existing programmes with this important normative approach aiming at influencing national reform agendas.

### For more information, please contact

Mr. Jean-Yves Barcelo, Inter-regional Adviser, UN-Habitat, *barcelo.unhabitat@unog.ch*

## Astana 'Green Bridge' Initiative: Europe-Asia-Pacific Partnership Programme for Green Growth, Opportunities to Bridge Cities on Green Growth.

**Organized by:** Green Bridge Office, ESCAP

### Resource Persons/Panellists/Speakers:

- Mr. Zhandos Ryskulov, First Secretary, Kazakhstan Embassy in the Royal Kingdom of Thailand
- Ms. Aida Karazhanova, Consultant, Green Bridge Office
- Mr. Justin Alick, Consultant, Green Bridge Office
- Ms. Aneta Nikolova, Environmental Affairs Offcer, ESCAP

### Outline

The Astana Green Bridge Initiative (AGBI) aims to stimulate trans-regional cooperation through a Green Growth policy framework, in order to enable a transition to a green economy. This is done mainly by ensuring access to green technologies, identifying possible approaches and developing mechanisms to stimulate implementation in selected programme areas. A draft document on the Europe-Asia-Pacific Partnership Programme (EAP PP) has been prepared by Kazakhstan to implement the AGBI in 2011-2020. The overarching goal of EAP PP is to create the necessary conditions for partnerships between countries and sectors in the two regions to achieve sustainable development through "Green Growth" policy tools. It involves sharing experiences, best practices, technologies and other resources through enhanced and new networks at the intersectorial, national, regional and intra-regional levels.

### Summary of discussions

Participants were introduced to the background, content and process of AGBI and EAP PP. Questions were raised on the commitments of Kazakhstan, ESCAP, and possibly ECE; multilateral legal agreements between partners on Green Growth and its scope; the role and involvement of NGOs; the process of internationalization of the national Green Bridge Office; and the process of upscaling of national projects to the international level and country eligibility and focus areas of AGBI.

The thematic areas were discussed informally; each thematic area will be coordinated by another country. If Kazakhstan is responsible for the first two thematic areas (Eco-efficient use of natural resources and investment in ecosystem services and Low-carbon development and adaptation to climate change), ESCAP and ECE can help Kazakhstan to identify international leaders in the other three thematic areas. It was proposed that Japan, with its successful history of facilitating development processes in urban areas, might be interested in coordinating the third thematic area on promotion of sustainable urban development.

The meeting discussed ways of bridging cities through mechanisms of the EAP PP, like raising awareness on mechanisms to build these intra-regional city partnerships. The need for a shift from conventional urban development towards a low-carbon Green Growth model of development was highlighted, but it was stressed that there should be more policy dialogue between local governments, the private sector, international organizations and NGOs. This could be facilitated through further awareness raising and capacity-building of decision makers at the local level. The EAP PP could facilitate cities by presenting local Green Growth "champions" who could further share and replicate best practices. Mayors could work out stimulus packages to increase "green" vs. "brown" foreign direct investment and facilitate development of methodologies to calculate the Green Growth index. Local governments could expand existing city networks that could facilitate the implementation of the partnership in the third thematic area (sustainable urbanization). The GBO announced the proposal of Kazakhstan to participants to develop a list of potential projects to be included in the work plan of the EAP PP.

### For more information, please contact

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## Tools for Adaptation to Climate Change in Cities

**Organized by:** The World Bank, UN-Habitat, ICLEI

### Resource Persons/Panellists/Speakers:

- Mr. Bharat Dahiya, Human Settlements Officer, UN-Habitat
- Mr. Vic Aquitania, Regional Director, ICLEI
- Ms. Alexandra Le Courtois, Consultant, the World Bank
- Mr. Marcus Lee, Urban Economist, the World Bank

### Outline

Climate change already has an impact and will continue to do so in the future, affecting local government operations, businesses, and community life. With increasing urbanization in developing countries, the social and economic consequences of climate change for cities are serious. The deficit in service delivery and infrastructure in many cities in developing countries and their exposure to climate hazards make city residents, especially the poorest population, particularly vulnerable to climate change. Given the risks of climate change, now is the time for cities to take action. Even cities with limited capacity and budgets can begin to adapt to climate change and increase their resilience.

To help cities prepare for climate change, there are already a number of tools and resources that provide a framework or guidance to understand the challenges and take action. Three institutions (UN-Habitat, ICLEI, and the World Bank) presented various tools during this Side Event moderated by Marcus Lee of the World Bank's Urban Development Unit.

## Summary of discussions

Mr. Dahiya presented several technical assistance products on climate change in cities developed by UN-Habitat:

- **Local Leadership for Climate Change Action** presents a series of advocacy points on urban climate change illustrated with examples.
- The **Participatory Climate Change Vulnerability and Adaptation Assessment Toolkit** serves as a guide and reference for local governments and other stakeholders in conducting climate change vulnerability and adaptation assessments, a critical first step in developing local climate change profiles. UN-Habitat has undertaken several case studies with this toolkit, for example in Sorsogon (Philippines), Kampala (Uganda), and Maputo (Mozambique).
- **The recent Global Report on Human Settlements 2011** also focuses on Cities and Climate Change, presenting a global assessment of the subject and various policy responses.
- **Planning for Climate Change** is a comprehensive guide developed for urban planners in developing countries to better understand, assess, and take action on climate change in smaller cities. It proposes a city-wide approach to climate change (versus in-depth sectoral approaches) based on a typical planning cycle breakdown in 9 steps: (1) Getting started, (2) Stakeholders and Participation, (3) Vulnerability Assessment, (4) Values and Objectives, (5) Indentify Options, (6) Option Evaluation, (7) Implementation, (8) Monitoring and Evaluation, and (9) Adjust and Modify. The guide also provides forms to help urban planners with the different steps.
- Additional technical assistance products are still work in progress: **Making carbon markets work for your city; Developing Local Climate Change Plans;** and tools related to water, sanitation and health.
- Mr. Aquitania presented two specific tools supported by ICLEI that are useful for cities in developing countries taking their first step in climate change adaptation:
- The **Interactive Climate Change and Climate Impact Training Tool** (ICCCITT) aims at building capacity of local government stakeholders in the field of climate change. The tool consists of two parts: identifying the climate risks at the local level, and identifying locally appropriate adaptation actions pertaining to the local climatic variables.
- The **Adaptation Database and Planning Tool** (ADAPT), which is an online tool, proposes a five milestone approach: Conduct a vulnerability study; Set preparedness goals; Develop preparedness plan; Implement preparedness plan; and Measure progress and evaluate plan. ADAPT helps to understand how climate and weather already are affecting communities and are likely to affect them in the future. It assesses the city adaptive capacity and action impacts on the city. Data within ADAPT is drawn from nationally recognized sources (NOAA, EPA, etc.) and user input.
- Several other resources have been developed by regional offices of ICLEI, such as ***case studies*** on local adaptation efforts in Annapolis Royal (Canada), Keene (USA), and Miami-Dade (USA) and guidebooks and resources on climate change adaptation: **Preparing for Climate Change; Changing Climate Changing Communities; Communicating Climate Change.**

Ms. Le Courtois introduced the forthcoming **Guide to Climate Change Adaptation in Cities,** prepared by the World Bank, with participation of ICLEI and MIT, and produced through the World Bank – UNEP – UN-Habitat Joint Work Program on Cities and Climate Change, supported by the Cities Alliance. Considering that adaptation in cities is site-specific and still a recent topic, the guide aims to provide a picture of today's progress. It is not a menu of directives or a step-by-step process and does not propose a single methodology or tool. Instead, it draws on past and ongoing experiences to provide a non-exhaustive compilation of existing practices and tools on how to develop a robust picture of climate change vulnerabilities that is grounded in community priorities. It aims to guide municipalities in the process of adapting to climate change by helping city practitioners gain familiarity with available resources.

The guide is structured along points of interest: climate change impacts on cities; framing adaptation in cities (in the context of disaster risk reduction and with the participation of many actors); developing a roadmap for adaptation; informal settlements, the urban poor and other vulnerable groups; sector-specific adaptive responses; and financing adaptation in cities.

In the subsequent discussion, the similarities and overlaps among these tools were noted. Adaptation to climate change in general and with regard to cities in particular is still an emerging field and has received much attention recently, which has led to a multiplicity of initiatives. If seen as endeavours to address this global and local issue, this multiplicity is not necessarily a bad thing as it helps build knowledge, and will call for consolidation and standardization in due course of time. In the meantime, it is a welcome development that the international institutions involved in the preparation of technical assistance resources are communicating among themselves to coordinate those initiatives and ensure greater coherence.

Assessments of vulnerability to climate change have been piloted in different cities, with a growing body of field-based data and cases to enable greater formalization as a tool. But this type of study is usually specific to the local context. Hence, generic tools could be developed but there will still be a need to customize tools to specific local circumstances and needs.

Many cities do not have the internal capacity to take advantage of these tools and use them. Cities in developing countries have limited capacities and usually have to prioritize between competing needs. At the same time, climate change is rarely a priority for smaller cities. This may explain their low use of the tools. Hence, as a logical follow-up to the development of tools on adaptation to climate change, cities also need technical support to apply these tools and implement necessary actions.

### For more information, please contact

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## Bangladesh Urban Sector Policy and Urban Poverty Reduction Programme

**Organized by:** UNDP, UN-Habitat

### Resource Persons/Panellists/Speakers:

- Mr. Abdul Malek, Joint Secretary, Ministry of Local Government Rural Development and Cooperatives, Bangladesh
- Prof. Nazrul Islam, Chair, Sub Committee for Bangladesh National Urban Sector Policy, Bangladesh
- Mr. Lalith Lankatilleke, Human Settlements Officer, UN-Habitat ROAP Fukuoka
- Mr. Richard Geier, International Programme Manager, Urban Partnership for Poverty Reduction Programme UNDP, Bangladesh.

### Outline

The panel discussed the draft Bangladesh urban sector policy and shared lessons from the evolution of over a decade of community-led poverty reduction programmes in Bangladesh. The panel shared experiences on how the People's Process has made differences to the lives of the urban poor.

### Summary of discussions

The main outcomes of the session were:

1. Increased awareness among higher-level (Bangladesh Ministry of Housing) officials and stakeholders from the region of the objectives and activities of the urban poverty reduction programme, executed under the Ministry of Local Government;
2. Increased passion of and commitment to urban poverty reduction by the Minister of Housing and Joint Secretary, Ministry of Local Government, Bangladesh.

### For more information, please contact

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# ASSOCIATED EVENTS AND FIELD VISITS

## Ministerial Dialogue on Citywide Upgrading in Asian Cities and Asia-Pacific Urban Poor Forum

**Organized by:** Thai Ministry of Social Development and Human Security, CODI, ACHR, ESCAP

### Resource Persons/Panellists/Speakers:

- H.E. Advocate Abdul Mannan Khan, Minister of Housing and Public Works, Bangladesh
- H.E. Mr. Suharso Monoarfa, Minister of Housing, Indonesia
- H.E. Mr. Wimal Weerawansa, Minister of Construction and Housing, Sri Lanka
- H.E. Colonel Samuela Saumatua, Minister for Local Government, Urban Development, Housing and Environment, Fiji
- H.E. Mr. Issara Somchai, Minister of Social Development and Human Security, Thailand
- High government officials from countries across Asia
- Mayors from cities across Asia and the Pacific
- Representatives from community organizations

### Outline

The aim of the Ministerial Dialogue was to gather Ministers and other high-level actors who have the responsibility for housing and urban development in their countries, to discuss appropriate responses to housing for the urban and rural poor in their countries, with opportunities to interact directly with Asian community representatives. One such approach is community-driven, citywide upgrading, as has been implemented in Thailand on a national scale, and so the Dialogue included field visits to local Thai communities and meetings with community leaders, both from Thailand and other Asian countries, participating in the Urban Poor Forum. Participants also visited the Thai Government House to discuss these issues with H.E. Mr. Abhisit Vejjajiva, Prime Minister of Thailand.

The Urban Poor Forum was an opportunity to bring together community representatives active in housing activities around Asia, to exchange their experiences and also interact with a wider range of actors, both the participants of the Ministerial Dialogue and the attendees of APUF-5, at which community leaders played an active role in discussions.

This was the first time that ACHR had sought to bring together the key actors from both the community level and the policy level on such a large scale, in order to be able to discuss intensively the needs for citywide upgrading around Asia, and it can be said that the two workshops and their combined sessions were largely fruitful.

### Summary of discussions

Key outcomes:

- Agreement to try and establish an Asian Urban Poor Trust Fund to support poor people's housing in the region.
- Agreement that APMCHUD can be used as a platform for continued dialogue at the Ministerial level.
- Agreement to establish an Urban Poor Forum for the region, with ACHR as coordinator.
- An MOU between CITYNET and ACHR was signed, to make the ACHR approach more accessible to CITYNET member cities.

Views from the Community

- Asia's communities have found many different systems for solving problems, and they have led to big change in cities. Change comes when communities are able to transform negative mindsets into positive ones, by taking concrete actions through the savings process, and implementing projects, finding their own solutions – by being action driven. This and linking into a larger city network has made this change possible. The key steps in this process are:

A. Savings, which give people funds to solve immediate problems and include themselves into the processes;
B. Good information and data through enumeration at the city and community level. With all this useful information, the affected people can link together and increase their visibility;
C. Small upgrading projects like ACCA, which gives communities a focus to link, talk, solve immediate problems, and negotiate with local authorities;
D. Land and big projects are the next leap towards change. Negotiating for land and surveying all the available land makes you fully informed. If it is still not possible for you to obtain land, you can also demonstrate to the government to get government land.
E. Collaboration between communities through the citywide network can then lead to links to the city. When different communities can speak with one voice, they will be recognized as a powerful force in the city;
F. Partnerships with other stakeholders such as universities and skilled professionals are a way of building allies within the city.

- When communities can do all of the above and show results, and start housing projects, this leads to big change and citywide upgrading becomes possible.
- It is important that our relationships with the State are not about the community being poor and helpless – we can show that we can make a difference, that we are efficient workers, that our projects are cost-effective projects.
- City funds are important. Big change also comes when we have our own financial mechanism and this is already happening in many countries. The fund shouldn't be just for housing, it should also open up opportunities for income generation and welfare. The city should match our contributions to the fund.
- It is important that the people are the ones initiating change. We know best the needs and so can tailor projects to meet these needs, using group-managed finance.
- A key issue remains land and its identification, eviction is still a problem, and government can help identify and allocate land. We are still facing a competitive market for land.
- Women should be at the centre of the process as they are the core of the family.
- Protests can be useful, but we need to protest to lead to negotiation.
- Partnerships to work with the city – but no empty partnerships. We want to show positive signals from the community to work at the citywide scale.
- All of this should lead to the changing of the mindset of the community themselves, in their abilities to bring about change, and the mindset of the others.

**Views from the Ministerial Dialogue participants**

In our discussion we had many similar views to the community.

- With regard to land, we agreed that land has to be taken off the market and made accessible to the poor. Land is a key issue and we will share best practices of different land policies from around the region.
- The campaign for secure tenure should be revived.
- It is a given that we should work with the people throughout. If the people want an MOU, we are willing to do that.
- Learning should take place horizontally from people to people.
- Governments have to talk to each other on how to expand such an approach.
- APMCHUD, which has 8 working groups, one of which is on informal settlements, can be the appropriate platform for continued high-level discussions on this issue. ESCAP could function as a permanent secretariat for this.
- At regular intervals, APMCHUD and the Urban Poor Forum need to come together for interaction and to strengthen partnerships.
- We need continued sharing on best practices, including materials and technologies.
- We will consider the idea of raising an Asia-Pacific Trust Fund which operates as a liquidity facility to support slum upgrading programs through a revolving fund. The Asian Development Bank might be a possible funder. This Trust Fund can then connect with the Urban Poor Forum, as the demand-side for the Fund.

**For more information, please contact**

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## Regional Seminar on South-East Asia Emerging Cities and Urbanization

**Organized by:** French Ministry of Foreign and European Affairs, Ministry of Public Works and Transportation of the Lao People's Democratic Republic, IRD (French Institute for Research and Development), supported by UN-Habitat and UNESCO.

**Resource Persons/Panellists/Speakers:**

- H.E. Mr. Bounchanh Sinthavong, Vice-minister, Ministry of Public Works and Transports, Lao People's Democratic Republic
- H.E. Mr. François Sénémaud, Ambassador of France in Lao People's Democratic Republic
- Mr. Toshi Noda, Director, Asia-Pacific Regional Office, UN-Habitat / Mr. Jean-Yves Barcelo, Inter-regional Advisor, UN-Habitat / Mr. Bouahom Sengkhamyong, Chief Technical Advisor Lao People's Democratic Republic, UN-Habitat
- Mr. Palikone Thalongsengchanh, Deputy Director General, Land Natural Resources Research, Institute of National Land Use Authority, Prime Minister's Office, Lao People's Democratic Republic
- Ms. Nousone Munviset, Deputy Director, VUDAA
- Mr. Chantassak Bottaphanith, Architect and Director, Housing and Urban Planning Division, Public Works and Transports Institute
- Prof. Charles Goldblum, Professor Emeritus,Paris 8 University and Institut Francais d'Urbanisme / Ms. Karine Peyronnie, Geographer, IRD, UMR Prodig along with other representatives of french research institutes (PADDI, IRASEC, CNRS) and the French Development Agency (AFD)
- Ms. Montira Horayangura, UNESCO
- Mr. Neil Khor, Director, Think City Program, Georgetown, Malaysia
- Representatives from academia (Chulalongkorn University, AIT)
- Representatives from national and local authorities, Lao People's Democratic Republic

### Outline

Given the diversity of urban dynamics in ASEAN countries, the Seminar aimed to shed light on some of the distinct characteristics of urbanization processes faced by emerging smaller and medium size cities in the subregion, which provide new opportunities for integration into the regional economic system. It is a challenge for these cities to realize sustainable urbanization that is ecologically balanced, economically productive, and promotes inclusive cities by addressing the prevailing 'urban divide' for social equity.

The debate between a wide range of experts and urban stakeholders at all levels allowed for effective knowledge sharing, including tools and best practices. Four topics were discussed: urban governance, urban land (tenure security, redistribution), environmental management (ecological footprint and resource management) and urban heritage. The two International Guidelines on Decentralization and Access to Basic Services that were adopted by the General Assembly were introduced and implementation options at the subregional level were explored. The outcomes of the Seminar were shared at the subregional focus group on South-East Asia.

### Summary of discussions

The dramatic population growth in developing countries is both a challenge and an opportunity. Much of the growth occurs in relatively small cities where adequate public policies can produce lasting results. For these policies to be effective, actions have to be coordinated between different levels and sectors, in order to involve all relevant stakeholders. Only within a solid legislative and administrative framework can planning be strategic and responsive to changing needs and environments.

The main outcomes were:

- There is a need for a systemic multisectoral approach when dealing with urban development issues in South-East Asian emerging cities. If these cities are to develop as model cities for the future, they need to take advantage of the urban qualities of medium-size cities, especially in terms of environmental issues, heritage and daily life.
- Building regulations, development control and the capacity to enforce those are key elements in mastering urban development. Sectoral plans are needed for practical issues, such as sanitation, public transportation and climate mitigation. But efficient and effective solutions for such problems can only be found when land policy is taken into account. To cope with new issues like the development of low-carbon cities or environment-friendly transportation systems, more knowledge needs to be acquired about physical and social needs and constraints of cities.
- Cooperation between urban development authorities and other government levels, the private sector, and the population needs to be enhanced. This could help to reduce social and economic disparities and ensure more equal access to basic services, both within the city and between urban and rural areas.

### For more information, please contact

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## Let's Do It! World Cleanup 2012 Conference

**Organized by:** Let's Do It! World

### Resource Persons/Panellists/Speakers:

- Ms. Birjo Must, Volunteer, Let's Do It! World
- Ms. Tiina Urm, communications and PR responsible, Let's Do It! World

### Outline

The main purpose of this event was to spark up new initiatives. The existing cleanup experience was shared through videos, talks and workshops so that new teams could form and start creating plans right away. The Let's do it! Model which has already proven to be successful in many different countries is simple. It needs only two things to make it work: a country troubled with illegal dumping and concerned people who decide to do something about it. From there on, it's just three simple steps - mapping of the garbage, public communication and one day to come together and clean it all up!

Participants learned how to organize a cleanup in their country – how to make plans, fundraise and involve people. They met with other organizers from different countries, learned more about different cleanup models and ways how to reach more people with their action.

### Summary of discussions

Participants of the session had different cultural backgrounds so a variety of experiences were shared. Although only four people took part in the event, the discussions were lively. Unfortunately, some invited organizations could not attend because they were occupied with preparations for APUF-5.

First, the comminications and PR responsible of the Let's Do It! Organization, Tiina Urm, gave a brief overview of the project. She presented an introduction on global waste management problems and explained how the national cleanup day was organized in Estonia.

After the presentation there was a profound discussion about how the World Cleanup 2012 project could be implemented in South-East Asian countries. Participants concluded that illegal waste dumping in Asia is a much bigger problem in Asia than in Europe, and that it is linked to issues of health and sanitation. Therefore, there is a need to conduct cleanup actions annually. One participant suggested to organize a separate conference for representatives from Asian countries to devise an integrated action plan.

During the conference Let's Do It! and UCLG-ASPAC representatives made an unofficial agreement to cooperate in the future; discussions continued through e-mail.

### For more information, please contact

Ms. Birjo Must, World Cleanup 2012 Conference Responsible, *birjo@letsdoitworld.org*

## Field Visit to Baan Mankong Upgraded Communities, Bangkok

**Organized by:** Community Organizations Development Institute

### Outline

Since 2003, Thailand has been implementing a national slum upgrading program, known as Baan Mankong (secure housing), in cities around the country. This program has led to upgraded housing conditions for over 90,000 households around Thailand, and has strengthened communities in the process. Baan Mankong relies on community-driven processes, starting with the formation of community savings groups as a way of organizing communities. They have to negotiate for secure tenure, or find new land to relocate to, and can obtain a low-interest loan from the government, through the Community Organisations Development Institute (CODI). Communities form city-level networks to better work with local authorities and other stakeholders, and achieve upgrading on a city-wide scale. Participants visited two housing projects by community people, and discussed with local community organisations about their experience of the participatory upgrading process.

### For more information, please contact

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## Field Visit to Centre of Excellence in Water Management, Lopburi

**Organized by:** Society for Preservation of Water, UN-Habitat

### Outline

The Society for Preservation of Water (SPW) is promoting Human Values-based Water, Sanitation and Hygiene Education (HVWSHE) in schools in partnership with UN-Habitat. It has established a Centre of Excellence in Water Management in Lopburi, Thailand. It has a dedicated classroom for water and sanitation for experiential learning by the students, which has been targetted at different levels. SPW also organizes a large number of capacity-building programmes in water, sanitation and hygiene education for professionals of various countries in the region.

Participants of the field visits learned about the new approach of HVWSHE in schools so as to promote values-based water, sanitation and hygiene education in their cities and countries. HVWSHE is an innovative approach that not only seeks to impart information on water, sanitation, hygiene and the global issues concerning water, but also inspires and motivates learners to change their behaviour with a view to promote wise and sustainable use of water.

### For more information, please contact

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# Critical and Emerging Challenges for Inclusive and Sustainable Urban Development in Asia and the Pacific

**Adnan H. Aliani**

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## 1. Introduction

Asia and the Pacific is a vast and diverse region with a total population of 4.1 billion in 2008. It ranges from countries with enormous populations to small island States. Overall, the annual population growth rate has declined drastically and was estimated at 1 per cent in 2008 for the ESCAP region as a whole. Some countries in the region have reached high levels of economic development. Others are classified as least developed countries.

The diversity of the region makes it difficult to generalize. Regional and subregional averages can hide wide disparities in terms of demographic, economic, social and environmental conditions. Nevertheless, many countries in the region face a number of common challenges which require urgent attention. One of these common challenges is urbanization and urban development.

Urbanization, economic development, environmental degradation and poverty are closely interlinked. Cities and towns have large, dense and diverse populations, which result in economies of scale and agglomeration and lead to specialization of labour, increases in productivity, innovation and economic growth. Infrastructure and services are cheaper to provide, making urban areas attractive to people in search of higher income and better access to services. Also, goods produced in urban areas have much greater demand elasticity compared to goods produced in rural areas, making it difficult for rural areas to sustain population growth. Thus, rural-urban migration is caused by both 'pull' and 'push' factors and may result in a transfer of poverty from rural areas as the urban population increases are not necessarily accompanied by employment generation or the development of infrastructure. Economic development has also resulted in deteriorating environmental conditions in Asian cities because, to a great extent, environmental costs of economic development and urban growth have been externalized.

## 2. An urbanizing region in an urban world

A majority of the world's population has been living in urban areas since 2009. This transition is expected to happen in Asia and the Pacific by 2025. At present, about 43 per cent of the region's people live in urban areas. The region's annual urban population growth rate is 2.3 per cent. What is unique about urbanization in Asia and the Pacific is its scale and pace. By 2025, the region's population is projected to reach 2.3 billion – an increase of about 700 million people in 15 years time (United Nations 2010).

A unique feature of urbanization in Asia and the Pacific is the growth of mega-cities, cities with a population of more than 10 million. Eleven of the 21 mega-cities in the world are in Asia and the Pacific, including 6 of the world's 10 largest cities. These mega-cities are often surrounded by extended urban regions that transcend metropolitan administrative boundaries. Such mega-urban agglomerations encompass several urban and rural local governments and sometimes extend over provincial boundaries. The Bangkok metropolitan region for example, has an area of 7,761 square kilometres, with a population of over 10 million, spread over the Bangkok Metropolitan Administration and five surrounding provinces (National Statistical Office Thailand 2008) while the Jakarta-Bogor-Tangerang-Bekasi region (Jabotabek) has a total population of over 21 million and a land area of 6,418 square kilometres (Lo and Yeung 1996). Yet it should be noted that 60 per cent of the urban population of the region lives in cities of a million or less. Problems and challenges facing these cities and towns often get less attention than those of mega-cities because mega-cities have much greater political capital than secondary cities and small towns.

## 3. Cities as engines of economic growth and social progress

In general, countries with advanced economies tend to be more highly urbanized while least developed countries tend to have low levels of urbanization. While many countries in the region have a long history of urban settlement, the pace of urbanization has increased with increased global trade and the opening up of Asian economies, particularly in the 1980s and 1990s. At around that time many developed countries started opening their markets to global trade and the demand for cheap products from Asia and the Pacific increased. As most production facilities were based in larger cities, these cities started to benefit from the opportunities provided by economic globalization. Coastal cities with ports particularly flourished. Asia started to turn into the workshop

of the world. In the beginning, the emphasis was on low value-added, low technology, and labour intensive industries, like textiles and garments, to benefit from low production costs, in particular low labour costs. Factories provided employment for semi-skilled workers who often migrated from rural areas. Urban areas started to grow rapidly.

As globalization proceeded, the competition for low value added production became fiercer. Therefore, cities in more economically advanced countries moved to attract manufacturers of higher value-added products, requiring higher labour skills, such as computers and other consumer durables, including automobiles.

As production processes became more complicated and supply chains became increasingly scattered, the need for improvements in infrastructure increased to ensure that the right parts arrived at the right time and that production was unimpeded. The demand from investors, both local and foreign, for better infrastructure and services led to a shift towards investing in urban infrastructure to make cities more efficient in terms of transport and telecommunication and so on in the late 1980s and the 1990s. This started in East Asia and then moved to South-East Asia, and is now moving to South Asia. However, the pace of investment usually lagged behind, creating congestion and other inefficiencies.

In many cities manufacturing is no longer the dominant sector in the urban economy, nor is it the largest employer of urban labour. Automation of the manufacturing process has reduced the demand for labour. The service sector has started to dominate the economy in a growing number of countries. Once the workshops of the world, many cities in the Asia-Pacific region are now undergoing a shift towards service industries. Agriculture gave way to industry; industry is now giving way to the service sector.

The shifts from manufacturing to services, from low value-added to high value-added activities and from semi-skilled to highly skilled work have consequences for urban employment. The share of the service sector has been growing continuously since the 1990s: in 1991, it had a share of 25.8 per cent of total employment, but its share had increased to 36.4 per cent by 2007 (ESCAP 2010).

Many of the jobs in the service sector are informal-sector jobs. Proliferation of informal enterprises is often a result of the need to be competitive in the global economy. It forces firms to adopt new and flexible forms of employment relations, especially in the service sector, such as those found in call centres and the hiring of retail sector staff. In most of the Asia-Pacific region, the informal economy is an integral part of the urban economy. Rather than competing with each other, the formal and informal sectors are, by and large, integrated through direct and indirect linkages. This coexistence of the formal sector and the informal sector has become a distinctive feature of the economy and the labour market in many Asia-Pacific cities.

The size of the informal sector, its contribution to the economy and its influence on urban growth is difficult to measure due to a lack of systematic data collection and analysis. What is clear is that the informal economy is vast and heterogeneous. The sector helps to provide employment for the millions of urban poor who are unable (or unwilling) to have secure jobs in the formal sector.

There are several causes for the existence of the informal sector, chief among them are rules and regulations that unnecessarily make it difficult for small and micro-enterprises to function in the formal economy. It is wrong to assume that informal sector markets are not regulated. They often are: not by the State but by non-State actors sometimes linked to organized crime.

Some parts of the informal sector are characterized by low wages, dangerous and insecure working conditions and long working hours. Operating in the informal sector means that employers and workers are easily harassed by law enforcement agents that come to visit not so much to enforce the law, but to extract informal payments. Income earned in the informal sector may not be sufficient for the urban poor to pull themselves out of poverty, but it enables them to survive in the city.

On the other end of the spectrum are the highly skilled, footloose workers of the financial and knowledge sectors of the service economy. They can work from any other country, and therefore 'quality of life' is a premium attraction for them. Companies must be able to rely on a stable political and economic environment, a solid

banking system, an adequate regulatory system and strict law enforcement, quality medical facilities, schools, universities, research institutes, hotels, shopping centres, recreational and cultural facilities, etc. Thus, the quality of life and urban liveability become important parts of the competitiveness of cities.

Many cities in Asia are therefore investing in the development of museums, up-market shopping centres, theatres, theme parks, and concert halls as well as the renovation of historic buildings. These facilities will attract not only skilled professionals, but also domestic and international tourists. General tourism and the MICE sector (meetings, incentives, conventions and exhibitions) have become an important source of income for cities and towns in the Asia-Pacific region.

Many cities feel the need to modernize in order to compete with world cities. Cities like Singapore and Bangkok risk losing their unique traditions, and look more and more like any other city in the world. With constantly rising land prices, preserving cultural heritage is difficult. Many cities regret too late the losses incurred.

The structural shift in the urban economy from manufacturing to service industry also has consequences for the physical development of urban areas. Large formal sector manufacturing enterprises are forced to locate in the urban periphery, often along transport infrastructure, creating new urban strips or corridors, as housing and commercial enterprises often develop around them.

Globalization has definitely benefited large sections of the urban population in Asia and the Pacific by providing employment and income. However, there was a price to be paid. In order to keep production costs low, there was a prevalence of lax labour and environmental laws, poor law enforcement relating to the discharge of emissions and the treatment of waste. The impact was not shared equally by the urban population; the poor have borne and continue to bear the brunt of the impact through their low incomes, unhealthy working conditions and poor living conditions.

## 4. Cities and environmentally unsustainable development

Asian cities are facing three broad types of environmental risks. The first category of risk is associated with poverty, the second with industrial development, and the third with prosperity and mass consumption. Bai and Imura (2000) developed an analytical framework to describe environmental evolution of cities. They distinguished four stages of urban-environmental development: the poverty stage, the industrial development stage, the mass consumption stage and finally the sustainable city stage.

The driving forces behind the poverty-related stage are high levels of rural-urban migration, low per-capita income, the inability of local government to manage its urban resources, and insufficient investment in urban infrastructure. As a result, large sections of the urban population live in low-quality housing, in slums and squatter settlements without access to adequate water supply and sanitation. Motorized and non-motorized modes of transport compete with each other on congested urban roads, often in the presence of a dysfunctional public transport system.

Because of the poor environmental conditions, residents are vulnerable to infectious diseases. The impact of this type of problems is usually local, and often limited to the city.

Environmental problems associated with the early stages of industrialization and economic growth include air pollution by industries and transport, particularly of sulphurous oxides and particulate matter, and water pollution by heavy metals and industrial solid waste pollution. The driving forces behind these problems are rapid industrialization, a prioritization of economic growth over environmental management, the application of outmoded or obsolete technologies, a lack of environmental emission control and poor enforcement. The spatial range of impacts of this category of risks are local as well as regional, as pollution spreads to soil, water and air beyond the city.

Urban environmental issues associated with prosperous lifestyles, based on mass production, mass consumption and mass disposal relate to rapid and unsustainable consumption of natural resources, particularly energy, water

and food, as well as large-scale pollution and waste generation. Due to a lack of an extensive mass transit system, individual ownership of automobiles increases, increasing energy consumption, which is also compounded by an extensive use of air conditioning or heating in commercial and residential buildings. Carbon footprints increase dramatically. The impact of this category of risks is not just local, but is regional and global.

The authors noted that some East-Asian cities underwent these stages sequentially. For most Asian cities, the cycles of these stages have shortened to such an extent that for all practical purposes they are occurring simultaneously, often affecting different sections of the population and different parts of the urban agglomeration. Cities and urban regions are rarely homogeneous and different sections of the urban population face different sets of environmental problems. Many urban residents live in extreme poverty despite rapid economic growth and are excluded from the benefits of urban development. Elsewhere in the city, the rich and the highly skilled middle classes, demanding better lifestyles, indulge in mass consumption and pollution, while others are moving into subdivisions or working and living in buildings that are eco-efficient and sustainable. At the same time, industrial production continues, but may be moved out from the city core to the periphery, along transport corridors, in areas where rural, residential land uses are interspersed with industrial land uses and where environmental regulations are still lax. Cities in Asia and the Pacific generate around 300 million tons of garbage and account for around 67 per cent of all energy and 71 per cent of all green house gases. The carbon footprint for Beijing, according to one estimate, is just a bit lower than London.

## 5. Urban poverty

Despite rapid economic growth and some efforts to foster social development, rural and urban poverty remains a serious problem in the region. Some countries have made major advances in the reduction of poverty, but others are lagging behind in this respect. In China, poverty declined from 60.2 per cent in 1990 to 15.9 per cent in 2005, brought about by rapid growth of the economy. Pakistan also brought down its poverty levels from 64.7 per cent in 1991 to 22.6 per cent in 2005. Mongolia, on the other hand, saw poverty increase from 18.8 per cent in 1995 to 22.4 per cent in 2005 (ESCAP 2010). However, recent data (World Bank 2011) shows that as many as 44 million people may have reverted back to poverty due to the recent food, fuel and financial crises, which seems to be repeating itself.

On average, urban residents have better living conditions than the rural population, because of the wider availability and better quality of basic services from the public and private sectors. However, aggregate statistics do not reflect the realities of urban poverty. Where urban health indicators can be disaggregated for different parts of the city or town, the data shows that large numbers of people in the cities of Asia-Pacific, in particular those living and working in the informal sector, are in poor health due to low income, a poor diet, a cramped and unhygienic living environment, unsafe working conditions, polluted air, the use of contaminated water and inadequate sanitation facilities.

In this respect, it is important to understand that poverty is not just a lack of income. Poverty is also a lack of access to basic services, ranging from water supply and sanitation to education and health care, and a lack of influence in decision-making that affects lives and livelihoods. These aspects of poverty are also closely interrelated: inadequate water supply and sanitation lead to poor educational results and poor health, which in turn affects productivity and the ability to earn an adequate income. Often, exclusion is linked to the status of the person as a rural-urban migrant, a resident of an informal settlement, or a member of an ethnic group.

A very visible aspect of urban poverty in cities in Asia and the Pacific is the proliferation of slums and squatter settlements. Land in urban areas is under pressure as a result of economic growth and population increases. High demand for land by private companies for offices or production centres raises the market prices of land. Employment of the poor is linked to places with intensive economic activities, but land in such locations is beyond their reach, if housing is at all allowed in those locations.

Few countries in Asia and the Pacific have set aside land for housing the poor. Most see land as a commodity of which the freehold title or the user-right can be bought and sold on the free market. This leaves the poor only

two options: commuting from a faraway place where land is affordable, which is often too expensive in time and money, or the unauthorized occupation of vacant land and the development of slums. Housing of the poor often also develops in places unfit for habitation due to environmental conditions. Around 30 to 35 per cent of the region's urban population live in slums and squatter settlements (ESCAP 2010).

Access to safe and reliable water supply and sanitation is critical for health, social status, dignity and basic security, in particular for women and children. According to official statistics, 96.4 per cent of the urban population in the region had access to basic levels of safe drinking water supply in 2008 (WHO and UNICEF 2010). Official statistics do not take the quality or quantity of the water supplied into account. For the poor, access is often through public stand pipes where water comes for only a few hours a day, often resulting in long waiting times and the need to store water in the house, which may affect its quality. Moreover, an intermittent supply of water can lead to contamination of the water in the pipes due to a decline in pressure. Only 66.1 per cent of the urban population in the Asia-Pacific region has access to safe sanitation, while 8.0 per cent of urban residents in the region have to resort to open defecation, which poses health hazards in addition to being an affront to human dignity (WHO and UNICEF 2010).

Because land and housing near employment opportunities tend to be costly, affordable transport to take the poor from the places where they can afford to live to places where they work is another important urban service. Most current transport systems in Asia-Pacific cities do not take account of the specific needs of the poor. As many transport services in the region have been privatized, transport fees need to recover costs rather than to ensure that low-income people can move from one place to another. As a result, low-income households cannot afford to live in the urban fringe where land and house prices are lower, because of high transport costs.

Access to modern and sustainable energy services is critical for the poor to participate in the urban economy and to improve living standards. Inadequate energy supply may affect the opportunity for children to study at night. It also affects the ability of the urban poor to undertake income-generating activities at home or at workshops in informal settlements. Families without access to electricity or gas may turn to coal or charcoal, which has a negative impact on the environment, both within the house and outside.

Along with rapid economic growth, inequality is rising in Asia and the Pacific. Urban development is largely driven by local, national and international companies in and around particular urban centres. Rising inequality is attributed to policies which focus on growth by promoting market liberalization, economic and political stability, foreign direct investment and the development of economic infrastructure. The consequences are cities and towns with highly skilled workers employed in the knowledge-based economy on the one hand, and low-income workers employed in the large informal-sector economy. The latter earn enough to live in the city as long as they can find housing in informal settlements with inadequate infrastructure and can buy food, water and transport from the informal sector. What is lacking are mechanisms which enable the poor to benefit from the economic growth and make the process of economic growth in the region less exclusionary.

## 6. Cities and climate change

A major emerging threat confronting urban settlements in the Asia-Pacific region is the impact of climate change. The size, location and elevation of Asia-Pacific cities make them especially vulnerable to the impact of climate change in the form of frequent extreme weather events such as droughts, floods, cyclones and heat waves.

Although climate change affects different places in different ways, urban areas will be especially vulnerable, because of the high concentration of people, the high thermal mass of buildings and the relatively low vegetation cover. Climate change will reduce the supply of clean water and the area of productive land and it will expose cities to an increased risk of storm damage and flooding.

Most of the cities in the tropical and subtropical climate zones are low-lying and prone to severe flooding and storm damage. Climate change is expected to bring about a significant rise in sea level. An estimated 54 per cent of Asia's urban population lives in low-lying coastal zones (UN-Habitat 2008). Cities in deltas and low coastal plains are particularly vulnerable. Much of their area would be inundated by even a small rise in the sea level. The

relocation of eco-refugees will be a significant challenge, requiring the building of new urban settlements that will further reduce the land available for food production. In some Pacific island countries, entire populations, both rural and urban, will need to be relocated.

The impact in rural areas will affect urban populations. The loss of agricultural land due to climate-related changes – such as floods and droughts – will affect food security in cities. Predictions suggest a significant impact on food security in India and China as desertification increases. As is often the case, the impact of environmental degradation and climate change will affect the urban and rural poor disproportionally. Action to adapt to climate change and action to reduce poverty cannot be separated.

## 7. Towards inclusive and sustainable cities

Cities in Asia and the Pacific need to simultaneously develop economically, ensure environmental sustainability, reduce poverty and disparities and prepare themselves against climate change and other natural and man-made disasters and crises. This would require action on three inter-connected fronts: increasing eco-efficiency and greening of urban development; increasing inclusiveness and equity; and increasing resilience to climate change and other shocks and crises. These issues are inter-sectoral and addressing them effectively would require a 'systems' approach, recognizing the inter-connections and their influences and synergies various urban sub-systems have on each other.

Moreover, several development gaps would need to be bridged. These include development gaps related to the legal and fiscal frameworks; financing of urban development; urban planning and design approaches and methodologies; technologies and innovations; and institutional and human resources capacities.

As stated earlier the urban economy comprises a spectrum from the informal to the formal. Strategies and approaches would need to be developed to address the whole spectrum, not just the formal sector of the economy. However, such strategies would need to take into consideration the fact that in many instances formalizing the informal sector could prove counter-productive.

### a. Legal and fiscal framework

Both legal and regulatory and fiscal measures can be introduced to internalize environmental and social costs. Legal measures could be introduced to change market incentives and signals and bring about a change in behaviour of consumers and producers. Examples include the move towards cleaner fuels for public vehicles in Delhi, India, to passenger occupancy requirements for individual automobiles in down-town Jakarta, to the banning of plastic bags in Dhaka, Bangladesh, to the state regulation of motor-cycle taxis in Bangkok or the setting up of a minimum wage in Metro Manila, the Philippines.

Fiscal measures need to be introduced to charge the right costs of providing natural resources, particularly water and energy. This can be done through measures such as progressive pricing, which actively subsidize the poor and penalize overuse and wastage. For example, water necessary to meet basic needs, could be provided free, while more intensive use or wastage could be charged progressively higher. Similar policies could be used in providing electricity. Similarly, congestion pricing for automobiles entering down-town areas are another example of fiscal measures to internalize environmental costs. Such policies have been introduced in many countries already and need to be strengthened and more effectively enforced.

Penalizing the overuse and wastage of natural resources, particularly water and energy infrastructure, would encourage businesses and households to conserve resources and adopt eco-efficiency measures. Actively making urban infrastructure, particularly water, transport and buildings, more eco-efficient would also reduce the carbon footprint of the city without unnecessarily affecting the poor. This would require short-term investments to maximize long-term gain and governments would need to take the lead.

Regulatory and fiscal measures would probably need to be supplemented by increased social marketing and education campaigns, particularly in partnership with civil society and private businesses to promote a more sustainable lifestyle. Examples of such campaigns abound in the region and lessons can be learned from the

more successful ones. Targeting children, and through them their parents, could be an effective strategy. In this connection the concept of 'green schools' could prove an effective policy.

There would be short-term costs to internalizing environmental costs. However, long-term benefits would outweigh the short-term costs. Governments need to enable markets to take the long-term benefits into account with the right regulatory and fiscal incentives. Moreover, such measures may make goods and services from a country less competitive. Governments may need to adopt principles of tax neutrality to find the right balance in maintaining short-term economic competitiveness vis-à-vis long-term sustainability.

Legislative and fiscal measures could also be used to increase inclusiveness. The government of the Philippines, for example, has made participation of community groups and NGOs in local government mandatory. Similarly, the government of India requires that 33 per cent of the electorate in local elections elect only women candidates. This has lead to a great increase in the number of women in positions of decision-making at the local level. In many countries governments are starting to recognize the rights of the urban poor in slums and squatter settlements and providing them with identification cards and municipal services.

### b. Financing sustainable urban development

How urban development and management is financed is crucial to the inclusiveness and sustainability of cities. Key challenges that need to be addressed are: reforming existing municipal finance systems to make them more effective; accessing new external sources of finance; and thirdly building stronger linkages between the formal urban development finance system and the financing systems of the urban poor.

In many countries of the region, while functions and executive authority have been devolved to a local level, fiscal authority often remains with higher levels of government with local governments unable to spend sizable amounts on urban development without authorization from higher levels of government. Even in countries where they may have such authority, many local governments lack the capacity to make full use of their powers. Reforming the municipal finance sector and building its capacity is therefore an important development strategy.

Making cities inclusive and sustainable will require infusion of funds to finance investment in urban infrastructure and services such as mass transit systems, water and sanitation systems etc. While internalization of environmental costs will increase funds available for investment in urban infrastructure, additional funds would be required, at least in the short-term. New sources of finance such as the USD 5 trillion of Asian foreign currency reserves, funds of sovereign funds, remittances of expatriate workers could be tapped to provide funding for sustainable urban development. A significant issue is the linkages between the formal financial system and the financial system of the poor. There are several good examples that seek to develop these linkages such as the Baan Mankong programme of Thailand or the financing facilities provided by the National Housing Bank of India to community and microfinance institutions.

### c. Improving urban planning and design

If effectively utilized, urban planning provides unique opportunities to adopt 'systems approaches' to addressing urban issues by integrating physical, socio-economic and environmental planning and identifying synergies and co-benefits. Cities in Asia often have dense cores with extended suburban areas that often grow along transport corridors. As urban development and urban land use occur in hitherto rural areas that have lower planning, building and environmental regulations and weaker enforcement capacities, new urban development is often unplanned and haphazard, with closely intermingled industrial, residential, commercial and agricultural land use and without adequate infrastructure and services. Moreover, as development often occurs along transport corridors, large tracts of land farther away from the transport corridor are not developed. This results in 'ribbon' or 'strip' development, that is environmentally unsustainable and resource intensive. As urban development often extends over several provincial and jurisdictional boundaries, these urban regions pose new economic, social and environmental challenges and require a rethinking of urban planning, management and governance approaches and institutions. Strengthening and extending planning laws to cover sub-urban areas is crucial for sustainable urban development. Examples include local government laws and regulations in China, Viet Nam and Pakistan, which create local governments that cover both urban and sub-urban areas and can therefore extend and strengthen urban planning laws and regulations in these areas.

A major policy reform in this context is that of urban land use. The commoditization of urban land must be balanced by the recognition that the land is a public and environmental good. Planning and land-use restrictions need to be imposed on the use of land to increase its social and environmental functions such as provision of housing to the urban poor to the development of urban green spaces, parks and mass-transit corridors.

### d. Green technologies and innovations

While cities are major contributors towards unsustainable development of countries of the region, solutions to urban problems will also come from cities because they are centres of knowledge and technological and process innovations. The region is full of innovative technologies, approaches and practices that show the way towards an inclusive and sustainable future. The challenge is to systematically identify, document, analyse, adapt and upscale such innovative solutions. This would require the creation of a fiscal, regulatory and institutional environment that allows individuals, businesses, communities and civil society organizations and even government agencies to find innovative solutions. It would also require research and training institutes to identify and analyse the reasons for their success and to assist governments in upscaling such technologies and innovations.

Many countries are developing eco-cities that try to minimize resource consumption and waste generation. These are indeed welcome developments as such experiments often develop new technologies and innovative processes and approaches, often in the process creating new and green jobs.

The introduction of new technologies, production processes or innovative practices often means that those with access to information, knowledge and capital benefit from these and those without are left behind. Often, the introduction of new technologies also means higher costs, as the costs of developing the new technologies have to be factored in. In both instances the poor often lose out. In such instances policies that minimize the impact on the poor would have to be developed and implemented.

However, new technologies often do not have to be high tech and expensive. Research, particularly in public universities and institutions on appropriate technologies which can also benefit the poor, should also be encouraged.

As a regional commission that is fast becoming a hub for knowledge and policy advice, ESCAP can assist member countries in identifying, documenting, analysing and replicating innovative practices and policies. It can also provide technical advice and support to assist countries in upscaling such practices.

### e. Human resources and institutional capacity

An important constraint to achieving inclusive and sustainable development is the lack of human resources and institutional capacity, not only among governments but also among other major stakeholders such as civil society organizations, private sector and research and training institutions. Among the government sector, local governments in most instances have the weakest human resources and institutional capacity as they have the weakest financial and executive powers.

Human resources capacity development would require programmes and action on three fronts: attitudinal changes, knowledge and skills. A considerable amount of literature has been written on building capacity in both government and in civil society. Several programmes have been launched within and outside the United Nations system to build capacity. Results have been mixed. Lessons learned show that a sustained effort over many years is needed, coupled with the building of institutional capacities that provide adequate compensation to government officials and enabled them to put their newly acquired skills and knowledge into practice.

Governmental organizations would need to become more oriented towards learning from their own experiences and those of others. Another important issue is the creation of institutional space where different levels of governments, civil society organizations, private sector organizations and research and training institutions can interact with each other, exchange views, discuss potential solutions and develop consensus on the way forward. This is particularly true when one takes into consideration the fact that there is a major disconnect between the short-term political cycles and the longer-term time-frames required to address the challenges facing cities.

Approaches such as strategic visioning of a common urban future, scenario building exercises, urban forums, and so on can go a long way to developing such strategic future visions that go beyond short-term political considerations.

In this effort the role of public administration academies and local government training institutes is crucial. Networks such as the Regional Network of Local Government Training and Research Institutes (LOGOTRI) could have a major role to play in developing capacities. Similarly national and regional networks of local governments that promote South-South and North-South exchanges such as United Cities and Local Governments – Asia-Pacific Section (UCLG-ASPAC) and CITYNET are important vehicles for the exchange of experience and knowledge. Similar learning networks within civil society have gone a long way to developing capacity among civil society organizations and therefore need to be further strengthened.

## 8. Improving urban governance

The challenges and strategies facing cities and towns of Asia and the Pacific are closely interrelated. Eco-efficiency and internalizing ecological costs will directly contribute to climate change mitigation and adaptation. Investing in slum upgrading and introducing community-based savings and credit systems in poor communities would not only increase their resilience to climate change but it would also reduce their poverty and enable them to benefit from economic growth.

Addressing these interconnected challenges requires greater coordination and integration of government institutions that look at cities and human settlements systemically. To ensure that the poor and other marginalized groups are not excluded, more inclusive and participatory governance systems are necessary. Finally, in an uncertain future, more adaptive approaches to managing cities are needed so that people can quickly learn from previous experiences and the experiences of others and adapt those lessons to current circumstances.

### a. Integrated and coordinated approaches

Government institutions are usually organized on a sectoral basis. They often do not coordinate with each other or the local government responsible for managing the urban area. Moreover, urban areas often extend along transport corridors, often crossing several local government boundaries. This can mean several national, provincial and local agencies involved in managing an urban agglomeration, often at cross-purposes with each other. This not only makes the functioning of government opaque, it also makes it less adaptive: there is little systemic learning and response to changing situations is often too slow.

Moreover, officials of national and provincial line departments are often not answerable to the local populations they serve but to their superiors at the national level. This further erodes incentives to collaborate and coordinate with each other and to be accountable to either the local government or to the people of that area. Achieving sustainable development of urban areas would require strong local governments that can coordinate various sectoral departments of government and to identify and develop synergies from collaborative actions. This would require strengthening local governments through devolving executive and financial powers and building their capacity to execute their current responsibilities as well as their added responsibilities. It also means strengthening of civil society to ensure that local governments are accountable. Without these three elements, decentralization is unlikely to contribute to inclusive and sustainable urban development.

Decentralization needs to be done with the subsidiarity principle in mind. Subsidiarity means that functions and activities that can be done at a lower level should not be done at a higher level and vice-versa. Thus, what communities can do should not be done by local governments and what local governments can do should not be done by higher levels of government.

However, there are functions that local governments, particularly in extended urban regions, cannot do across jurisdictional boundaries. These should be done by a higher-level government institution. A good example of such an institution is the Metro Manila Authority which handles functions such as urban transport, which individual local governments constituting the Metro Manila agglomeration are ill-suited to do on their own.

Decentralization and strengthening of local governments has been advocated at least since the early 1990s. Many governments have taken steps to undertake this. India and the Philippines have passed constitutional amendments recognizing this third tier of government. However, many of these efforts have been half-hearted. Where functions have been devolved, fiscal powers have been retained by the central government as a means of controlling local government. Investment in capacity development of local governments has also not been made in many countries. Moreover, where local government functions and fiscal powers have been devolved and some attempt at capacity development has been made, the benefits of decentralization have been captured by the local elite, with some local governments virtually becoming family fiefdoms, because of a lack of transparency and the absence of a vibrant civil society that can keep government accountable.

### b. Participatory governance

Strengthening civil society to hold government accountable requires access to actionable information. This is usually not available, or even if it is available, it is in forms that are not easily understandable by the general public or even by policymakers. Civil society organizations such as the Urban Resource Centre, Bombay First and Bangkok Forum perform a very valuable function of collecting and analysing information and mobilizing action around that information. New information technologies such as Facebook, Twitter and Flickr can facilitate civic action. In the aftermath of the recent riots in Bangkok, over 10,000 people turned up to help the local government clean up the affected area. The whole programme was organized through Facebook and Twitter (Bangkok Post 2010).

Civil society activism combined with judicial activism has forced many local governments to clean up or increase the eco-efficiency of their infrastructure. Examples of such actions include converting public transport vehicles to natural gas in New Delhi and the lawsuit filed by communities around Map Ta Put Industrial zone in Thailand that halted the construction of potentially polluting industries because they had not acquired environmental impact assessments.

Lessons from successful campaigns and partnerships have shown that the single most important element was the existence of institutional space for the interaction, both adversarial and collaborative, between civil society and the government. Absence of such space often leads to violence. Another crucial lesson is the empowerment of the poor through collective mechanisms and information, so that they are able to interact on a more equal footing. For governance mechanisms and institutions to be inclusive and participatory, the weaker or excluded elements in society such as the urban poor need to be empowered. Programmes of governmental and non-governmental organizations that seek to build collective mechanisms among the poor such as community-based savings and credit schemes or cooperatives go a long way to equalling power relationships in society and making governance more inclusive.

### c. Adaptive approaches

With globalization and climate change the region is entering an unpredictable era. It is likely that cities will face natural disasters, crop failures, health epidemics, impact of global fuel and financial crises. However, the extent and timings of such events would be unpredictable. Governments would need to develop approaches that on the one hand put in place contingency planning approaches such as disaster risk reduction and preparedness planning while on the other develop systems that can quickly respond to changing situations. As the recent earthquake, tsunami and nuclear disasters in Japan showed, doing this would not be easy. But increased emphasis would need to be placed on responsive approaches to governance, with strategic units within governments that can mobilize and coordinate actions not only within government but also with other major stakeholders.

In this connection access to information communication technologies to provide and share real-time information among different government agencies and other stakeholders is crucial. With the costs of such technologies being constantly reduced, instituting urban information systems is a cost-effective strategy to make government more integrated, coordinated and responsive. However, issues of different standards, base maps etc. would need to be sorted first.

Moreover, government institutions would need to become learning organizations that can learn from their own experiences and experiences of other governments and stakeholders, within and outside the government. As stated earlier in this connection the role of national and regional associations of local governments, local government training and research institutions and local and national urban forums is important.

## 9. Conclusions

The challenges of the sheer magnitude and pace of urbanization, unsustainable and exclusionary economic and social development of urban areas and the impending impact of climate change facing countries of Asia and the Pacific are indeed daunting. However, there is no need to be overly pessimistic or apocalyptic about the future of cities in Asia and the Pacific.

Policy directions for achieving inclusive and sustainable urban development are crystallizing. These include bridging the development gaps related to legal and fiscal frameworks; financing of urban development; urban planning and design; green technologies and innovations; and human resources and institutional capacity development. Increasingly cities would have to adopt integrated and coordinated, adaptive and participatory approaches to urban planning, development, management and governance.

While keeping in mind that this would require fundamental changes to the current development paradigm, strategies and approaches would need to be incremental and build upon what already exists, taking a 'co-benefit', 'no or low regret' approach. In other words, it means undertaking policies that make development sense such as increasing eco-efficiency or tackling the issue of urban wastes. The co-benefit of such strategies would be to reduce carbon footprints. Similarly, undertaking no-regret policies, such as encouraging the public and private sectors to take out insurance, would increase their resilience to natural disasters.

In implementing these policies, governments would need to strengthen governance at the local level by using the principle of subsidiarity and by increasing the ability of local governments to adopt systemic approaches and adopting increasingly inclusive and adaptive approaches to governance. Investments would have to be made in strengthening local government capacity and in devolving executive and fiscal powers to the local level. The role of civil society in creating political will, will be necessary to bring about the changes needed and holding government accountable would be crucial in this process.

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# Approaches to Financing and Governance as Key Drivers for Change

This paper is a compilation of articles on financing and governance approaches as key drivers for change, prepared for APUF-5.

The main thought-piece was written by Prof. Dr. Amitabh Kundu, Jawaharlal Nehru University, New Delhi, India. The second section, on Emerging Issues in Urban Governance in Asia, was written by Dr. G. Shabbir Cheema, East-West Center, Honolulu, Hawaii. The Cities Development Initiative for Asia (CDIA) has contributed the third section on Urban Infrastructure Investments. The last three sections, on Green Growth, Climate Financing and Financing for the Urban Poor, were prepared by ESCAP.

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# Section 1: Infrastructure Financing and Governance in the context of Cities in Asia Pacific Region: Issues and Perspectives

***Prof. Dr. Amitabh Kundu***

## Introduction

The Asia-Pacific region is on the doorstep of massive rural-urban transition. Due to low economic growth and high population growth in rural areas, there is increasing pressure on the agrarian system. Globalization, on the other hand, has led to increasing concentration of investment in a few big cities. As a result, the region is predicted to undergo rapid urbanization in the next few decades, similar to what was observed in Africa and Latin America in the second half of the twentieth century.

It is important to note that the region's large cities are characterized by extreme inequality. On the one hand, there is an economic and political elite, while on the other there are poor migrants from the hinterland working in the informal economy. The lack of infrastructure and basic services has resulted in extremely unhygienic living conditions and scarcity of space for the poor, thus slowing down their immigration in recent years. Unfortunately, market-driven investments have not improved their situation, as in many cases, services have become unaffordable. The poor are thus forced to move to isolated pockets or degenerated peripheries, strengthening the exclusionary character of the cities.

The lack of regional dynamism to bring up a number of small and medium towns and promote their demographic and economic growth, as reported by the national Population Censuses in several countries in the past few decades, is another matter of serious policy concern. Less than fifty per cent of Asia's urban population lives in towns with a population below half a million, a figure that is well below that of the developed world. Correspondingly, the share of cities with populations above 5 million is much higher than the average of Latin America, Africa, the world and all less developed countries. Importantly, the growth rate of large cities has declined in recent years, as reported by the World Urbanization Prospects (WUP). This has forced the WUP to revise the projected urban population figures downwards for many of the countries in the region, suggesting a sluggish rate of absorption of migrants in these cities. The latest Revisions of the WUP predict urban population figures and corresponding growth rates in the 2020s significantly below that reported in earlier Revisions. The 1994 Revision of the WUP, for example, had projected Asia's urban population to be 2718 million in 2025 and its annual growth rate 2.19 per cent for the years 2025-30. The WUP-Revision 2009 has lowered down these estimates to 2383 million and 1.73 per cent respectively.

The dearth of infrastructure investment, as discussed above, causes environmental problems. The poor have an effect on the local environment as a result of their inappropriate use of local resources. The high-income population contributes to global climate change with their life-styles and consumption patterns. CDIA estimates that the contribution of cities to green house gas emissions is as high as three quarters of the total. More importantly, the recent ad-hoc approach to open up infrastructure investment opportunities to the private sector has not solved the environmental problems, and has in fact aggravated them in several cities. Some of these problems are visible: in many countries of the continent, cities have a hard time dealing with floods and heavy rainfall and suffer from blocked drainage systems. Other environmental hazards are more indirect: untreated domestic and industrial waste threatens the health of the urban population; rapid demographic and economic growth has serious implications for regional and national ecosystems; ground water extraction and pollution of river systems raise serious concerns about the sustainability of the present pattern of urbanization.

National governments thus face the major challenge of accelerating the pace of sectoral diversification and urbanization, without compromising the sustainability of existing or new cities. This implies that cities should be able to absorb the migrants coming from the rural hinterland in sustainable economic activities and integrate them into the city system. In order to do this, they need to strengthen their adaptive capacity and counter the exclusionary trend.

Planners and policymakers in the large cities of the region are concerned about the lack of infrastructure investments and inept urban management. Although the issues of city administration and infrastructure financing have often been discussed separately, many hold that these are intrinsically interlinked and that improved urban governance is key to address these issues. Among the proposed measures to build a new system of urban management are: reducing the number of regulations and agencies responsible for infrastructure and basic amenities; allowing these agencies to charge appropriate prices through elimination or reduction of subsidies; relaxing the laws and bye-laws pertaining to land-use; and facilitating private and joint sector projects. Once these measures have been implemented, the pricing and investment decisions would respond to market stimuli, that are expected to enable local governments and other organizations, engaged in the provision of infrastructure, to remove the infrastructural bottlenecks constraining urban growth by generating much of the resources required for that, internally. Reform in urban governance is thus seen as an imperative for rescuing cities from the quagmire of inefficiency and infrastructural deficiency.

In recent years, a number of countries in the Asia-Pacific region have adopted these measures to a certain extent and the impact is already visible. Local governments in a few large cities have improved their financial position. Parastatal agencies, operating at the urban or regional level, have been brought under some kind of financial discipline, which has helped them generate resources and borrow from development-cum-banking institutions; some agencies have even attracted investments from the national or global markets. In other cities, particularly smaller centres in remote areas with weak economic bases, the withdrawal of the State from infrastructure provision has created a vacuum. In a few cases, this vacuum has been filled by NGOs and CBOs, but serious infrastructure deficiencies remain.

As the State often does not coordinate private investments, most of those gravitate towards big cities with a large middle class population. As a result, larger cities often grow faster economically and have better access to public institutions than smaller urban centres. Similarly, while the rich areas within cities have been able to attract infrastructural investment, slums and low-income settlements have usually remained untouched or have only marginally improved their situation through community-based development projects. Unfortunately, the impact this has on urban morphology, particularly in terms of the poor's access to basic services, has not received adequate attention from researchers, planners and policymakers.

In light of the severity of the problems, and the mixed experiences with urban management, it would be important to gain an overview of the status of urban governance, including regulatory and administrative systems, in the Asia-Pacific region, with a specific focus on large cities. In the next section, an attempt towards such an analysis has been made, focusing on measures of decentralization, civil society engagement and local participatory initiatives launched in recent years. In the third section, issues related to financing of infrastructure development by local governments and parastatal agencies are discussed, including taxation, user charges and innovative financing mechanisms. The constraints on urban infrastructure delivery are taken as the integrating sub-theme for both sections. The impact of the recent initiatives on spatial distribution of infrastructural investment, access of poor to infrastructural facilities and spatial segmentation within cities are analyzed in section four. In the last section, an attempt has been made to put forward a perspective for city governments to meet their obligations to the residents while at the same time acting as growth engines for their regional and national economies.

## Changing Systems of Urban Governance

### Limited Success of Decentralization Initiatives and their Implications

Until the 1970s, urban governance systems in many Asia-Pacific countries relied heavily on bureaucratic controls of national and regional governments, allowing for very little initiative at the local level. Authorities at higher levels intervened at the programmatic level in an ad-hoc and fragmented manner. Their roles and responsibilities were not precisely defined.

Since the early eighties, responsibilities have been transferred to lower levels, breaking away from what Shabbir Cheema describes as a "legacy of the past". In many countries, the national government has taken steps to make municipal administrations and public agencies more accountable to the local population, encouraging them to decentralize their tasks and change their decision-making process to be more participatory and transparent.

Several countries have pushed for political decentralization through constitutional amendments while others have gone ahead with administrative orders. As a result, the institutional structures of urban governance and service delivery are slowly changing. The introduction of legislative and policy reforms, innovative mechanisms in land and capital markets, and capacity-building among local agencies are the prime movers in this paradigm shift.

Notwithstanding the enthusiasm among international and national organizations for this package of reforms, some countries have adapted at a sluggish pace, due to bureaucratic, legal and institutional constraints. Shabbir Cheema puts this point succinctly: "While the urban decentralization policies and programmes are clearly stated in the government policy documents, there are serious gaps between formal policies and implementation due to a series of constraints emanating from national political structures and styles."

In this decentralization process, the significant differences between large and small cities in per capita earnings and resource generating capacities have not been given due consideration. As a consequence, disparities across urban centres have tended to increase. The State of Asian Cities 2010/2011 is right in noting that decentralization requires central government support to avoid excessive regional disparities.

## Changes in the Urban Planning Perspective

A major influence on infrastructure development is the master plans and laws at the national, regional and city levels that impose serious restrictions on land-use and proposed changes therein. The State of Asian Cities report observes that "technocratic approaches traditionally applied have limited efficiency". As master plans are often prepared without taking into account the dynamics of urban development, private investment has not been forthcoming, and these plans are more often violated than complied with. In many cities, these regulative controls are now being relaxed and cities are moving towards perspective plans, vision documents and programmatic interventions rather than being governed by legally binding laws and bye laws. In several countries, local bodies now have the right and responsibility to prepare development plans and launch projects, in consultation with stakeholders, through intermediation of financial institutions that ensure commercial viability.

It must, however, be pointed out that preparing a development plan to answer the needs and aspirations of local people in different social and income brackets, and then breaking the plan down to a set of meaningful projects is a difficult exercise. Very few local bodies have the capacity to do this. Assigning the responsibility of development planning to local bodies, thus, has not enabled them to design projects keeping in view a macro perspective of development for the city or the region. Understandably, the initiative for preparing the plans has shifted to stakeholders responsible for providing the land or capital. Research agencies in the private sector have been engaged in designing projects with a high credit rating so as to attract corporate investment and facilitate the mustering of resources through the capital market. Fragmented evidence available suggests that except for a few large cities, the local bodies are not able to invest much in infrastructure, either on their own or through mobilizing resources from the capital market. Reviewing recent developments critically, the State of Asian Cities report concludes that the governments have focused development initiatives on mega-cities and mega-urban regions and tended to neglect small and medium towns that desperately need State support.

### Involving Communities in Infrastructure Development

Community participation as a component of infrastructure development became popular in the eighties, due to the failure of public agencies to deliver services and to the growing gap between the demand and supply of basic amenities. It was argued that communities could help, not only in social mobilization for implementation of a development project, but also by raising financial resources that local authorities need badly. In the initial years, this approach remained confined to a few slum colonies, but it grew as an activity sponsored by the State and international and local NGOs. Nowadays it is well recognized that community involvement can result in more effective implementation of the project, better design and a reduction in labour and other operational costs. Peer group pressure results in higher recovery of loans and project costs.

In many cases, however, the stipulations regarding the sharing of capital and current expenditure have turned out to be over ambitious. Substantial cost reduction has often not been possible due to the unwillingness of

prospective beneficiaries to provide labour for free or for a wage below the market rate. Demands for credit from formal institutions are often not met due to bureaucratic and administrative attitudes.

In the 1990s, an innovative form of community participation attracted attention: the neighbourhood and slum networking schemes, launched with some financial support from the State or central Government. People in selected areas are involved in all stages of the project development and maintenance. These projects often cover all components of slum improvement, including the provision of roads, pavements, water supply, sewerage, drainage, waste disposal facilities and street lighting, provided on individual or community basis.

It is argued that since slums typically cover only a small percentage of a city's land area, it is possible to make a cost effective impact on an entire city's environment by upgrading just a small number of settlements. In a few cities, private industries are motivated to join such projects as they have a long-term stake in the overall hygiene and health of the city. They are persuaded to share the costs of slum upgrading as a critical component of urban development, yielding a high rate of economic and social return. This perspective has led to the adoption of a participatory approach, involving local governments, communities and the private sector, and has made slum-linked activities a central component of urban development strategies.

Despite participatory projects yielding significantly better results than those designed by public agencies alone, proven by many globally acclaimed success stories, there is no adequate evidence that these projects are replicable nationally or regionally. Many national governments are supporting participatory projects and making provisions for micro-credit and training facilities, but these have made no perceptible effect at the national level. Land titles remain a major handicap in making this practice more widespread. Most slum households do not possess legal title to their land and local governments are unwilling or incapable of providing this. A more important issue raised indirectly by Shabbir Cheema is whether civil society organizations putting pressure from below can indeed push for inclusiveness. There is always an apprehension that such initiatives would be captured by the urban elites.

## Financing Current and Capital Expenditure for Infrastructure and Basic Amenities

### Mobilizing Internal Resources and Tapping Institutional Finance

Along with changes in governance, systems of infrastructure financing have been slowly changing too. Until the early eighties, regular financial flows from higher to lower levels of government met current or capital expenditure deficits of local bodies in many countries. This approach has been criticized for promoting neither efficiency nor equity. More specifically, it does not help potential growth centres to access resources, as cost effectiveness and return on investment are not built into the devolution criteria, and local bodies are unwilling to mobilize resources on their own.

At present, most national governments are trying to decentralize responsibility for the provision of basic services to the local level, and make the latter financially viable and accountable to citizens. Also, the national level is promoting the perspective that infrastructure projects are to be undertaken through internal revenue, savings and mobilization of resources from the banking system, rather than through budgetary support from the national exchequer.

Equity support and subsidies from the State have slowly been brought down and the costs of borrowing money from the government have risen. In a few countries, urban development authorities have been set up to undertake capital expenditure. Here, principles of cost recovery and economic efficiency have been institutionalized. The State and sub-state level agencies responsible for water supply, sanitation, electricity etc., have been encouraged to increase user charges and borrow funds from banks to cover the total operational costs of service delivery and make new investments. However, the hope that this would ensure financial discipline has not materialized in practice. CDIA underlines the point that "there is no direct incentive, in fact often strong disincentives to maximize own source revenue" for local level agencies. They have been reluctant to raise funds from institutional sources by accepting to hike user charges as they anticipate political resistance. Public authorities often have to stand as guarantors for projects, and even bail out agencies when they face an exigency. Agencies in larger urban centres with a stronger economic base and a demonstrated capacity of loan repayment are, however, able to mobilize larger resources from financial institutions and the market.

Given the already high and still growing inequality in access to basic services between rural and urban areas, policies to subsidize urban infrastructure development with resources generated in rural areas are being considered regressive. However, with the emphasis on augmentation of productive capacity of the city and local bodies being encouraged to mobilize funds on their own, issues of long-term sustainability of growth have not received due weight. Initiatives for mobilization of resources, both internally and from the banking system, need to be linked to environmental sustainability. Studies reveal that large municipal corporations have been taking advantage of the decentralization move and have succeeded in augmenting their tax and non-tax earnings. A few of them have gone overboard and diversified their earnings by undertaking commercial property development, adversely affecting land and water resources and the local environment. They have cut down expenditures on environmental services, further exacerbating the problem.

Global and regional development-cum-banking institutions have financed infrastructure projects that are commercially viable and can be replicated on a larger scale. They have generally funded projects on conditions of engagement of private entrepreneurs or commercial capital. This has proved to be an impediment to launching projects on a large scale. National and local administrations are unwilling or incapable of meeting these conditions. Also, the private sector has been lukewarm to fund infrastructure development. The share of the private sector in infrastructure spending has been stable around 30 per cent for about a decade. Confronted with the political realities in various countries, global and regional institutions have been forced to relax principles of cost recovery, elimination of subsidies and accountablity monitoring.

### Mobilization of Resources from the Capital Market through Financial Instruments

It is a matter of some concern that there haven't been many commercially viable urban infrastructure projects in the region. The weak financial position of local governments and State agencies has made this even more difficult. To solve this problem, innovative credit instruments have been designed, such as bonds and structured debt obligations (SDOs). These are being issued through inter-institutional arrangements, wherein the borrowing agency pledges or escrows its capital assets or certain sources of revenue for debt servicing. Debt repayment obligations are given the highest priority; these are kept independent of the overall financial accounting. A trustee monitors the arrangement and ensures that the agency does not access the pledged resources until the loan is repaid.

There has been criticism that such institutional arrangements can only guarantee commercial viability and would favour infrastructure investments catering to the demands of the upper and middle class. Another criticism is that such arrangements, while liberating local authorities from the regulatory and legislative controls of the State, would bring them under direct control of financial institutions.

The most important development in this context is the emergence of credit rating institutions. As financial markets become increasingly global and competitive, and the borrowers' base increasingly diversified, investors and regulators prefer to rely on professional opinions to take their decisions. Given the support and control of national governments on borrowing agencies, it has not been easy for these rating institutions to assess their 'functioning and managerial capabilities' in any scientific manner. The present financial position of an agency does not always reflect its economic strength, managerial efficiency or loan repayment capacity, as higher levels of government still have jurisdiction over the agency's functioning. A cross-sectional or temporal comparison, therefore, cannot be based on the surplus in the current or capital account. Despite these difficulties, rating institutions play an increasingly important role in tapping capital for infrastructure projects.

Rating institutions often take a short or medium-term view and base their assessments on a host of quantitative and qualitative factors, including those pertaining to administrative structure and policy perspectives at State and local levels. They generally do not publicize the details of the factors used or procedures followed to arrive at the final rating. This is partly due to local governments not following standard procedures to classify their financial data. Total transparency of procedures on the part of the rating institutions can allow for manipulation of the data by the borrowing agency. Another important problem is the possibility of the rating institutions choosing a development perspective that is not in line with that of the national or local government, which can be resented by the latter. Understandably, although the agencies are required to maintain the project budget separate from the general budget to get a loan, there are reports of non-compliance due to political pressures from above or local resistance.

Experience of the last two decades shows that the borrowed funds have been fully recovered from defaulting agencies in a few cases only, despite the latter escrowing their regular earnings or assets as a guarantee, before issuance of bonds or SDOs. Often the financial details of the guarantee or bailout are worked out by national or State governments that are not fully aware of the local conditions in which the project would be implemented. Though the national government has tried to create a business environment by treating local governments as corporate entities, it has been extremely difficult for the former to shake off its responsibility for failed local projects.

These innovative credit instruments have, nonetheless, opened up an opportunity for cities to tap the incremental resources that are desperately required for infrastructural development, but they need to be examined in the context of the conditionalities imposed by the capital market. Their success, although limited, is due to the fact that every city has certain areas or sectors where projects can be easily designed to be profitable by linking loan repayment to specific lucrative revenue sources. These projects have often been made attractive by the national governments also through tax benefits.

### Land as a Source of Infrastructure Financing

Many national governments in the region are trying to create 'global centres of the future', and are competing to attract the same investment funds. As the competition gets tougher over time, selling and leasing municipal land have emerged as easier options of mobilizing resources. Given the scarcity of space in city centres, it is lucrative for local governments to permit construction of multi-story offices and high income residential buildings here with a high Floor Space Index (FSI). This option has been backed up by national and international agencies, several of which have sanctioned their loans on the acceptance of a higher FSI in central areas. Steps are taken to facilitate land-use changes by simplifying legal and administrative procedures and by allowing the market to push 'low valued activities' out of the city core. This is being done for slums as well. They are being pushed and rebuilt outside the city limits, indirectly and discreetly, through slum rehabilitation schemes.

### Management Contracts for Provision of Services by Private Agencies

The widening gap between the demand and supply of infrastructural services has compelled city governments to design alternative institutional arrangements involving the private sector. Different forms of involvement have been worked out for management of and investment in these services, with varying levels of responsibility and cost sharing between private and public agencies. The most commonly used form is contracting out of production, distribution and management of one or a set of services to private or joint sector companies for a specified period. In order to ensure that the contractual agreements are carried out, supervised and monitored adequately, new regulatory and supervisory arrangements are being designed. It is well recognized that under the old system of State control, public agencies had failed to cater to the needs of the poor and meet other social objectives. Setting the rules so that private companies will meet these objectives in a liberalized regime would, therefore, be a big challenge. An overview of the studies on contractual agreements reveals that there have been problems in operationalizing the working arrangements and setting up norms for the day-to-day functioning. Many countries do not have experience with such partnerships in the field of urban infrastructure. A few cities have got entangled in serious legal and financial wrangles, even after formal launching of the projects.

UN-Habitat and other development agencies have started programmes to reform present management systems and undertake the necessary capacity-building. Some schemes are designed to promote participatory management practices and assist local bodies in drawing up terms and conditions of contracts involving private agencies and communities in day-to-day management. Institutions have been promoted by the global agencies to assist the local bodies in establishing contacts with prospective partner companies and conducting negotiations. A number of cities are able to institutionalize these contractual arrangements under their guidance.

Initiatives to involve private companies in service delivery have often not given due consideration to issues of resource extraction, technology of production and emission levels, focusing on the projects' impact on the immediate and distant hinterland. Also, the affordability of services to the urban poor has not been rigorously analyzed. Unfortunately, there are no data bases at national, State or local level that would allow in-depth investigations into these issues; field research to find data at the micro-level through specifically designed surveys

would be the only way to carry out such an analysis. To date, there are not many empirically rigorous studies assessing the impact of privatization or subcontracting arrangements of municipal services on different socio-economic strata of population and on the environment.

Solid waste management is one service area in which local bodies have shown interest for involving the private sector and the local community. Solid waste management has a direct bearing on both the sustainability and the inclusiveness of cities. Under the new system of governance, waste collection often involves participation of citizens' groups, NGOs and private companies. Many local groups have shown a willingness to commit their time or money for improving the existing methods of garbage disposal. Several success stories of participatory management have emerged from these arrangements. There is evidence to suggest that under these new practices, low income areas are better covered by civic services. However, as private companies often increase their user-charges with rising inflation, against the wishes of the local populations,, there have been socio-political tensions. Another side effect is the fragmentation of responsibilities over different areas of the city. Some areas being covered by local bodies and others by private companies or NGOs leads to differentiation in the quality of services, linked to affordability for the community, often leaving slum areas under serviced or even without services.

In order to ensure that companies meet their social obligations, local governments often negotiate with private agencies and agree to compensate them by leasing out land on a long-term basis. A few companies have taken up the job of waste disposal, solely for the purpose of getting hold of urban land for more lucrative uses. This points towards the urgent need to augment the technical competence of city authorities to assess the long-term cost implications of such arrangements so that they can design contractual arrangements that are in the best interests of the local population.

## Decentralization and its Impact on Urban Structure and Morphology of Cities

It has already been noted that new governance and financing systems have benefitted a few large cities and enabled them to launch major public works and social infrastructure projects. However, the weak economic bases and high dependence on external grants have become major handicaps in undertaking such projects in small and medium sized towns. These towns depend heavily on grants-in-aid, primarily because they cannot mobilize adequate revenue or meet the conditions set by the capital market. CDIA observes that "the current local options are constrained and many cities rely on central government funding for capital investments and many local governments are not in a position to borrow". With the decline of central and State assistance in recent years, it is not surprising that most small and medium towns have invested little in infrastructure improvement. In several cases, even maintenance of the existing service-level has become a problem, adversely affecting their capacity to attract external funds and thereby diminishing the growth potential even further.

In many large cities, decentralization has been carried out also below the city level. Here, ward committees have been constituted that have the power to take decisions regarding the nature of infrastructural facilities and civic amenities, based on the capability and willingness of residents to pay. These committees are assigned a certain share of the municipal budget, based on their absorptive capacity, and have been allowed to levy user charges. Understandably, rich colonies are able to attract private entrepreneurs due to their high loan repayment capacity, and because they allow levying high user rates. They can also secure government funds more easily through political connections and by making matching contributions. All these have accentuated the inequality in the access to basic amenities across wards, and between the city and its periphery.

## A Perspective for Balanced Infrastructural Development and a Strategy for Intervention

Cities are expected to be engines of growth for the national economy, and for this they need to undertake significant infrastructure development. They must not depend on the transfer or subsidies from national and regional governments on a long-term basis, as that runs counter to the principles of efficiency and equity. Many countries in the Asia-Pacific region have, under the new system of urban governance, allowed their cities to mobilize internal resources and tap funds from the capital market, without imposing a perspective of sustainable

infrastructure development. There are apprehensions that, as a consequence, infrastructure development has taken place without due consideration of adaptive capacity at the community and city levels, increasing the risks of environmental problems. Also, the nature of infrastructure facilities, their location and the method of provisioning these tend to reduce the poor's access, thus making cities exclusionary. It is easy to state that 'strategic urban infrastructure investment' must be done through 'incorporation of sustainable and inclusive development principles', but it is difficult to operationalize that in practice. Undoubtedly, strategies of growth, equity and sustainability can complement each other, and projects can be designed to tackle all three simultaneously, and yet not requisition massive resources from the public exchequer. However, there is often tension and conflict between these goals on the programmatic level. A project that successfully meets two goals may have deficits on the third. It would, therefore, be important to recognize areas of convergence and conflict and address these.

New governance systems have enabled urban local bodies to generate more internal resources through enhancement of tax base and user-charges. There has been a decline in direct public investment in basic amenities and urban infrastructure, which is only partially compensated for by increased contributions from the private sector. Local governments have been made to rely increasingly on the private agencies, partnership arrangements and community participation to develop infrastructure projects. Parastatal agencies providing infrastructural services now perform better in terms of efficiency and accountability, once again due to their increased dependence on the private capital market. The gains, however, are primarily limited to large cities. Many among these have improved their management efficiency and brought down their dependency on national subsidies in recent years. Unfortunately, however, the reliance of smaller cities and towns on national governments, both in terms of administrative support and subsidized funds, remains substantial.

The disparity in access to basic services across regions and cities in different size classes has increased within many countries in Asia-Pacific. There are criticisms that a segment of the poor are getting priced out under the programmes, launched by local bodies through private or joint sector initiatives. The same can be said of the schemes of government and semi-government undertakings since they too depend increasingly on institutional borrowings and the capital market. These would accentuate inter-urban and intra-urban inequality and spatial segmentation, particularly in larger cities. As the above criticisms could be used to stall reform measures in active democracies in the Asia-Pacific region, it is important to undertake rigorous empirical studies and address the issues.

Based on this overview of trends at the macro-level and their implications, a strong case can be made for strengthening the management capacities of cities by hiring more technical personnel and training the existing staff. Cities should be able to take up the challenge of functioning in a free policy environment. They must have the capacity to engage the private sector, without overlooking ecological concerns and the interests of urban poor, thus promoting inclusive and sustainable growth.

Another area of State intervention would be special assistance to small and medium sized towns, particularly in less developed regions, that are not in a position to mobilize funds for infrastructural projects. This must be backed-up by actual devolution of powers and responsibilities and made conditional on municipal bodies' using the powers and meeting the responsibilities. It may not always be possible for these bodies to depend on the capital market or the banking sector to fulfill the social obligations or implement a strategy of balanced regional development. Importantly, manufacturing and business activities are known to have a strong relationship with the availability of infrastructure and civic services. One can, therefore, argue that the provision of these services in small urban settlements would help in generating non-agricultural employment and diversifying the economic base of the region. For this, administrative and financial support from State agencies would be extremely important.

The programmes for infrastructure development in large cities, besides strengthening their economic base, must cater to the needs of basic amenities of all sections of the population. When these have a subsidy component, there has to be appropriate targeting. Subsidies must be explicit and transparent. Above all, these programmes must emerge from a long-term development plan for the regional economy that gives due weight to the goal of sustainability of growth for the city and the region.

The analysis of emerging policy perspectives shows that posing infrastructure development as a State versus market issue does not offer much analytical mileage. One must ask what tools of intervention are available and

with what objectives can these be used. The changes, recommended by several international agencies and accepted by governments to varying degrees, envisage the role of the State as a facilitator. If indeed public agencies take up this role – removing market deficiencies and saving stakeholders from market failures – their level of efficiency could rise. This may also lead to more investment in critical infrastructure which would help sustaining and even accelerating the overall growth of the economy. However, given the socio-political reality in most countries in the region, it is difficult for the private sector alone to achieve this without the government as an active partner bringing about the required legislative and administrative changes. Many countries have responded quite favourably by introducing the necessary changes at policy level, removing impediments in the urban land markets and facilitating the necessary changes in land use within a perspective of equity and sustainability, but democratic structures and bureaucratic inertia have made the implementation process slow. The message has come loud and clear from different levels of governance through their policy documents: changes are possible and forthcoming.

## Section 2: Urban Governance In Asia: Emerging Issues

***Dr. G. Shabbir Cheema***

Over the past few decades, four interrelated transformations have taken place in Asia: urbanization; democratization; spread of Information and communication technologies; and globalization. Rural to urban migration and the natural population growth have led to rapid urbanization and the growth of mega-cities and small and intermediate cities. After years of centralized and authoritarian governments, many countries in the region underwent radical democratic change, leading to more participatory political processes. The spread of ICT has also had a significant effect on the way governments and the market work. Finally, globalization has led to a rapid flow of capital, goods, services and people, leading in turn to more economic integration of the region.

One underlying issue directly influenced by and contributing to this transformation has been governance – i.e. the process through which government, private sector and civil society interact with each other in making decisions on the management of public affairs. Within this context, the concept of governance went through four phases. The first phase focused on public administration structures and public sector management. The second phase was the shift from 'government' to 'governance', which meant that governance is co-produced by the government, the private sector and the civil society. The third shift took place when most countries adopted the values of democracy – participation, accountability, transparency, subsidiarity and the rule of law – as the basis of the governance process. During the final phase, the focus shifted to "urban governance" to allow the full utilization of the energies and resources of the government, the private sector and the civil society in order to meet urban services and infrastructure deficiencies, more effectively manage cities in eradicating urban poverty and facilitate the role of cities as engines of growth.

It is widely recognized that effective governance of cities and towns in Asia is a necessary condition for economic, social and political development of the region's countries. Policymakers and development practitioners in Asia are, therefore, emphasizing the centrality of urban governance. The following urban governance issues are of particular importance.

### Urban Decentralization

Over the years, most of the countries in the region have initiated decentralization policies and programmes ranging from deconcentration (where the central government establishes offices in cities to provide services and infrastructure), delegation (where semi-autonomous authorities were established to provide infrastructure such as drainage and electricity), devolution (where powers and resources were devolved to elected local governments to serve as catalysts for urban development), and de-bureaucratization and/or transfer of power to non-governmental organizations to provide such services as shelter and primary health care. While the urban decentralization policies and programmes are clearly stated in government policy documents, there are serious gaps between formal policies and their implementation due to a series of constraints emanating from national political structures and styles.

### Civil Society Engagement

Because of the inability of governments to meet urban service deficiencies, civil society in the region has shown a tremendous capacity to provide shelter and services and sustainable livelihoods. Community-based groups, women and youth organizations and NGOs have played a vital role in mobilizing local resources, protecting the interests of the poor and marginalized groups, and promoting dialogue among actors at the local level. Urban civil society organizations, however, continue to face problems dealing with their capacity, their accountability, the legal and regulatory frameworks under which they have to work and their impact on the quality of urban governance.

It is recognized throughout Asia that elected local governments should coordinate and guide urban management processes in cities and towns. Due to the legacy of the past, including strong central government entities and in some cases weak capacities of local governments, this has not happened yet. Four types of urban governance systems have emerged in Asia – autonomous local governments, mixed systems of regional governance, unified metropolitan governance and mega-urban regional development. Reconciling economic efficiency and greater participation through elected local governments continues to be a challenge.

### Access to Shelter and Services

Deficiencies in urban shelter and services provision and increasing urban poverty continue to pose a serious challenge to urban governance. Indeed, there is both a 'first world' city and a 'third world' city in most of the mega-cities in Asia. Thus, duality and lack of urban inclusiveness poses serious potential risks of political instability. While a great deal of progress has been made in the region due to the overall growth, urban inclusiveness continues to be a serious challenge in the region.

### Mechanisms for Accountability

With access to new information, urban residents are pressuring public officials of elected governments at the national and local levels to ensure they are accountable for their actions. Civil society organizations and the media have been instrumental in putting pressure from below and initiating innovative community-based programmes to hold public officials accountable.

### Public-Private Sector Partnerships

Effective urban governance in Asia requires a partnership between the public and private sectors to provide services, jobs and income. In the context of a rapidly globalizing society, these partnerships will become even more important in making cities and towns more competitive.

Effectively governed cities can be centres of growth and innovation, as well as contributors to an inclusive city. The primary challenge of urban governance in Asia is to make cities both democratic in their public decision-making processes (to promote inclusiveness) and effective in delivering public goods and services (and thus serve as engines of growth in the country).

## Section 3: Urban Infrastructure Investment

***Cities Development Initiative for Asia (CDIA)***

## Background

Over half of the world's population now lives in urban areas. Asia currently accounts for 60 per cent of the world's population and it houses 46 per cent of the world's urban population. Over the next twenty years, Asian cities will have to accommodate an additional 1.1 billion people, reaching an urban population of 2.5 billion by 2030. This urban growth offers both serious challenges and major opportunities.

Rapid urbanization continues to be a key driver in Asia's dynamic growth. Cities play an increasingly critical role in economic and social development. City regions are magnets for people, enterprises and culture. Cities also

provide improved opportunities for jobs, education, housing and transportation. In spite of Asian cities providing approximately 80 per cent of the national economic base, large disparities have emerged and inequality is on the rise as poverty has also urbanized. More than 200 million impoverished people live in Asia's cities and many more are vulnerable to economic and environmental shocks. Emerging global trends such as climate change put additional pressure, and add another layer of complexity, in terms of vulnerability cities have to deal with. Following a sustainable and inclusive development approach will be critical to address some of these challenges.

Urbanization also brings environmental challenges, including growing greenhouse gas emissions – three-quarters of which are city-related. City governments find it difficult to cope with urban service delivery needs in garbage collection and disposal, water supply and sanitation, drainage and flood protection, sewerage and urban transport. With rapid urbanization, the demand for such services grows much faster than the institutionally and financially constrained supply response.

This dampens the cities' ability to function as an engine of economic growth. For example, a recent major study (McKinsey) in India noted that current urban infrastructure deficiencies shaved off 1-2 per cent of potential GDP growth every year. Such stark evidence strongly shapes the urban agenda in Asia for the next decade.

The scale of urban infrastructure needs is massive. Cities will have to deal with a rapidly growing population putting enormous pressures on existing urban infrastructure and demanding the expansion of local services. There are massive and growing shortfalls in the provision of urban infrastructure and services, not only to meet the current demand, but also to serve the rapidly growing urban population.

Cities need to invest in infrastructure, to provide services to the people and to provide conditions which are conducive to attract investments and the economy to grow. Forty-four million people are added to city populations in Asia every year, the equivalent to 120,000 people each day, who require the construction of more than 20,000 new dwellings, 250 km of new roads and additional infrastructure to supply more than six mega-litres of potable water. The "urban infrastructure deficit" in Asia and the Pacific is estimated at US$60 billion per annum. Financing this deficit is beyond the resources of development agencies, and indeed of many governments in the region. Managing cities in this context requires a new approach. Growing urbanization also demands better and new models of governance, management and financing arrangements and tools.

## Mobilizing financial resources for urban infrastructure

Currently, the private sector accounts for only about twenty per cent of infrastructure spending in developing Asia, while seventy per cent comes from public funding, and the remaining ten per cent from Official Development Assistance or ODA. This is not a sustainable model; and the private sector share needs to increase dramatically. It is a major challenge, but also a major opportunity for investors and financiers alike. The financing of strategic urban infrastructure investments, in combination with the incorporation of sustainable and inclusive development principles will need to be prioritized. Improved financial governance and the expansion of financing for service delivery and infrastructure development in a sustainable and inclusive manner will be the key to addressing the challenges of urbanization in Asia.

So cities need to invest in the expansion of local services and infrastructure to meet the growing demands, support economic growth and improve living conditions particularly for the poor. The public sector has traditionally funded infrastructure projects from its own revenue sources, such as municipal taxes (primarily land and property tax), transfers from higher levels of government, user-charges, the lease and sale of public land and so on. Current local options are constrained and many cities rely on central government funding for capital investments and many local governments are not in the position to borrow. The cash raised by local governments from their own revenue sources is insufficient and a large portion of the investment has been provided through intergovernmental fiscal transfers, including grant or loan financing from central governments, some with help from international financial institutions. Individual local governments cannot fund needed city-region infrastructure, especially public transport, sanitation and solid waste management, even if they were able to maximize their own-source revenue. One of the problems is also that there is no direct incentive, in fact often strong disincentives, to maximize own-source revenues. Adding to this problem is that dedicated mechanisms and arrangements to structure and attract additional funding on a routine basis do not exist or are inadequate.

Investment capital seems to be available, but it often does not find its way to infrastructure investment. The reasons for this can be found within and outside of the local government system. On the one hand, capacity restrictions, insufficient project management and investment planning are major bottlenecks found within cities. On the other hand, outdated restrictions on the use of long-term savings funds, the lack of incentives to invest, competition from lower-cost and longer-term foreign assistance funds, and the lack of appropriate risk-and-return profiles of the potential borrowers in the market (especially local governments and infrastructure providers are cause of this).

To be better able to encourage the private sector, local governments, in partnership with development banks and international funding agencies, could increasingly pool credit risk and raise a substantial proportion of funds from the local capital markets through the creation of infrastructure banks and credit enhancements. This involves the initial payment of project debt by local user fees or taxes, including the ability to intercept intergovernmental transfers, and to use reserve funds and partial credit-risk guarantees from external sources. The promotion of Private Public Partnerships has become an important topic. There seems to be a growing consensus at the local government level on the use of public private partnerships for service delivery – from a financing, technical expertise and capacity standpoint. The debate focuses around (i) lack of capacity at the local/sub-national level to structure such partnerships, i.e. developing bankable projects (sometimes, even small PPPs) and manage them; (ii) weak legal, regulatory, and institutional frameworks within which private sector participation is facilitated; (iii) local variables (e.g. the volume, tax base, accounting and debt management) plus the technical and managerial capacity of cities to become financially credible and accountable entities, which in their current form severely limits local governments' ability to tap financial markets to finance infrastructure and service delivery.

## Institutional change and management requirements

There is a common understanding that cities need to improve their overall financial management and performance to be able to increasingly attract outside funding. Urban local governments need to strengthen their internal capacities and put effective financial management structures in place. This institutional change also requires a reform and expansion of their finance tools and financial management and expenditure control must be improved. To be able to tap into market capital and private sector involvement, local projects need to be financially viable and solid project structuring and management is required. Proper project planning and preparation (prioritization of different components, structuring, designing) will be highly critical in attracting private finance.

On the other hand, national government would also need to play its part. It should provide a more conducive and enabling policy and legal framework, where adequate cities should get greater control over tax policy and revenue generation. National governments should also encourage credit ratings for local governments and their agencies. Some countries even provide tax incentives to support borrowing by their local governments.

Improved transparency should be prioritized and tackled as well. Local governments should be required to manage financial matters in accordance with standard procedures, to maintain adequate and current accounts, and to be audited regularly. Central governments should maintain up-to-date and complete information on local finances and make such information publicly available.

Bringing private financiers on board should also not be seen as the panacea per se since the direct costs of bringing in the private sector are relatively high. However, weighed against time and efficiency of public sector procurement, private sector involvement can be very beneficial for an infrastructure project. Many local governments have little or no experience with a PPP bidding process. For PPPs to become successful, cities must be a reliable, dependable and capable partner (CDIA 2010).

## The way forward

Additional finance and alternative funding sources are needed to meet the growing demand for urban infrastructure development. An integrated and coordinated approach could go a long way in resolving the bottlenecks facing the urban infrastructure financing thereby enabling cities to realize their full development potential. Hence, there is a need for the various actors and stakeholders (cities, higher levels of government, private financiers, international financial institutions, private developers) to work together in a more conducive and constructive way to overcome these blockages.

To attract funds for urban infrastructure projects, city governments need to clearly demonstrate the viability of planned projects. On the other hand, cities do require support from higher levels of government (national, state, provincial) – playing a greater role as a facilitator – and multilateral institutions to increase their flexibility. Private sector institutions would also need to be willing to expand their perception when working with cities and local governments and to strike a balance between risk-sharing and profitability.

Additionally, it would be important to create the right incentives – both, for government and the private sector – to include sustainable and inclusive development principles in urban service delivery and infrastructure investments.

## Section 4: Green Growth

***ESCAP***

### Introduction

If economic growth in the region is to be sustainable, it needs to be a very different kind of growth – it needs to focus on quality, and not only on quantity. Economic growth is important to lift the poor out of poverty, but the ecological carrying capacity needs to be taken into account, too. Focusing only on quantity of growth will undermine the prospects of sustaining growth. The dependence of Asia-Pacific economies on imported fossil fuels represents a great risk to energy security, and therefore low carbon development is a vital component of a Green Growth strategy for the Asia-Pacific region.

Green Growth can be a new development paradigm in which economic development and environmental sustainability can reinforce each other and create win-win synergies, rather than trade-offs. Investing in environmental sustainability can result in more growth than the 'business as usual' approach. Green Growth can be a driver for new investment that brings about economic growth and employment while improving ecological sustainability.

Green Growth requires a fundamental system change, a restructuring of both the visible and invisible systems of the economy. Visible systems that affect production and consumption are in the built environment: urban design and land use planning, buildings, transport, energy, water and waste systems. These need to be restructured and re-designed based on energy, resource and ecological efficiency and sustainability. Invisible, intangible patterns that affect production and consumption include market prices, fiscal policy, financial systems, regulations, social values, life-styles, know-how and technologies. These need to be re-aligned based on ecological prices that recognize the real value of natural resources and ecological services, in particular energy and key commodities such as steel and copper.

In this context, ESCAP is working on a Roadmap for Low Carbon Green Growth for Asia-Pacific that outlines five tracks: the shift from quantity to quality of growth; ecological tax and fiscal reform; re-designing infrastructure; promoting green business; and institutionalizing low carbon economics. The implementation of the Roadmap needs to be done in a way that does not hamper competitiveness, reduce the prospects of economic growth or negatively affect the poor. Strong political leadership and commitment from the government, the private sector and the people are therefore vital.

### Environmental Tax Reform (ETR) and Environmental Fiscal Reform (EFR)

Two important mechanisms for making Green Growth happen are Environmental Tax Reform (ETR) and Environmental Fiscal Reform (EFR). Natural resources and ecological services are becoming increasingly scarce and valuable. Under the current economic system, a price is not set on these resources and services. To shift the region's economies onto a sustainable track, a fundamental change in pricing is essential. Without such a change, a market economy will never be able to deliver Green Growth. By implementing ETR and EFR, the gap between the market price and the ecological price can be closed, and in turn force people to produce and consume in a green way.

The idea of ETR is to change the tax base internally, without increasing the total burden on the economic system. The tax base is shifted from income to environment-related activities such as natural resource extractions, carbon emission, pollution and energy use. Thus, the burden of taxes is shifted from the 'goods' to the 'bads', thereby generating a double dividend: the environmental burden is reduced while more jobs are created and the economy grows. The revenue-neutrality principle ensures that the overall tax burden on the economy remains unchanged: though the price of energy will rise with increasing taxes, income tax or corporate tax decreases. The overall tax burden on the economy stays the same, while production and consumption patterns are turning greener.

If gradually introduced and properly designed, ETR could close the price gap between current market prices and ecological prices without damaging the economy. By designing a progressive taxation system, consumption of basic goods and services remain affordable for the lower income groups. An econometric simulation conducted by ESCAP (Park et al. 2011) suggests that even if Cambodia, China, India, Japan, Korea, Malaysia and Thailand implement a unilateral ETR, it would have a positive impact on economic growth of up to 1,91 per cent of GDP for each of these countries.

The second concept, Environmental Fiscal Reform (EFR) could close the time gap between short-term costs and long-term gains by restructuring public expenditure based on eco-efficiency. Governments can support green Research and Development and provide subsidies for the private sector and people most affected by the short-term impact of the system change.

## The Way Forward

Can investments in ecological efficiency really drive economic growth? Can environmental tax and fiscal reform deliver even higher economic growth in the long run? These are genuine concerns for policy-makers in the region. Green Growth, however, is a fairly new concept. It does not have decades of empirical evidence to support it. The right question is therefore: How can we make it happen? Further research is needed to answer this question. Important issues that deserve urgent attention are applicability of ETR and EFR in developing countries and identification of conditions maximizing double dividend effects in developing countries.

A comprehensive economic system change towards a green economy can be implemented effectively only when it is done with an integrated and holistic approach to policy formulation and appropriate institutional arrangements and coordination mechanisms in place. The system change cannot be handled by the conventional government structure based on line ministries focusing on single issues. The agenda needs to be driven by the top level of government , that needs to create the appropriate legal and institutional platforms for low carbon green growth to happen. Governments can start by putting in place appropriate coordination mechanisms and a framework for institutional capacity-building. Cambodia, for example, has set up a Green Growth Inter-Ministerial Working Group, chaired by the Prime Minister.

To implement such a policy reform, the government must take the lead role, but the government cannot do it alone. For fundamental transformation towards a green economy to happen, synergy must be built between government, the private sector and civil society. The private sector can reap the benefits of business opportunities that emerge from Green Growth. The public needs to support the paradigm shift by responding with positive public acceptance, adopting more sustainable life-styles, focusing on enhancing the quality of life rather than on quantity of consumption.

But change needs to go beyond that, collaboration on a regional or even global level is needed. For fear of losing competitiveness and due to a lack of empirical evidence, countries may find it difficult to initiate certain measures for Green Growth on their own. Since each region has its distinctive features and development challenges, the shift towards a green economy can be best pursued when it is done collectively at the regional level. Regional political consensus is required on the general framework, while the choice of specific policy options should be left to each country, depending on country specific circumstances and political considerations.

In the long-run, a green economy can reduce poverty, manage natural resources in a sustainable way, increase economic growth and reduce the vulnerability of socio-economic systems to external shocks and crises. However, during the transition, costs and benefits will not be equally distributed and it is important to put in place specific measures to counter-balance the potential negative effects on the most vulnerable, especially the poor.

# Section 5: Climate Finance

***ESCAP***

## Existing Funding Instruments

### Under the United Nations Framework Convention on Climate Change

The Global Environment Facility is the only operating financial mechanism under this convention. It has focused mainly on mitigation, but it also serves a financial mechanism for other multilateral environment agreements. It has been operation for more than a decade longer than other funds and it is replenished on a four-year cycle.

The Least Developed Countries Fund is managed by the Global Environment Facility and it supports 'immediate and urgent' adaptation projects in the least developed countries. Contributions are voluntarily. A recent evaluation has shown there has been poor delivery because of the function and design of the Fund, where the funding has been inadequate and unpredictable.

The Special Climate Fund is also managed by the Global Environment Facility and its objective is to finance activities, programmes and measures relating to climate change that are complimentary to those funded by the Global Environment Facility and by bilateral and multilateral funding (OECD 2010).

### Mechanisms under the Kyoto Protocol

The Clean Development Mechanism (CDM) helps finance mitigation action in developing countries. A proposed project must be approved by the host government and use a monitoring plan and methodology for calculating the emission reductions approved by the Executive Board before it can be registered with the Board. After a project is registered the emission reductions achieved are independently verified before the Executive Board issues the corresponding credits. These credits can be sold to firms or governments in developed countries which are used to fund mitigation actions. The credits can be used by developed countries to meet their national emissions limitation commitments under the Kyoto Protocol. China (40 per cent) and India (26 per cent) dominate most of the projects even though CDM projects are approved in 76 developing countries.

The Adaption Fund is to finance concrete adaption projects and programmes in developing country Parties to the Protocol, especially those which are particularly vulnerable to the adverse effects of climate change. The World Bank is the trustee for this Fund. It is financed mainly by a levy of two per cent of the credits (CERs) issued for CDM projects, with the exemptions for some project types. Countries are also allowed to contribute to this fund. A developing country submits a proposed project and if it is approved, it will receive funding through an accredited 'national implementing entity' or a multilateral institution such as the World Bank or UNDP. It is different from other funds as a developing country does not need to go through a multilateral agency to gain access to the resources (OECD 2010).

Under the Joint Implementation Mechanism, a developed country is allowed to generate Emissions Reduction Units (ERUs) by sponsoring emissions-reduction projects in a developing country. This benefits the host country, as firstly it reduces its emission costs. Investors will choose a project with the highest amount of reduction in emissions at a reasonable cost. And there will then be a transfer of technology and institutional capacity from the project to the host country (Clapp et al. 2010).

### Multilateral climate funds outside the convention

Developed countries can also provide, and developing countries can seek, other financial resources through bilateral, regional and multilateral channels. Funds provided through these channels are not subject to the guidance authority of COP. These funds focus mainly on mitigation.

One of the leading actors in the Asia region is the Asian Development Bank (ADB) where it focuses on expanding the use of clean energy, promoting sustainable transport and urban development, managing land use and forests for carbon sequestration, stimulating climate-resilient development and strengthening policies and institutional capacities. The Bank provides technical and financial support for CDM projects via the Carbon Market Programme. One component of the programme is the Asia Pacific Carbon Fund which co-finances projects with the ADB.

The ADB also channels funding to recipients from the World Bank administered Climate Investment Funds.

## How can cities be involved?

International climate finance offers a top down approach which, in theory, should help governments, countries and cities tackle climate change, but an analysis conducted by ICLEI showed that multilateral and bilateral donors and development agencies are relatively ignorant of the role cities could play (ICLEI 2010).

In addition, in a CDM mechanism, buyers in a CDM market support larger and lower cost, lower risk projects – which usually rules out urban projects. For example, emissions from urban activities such as the transport system are hard to gauge – what is the baseline and how has it improved? Most of the CDM projects relating to the transport sector are about engine improvements or fuel switching, rather than a structural shift in the way urban residents use the transport system (OECD 2010b).

Cities are engines of economic activity – contributing to both production and consumption. Data has shown that emerging market countries have higher emissions than developed countries and they are also more vulnerable to climate change, due to the geographical, social and economic context. In most cases, the infrastructure in the country is poor where it is not properly installed or maintained, its people are living in unsuitable conditions such as slums or lacking basic necessities and conducting economic activities that cause further environmental damage and contribute to climate change. Therefore it is essential that urban areas take steps towards adapting to and not only reducing the impact of climate change. This includes integrating adaptation and risk reduction measures, which could be extended to its infrastructure, environment and economies. Local governments are an important component in implementing climate change action, especially on the policy level, since they handle a diverse portfolio of activities.

Nonetheless, there are other types of CDM projects such as Bundled CDM where a number of projects using the same methodology are registered as a single CDM project, so that only a single validation and certification report is needed. The other type is Programme of Activities (PoA), where a number of allowed CDM projects are bundled together and placed under a common programme framework and therefore spread the transaction costs.

## National Policies

Bangladesh's National Climate Change Strategy and associated Action Plan (2008) are linked to the 2008-2011 Poverty Reduction Strategy. The Action Plan covers 37 government programmes in six areas – food security, social protection, disaster management, mitigation, low carbon and capacity development. A Multi-Donor Trust Fund coordinates external resources and merges them with domestic resources to implement the national climate change strategy. Climate change is seen as a major issue for Bangladesh because of its extreme environmental vulnerability.

Meanwhile, Indonesia is integrating climate change into its 2010-2014 Mid-Term Development Plan rather than creating a separate climate change strategy. It has also established the Indonesia Climate Change Trust Fund which allows international funds to be delivered across a range of sectors consistent with the national budget.

Other countries have also established 'national funding entities' such as China CDM Fund, China Funds for the Environment and Thailand Energy Efficiency Revolving Fund, to manage international and domestic climate change funding and help mainstream projects into national development strategies and plans.

## Challenges/Issues

CDM is not effective for some types of mitigation measures. There are few agriculture, tidal and CO2 capture projects. Public funds are likely to be needed to support mitigation measures that do not respond well to price

incentives and measures, with emission reduction costs that are higher than market price. And most of the CDM projects are expected to occur in China and India, and therefore most of the financial resources will flow into the two countries.

Mitigation actions can be assessed in the terms of emissions reduced but monitoring the effectiveness of adaptation measures is more difficult. What would the damage have been if the measures were not implemented?

While most funds are channelled into mitigation, which mainly focus on tackling the source of climate change; there has to be a change of attitude, where adaptation has to be given equal importance. According to Nicholas Stern, good adaptation and development policy is strongly intertwined for developing countries and that climate change should become central to the national planning process and development assistance.

## Section 6: Urban poor finance

***ESCAP***

### Micro-finance Institutions

Micro-credit finance agencies have emerged to help the poor as a result of formal financial institution's reluctance and inability to service low-income households. Micro-finance could be defined as small loans offered to individuals. In the case of shelter micro-finance, it assists individual home-owners to improve their accommodation. Borrowers can improve their abode by themselves or by hiring other people. In some cases, the lenders would require the borrower to accept technical assistance on improving the accommodation.

Collateral is a grey area as it is hard to repossess the property if payment is defaulted, due to the difficulty in selling the property. Micro-finance is generally aimed at groups that have secure tenure and are not squatting on sites (IIED 2006). One common drawback of micro-finance for shelter is that, depending on the institution giving the micro-loans, interest rates can be quite high (though still less than those from informal loan sharks) often ranging between 18 and 30 per cent – as they have to sustain the micro-finance institution and cover the risk of non-repayment. Another drawback is that it lends to poor households individually, so if an income source breaks away or the family experience an illness it can lead to loan defaults. A third drawback is that micro-loans are either small, allowing for house improvement rather than building from scratch, or their long repayment periods means that capital is tied up for many years, which does not meet the business model of many micro-finance institutions.

Micro-finance has therefore been more successful in lending for income generation, where lending periods are short and small sums can make a significant difference. If successful, the activity was also profit-generating, helping to repay the loan, while lending for housing does not generate extra income. However, recently micro-finance has drawn strong and in many cases justified criticism for being non-transparent and not well regulated. They were also criticized for destroying pre-existing close knit social networks, rather than creating new relationships for social collateral, as individual households were hit with repayment difficulties. In some cases, micro-financing institutions also lent to households that could not afford the loan repayment or whose business and repayment plan was not sound and used similar methods to force repayment as informal loan sharks, which caused stress and tension, and sometimes led to a wave of suicides. The government of Andhra Pradesh in India recently passed a law tightening the regulations on the recovery of loans in the micro-finance sector, following unethical practices by lenders and suicides by borrowers (Tripathi 2011).

There has also been criticism that micro-finance often led to more individuals entering the informal market which was already saturated, taking jobs with low-value creation such as street vending, as loan takers would copy the low-skill and low-investment activities of others. While micro-loans are not a panacea to solve all development needs, they have an important role to play in providing finance to the poorer segments of the population. However, for that they need to be better regulated and more attention needs to be given to capacity development, insurance and resilience building measures.

## Collective savings and credit schemes and revolving urban poor funds

Community-based savings credit schemes are a finance innovation, where members of a community generally work together to improve their economic and social conditions. The community comes together to pool their savings and establish an initial start-up fund to give loans to other community members or use them to obtain larger loans for community projects. This process not only assists the community in obtaining funds but also helps to establish a stronger sense of community and create social networks. The funds are managed by the community members and transaction costs are much lower compared to traditional micro-financing institutions.

From this initial step, of coming together to form a base fund for community savings and credit, these groups have often evolved into federations at local and national level, which in some cases are able to gain access to Urban Poor Funds, with the assistance from international donors and governments. Urban poor funds are channelled into the federations and then used to support savings groups' purchase of land, to provide loans in response to disasters and to build livelihood projects, roads, sanitation, water for groups of houses or neighbourhoods. The Urban Poor Fund is different from a micro-credit scheme in that it is a collective and a holistic effort by the community for the community. It serves to benefit the community as a group and not as individuals. It gives the urban poor more than just money; it helps them develop skills to manage the money, collect information and deal with contractors. It helps them to negotiate with local authorities, links them up with professionals and helps leverage finance from different sources.

Poorer communities that have no access to formal financial mechanisms can tap into such funds instead of turning to informal finance provided by loan sharks, with their high interest rates and brutal loan collection practices. Also, it is a tool for community empowerment, as the poor themselves make the lending and repayment rules, and what the loans are for. Nearly all federations have the support of an NGO, which assists with the planning, financial management and the negotiations with potential supporters. This method empowers the community with confidence that they can improve their situation. It also builds organizational skills through the management of their funds. This enables the community to have a hands-on approach in deciding and planning their projects. Possessing larger funds also means that their negotiating power increases.

Nonetheless, the repayment rate of the loans is not a hundred per cent. While that would be unacceptable in a formal finance institution, these loans are a revolving fund. Because the organizations are huge, the recovery period for loans can be stretched out over a longer than usual period, as long as the loans can still be doled out. But it also means that the programme is not commercially viable as yet. It depends on government allotments or subsidies and donor support, and thereby runs the risk of running out of money and not reaching millions that need loans. It should be noted that while all members of community-based savings and credit schemes can save, not every urban poor member is an entrepreneur.

Some examples of urban poor funds are the Urban Poor Development Fund in Cambodia that has been operating for ten years and supports the work of 225 savings groups in Phnom Penh and 42 groups outside the capital city. More than US$ 2 million has been provided for purposes including income generation, shelter and land resettlement. In the Philippines, an Urban Poor Development Fund was established to address tenure security. The fund gradually formalized its process in ways that enabled local savings schemes to be managed at city level. The fund, which is managed by the Philippine Homeless People's Federation, is active in Luzon, Visayas and Mindanao. In Pakistan, savings have financed improved sanitation under the Orangi Pilot Project, where the community was the key driver and an NGO provided technical assistance.

In Nepal, the Urban Community Support Fund (UCSF) was set up as a joint effort of Lumanti, ACHR, SDI and the Kathmandu Municipal Corporation. It was created as a new financial tool where soft loans and grants were offered to support initiatives in land, housing, infrastructure, welfare and livelihood and could be channeled directly to the savings groups set up by the poor slum and squatter communities in the Kathmandu Valley. Not only is the fund a source of financing, but is also brings together various development organizations to assist the federations and poor communities (Asian Coalition for Housing Rights 2008).

The Indian civil society organization SPARC meanwhile has been using savings and loan finance to help the poor improve their living conditions. It worked with two grassroots federations – the National Slum Dwellers Federation and Mahila Milan (a federation of savings groups formed by women slum and pavement dwellers) to tackle accommodation needs of those living by the railway tracks. In addition, it also supported the community-constructed project to bring toilets into the city's slum dwellings (IIED 2003). SPARC collaborated with the government and the World Bank, which financed the toilet blocks. In the project, SPARC-NSDF-Mahila Milan selected communities which would receive toilet blocks as a capital grant, but instead of funds to construct a toilet, the urban poor would receive the toilet blocks which they had to construct themselves. The selection was based on local community groups which would be willing to organize to pay for the upkeep of the blocks as well as the water and electricity costs. This selection method helped to identify those in the community who were serious about wanting proper sanitation (Buckley 2011). In addition, they also worked with the Community-Led Infrastructure Finance Facility (CLIFF), which is administered by Homeless International with funding from international donors. CLIFF provides small-medium scale capital grants that are used by partners to establish their own revolving loan funds to finance initial slum development-demonstration projects (CLIFF 2010).

In Thailand, the Community Organizations Development Institute (CODI), an official national Thai government agency, was used to channel government funds in the form of infrastructure subsidies and soft housing loans to community-based savings group for the Baan Mankong programme. This programme has lead to comprehensive city-wide plans, driven by urban poor communities and their networks (D'Cruz et al. 2005). The programme's network of low-income communities works closely with the municipality, academics and NGOs to gather information about the slum communities and to come up with upgrading plans. CODI facilitates the process and channels the subsidies and housing loans from the central government to the communities. This allows the community to decide on the improvements they want in their areas, in a 'demand-driven' rather than 'institution-driven' approach (IIED 2004).

In Sri Lanka, the Women's Development Bank has been running a micro-finance scheme for its women members. It has a unique bottom-up and member-focused management structure, built on the basis of women's groups, which are in turn clustered into bank branches (Gamage and Keppetiyagama 2004). These groups have a membership of five to fifteen poor women living near each other that have come together voluntarily. They collect their savings and use these savings to provide small loans to their fellow group members. The next layer of this structure is the bank branch, where each bank consists of a number of groups located close to each other. The objective of this bank branch is to tackle needs that could not be addressed at the base level (individual groups). In 2002, the Bank received a grant to develop their housing-related lending and the National Council of the Bank agreed that the funds should be used to construct household toilets, kitchens attached to existing houses and wells or household piped water supplies. This project benefitted 239 families under the fund and attracted another 500 women to join the bank (IIED 2003).

The Asian Coalition for Housing Rights (ACHR) is implementing a regional programme (Asian Coalition for Community Action (ACCA)) where urban poor communities lead the initiative in tackling land problems, infrastructure, housing, social and economic development. ACCA supports community-led change in 150 cities in 15 Asian countries. Its core activities are the implementation of five hundred small community upgrading projects and fifty larger housing projects by poor communities, who organize themselves into savings groups and, together with their local governments, formed joint community development funds to support these projects. The programme supports already-existing groups to help strengthen their work, make it more people-driven and more structural-change oriented (Urban Poor Development Fund 2010).

## What can pro-poor financing mechanisms achieve?

A community-driven process, such as the urban poor funds, is an innovative way to galvanize urban poor communities to improve their living conditions. These groups, with the help of NGOs and international donors, have managed to fill the gap in much needed funding for urban poor communities. Urban poor fund mechanisms have helped not only to meet financial needs, but also encouraged the community to be directly involved in

making their lives better. Projects are made to fit the communities' needs, are built with lower budgets, and strengthen the community's capacity. While some urban poor funds have the involvement of the government such as in Thailand, there is still room for improvement for other stakeholders to contribute. Beyond some cautious first pilots undertaken by CODI and the Government Housing Bank of Thailand, urban poor funds have not been able to link-up with formal financial institutions. More stakeholders, including local and national governments need to be involved to upscale these mechanisms, link them with other ongoing and planned development programmes and improve their functioning.

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# Asia's Social Movements Try to Improve Urban Living

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## 1. Social movements means mobilization for change

Social movements have sprung up in Asia over the past 20 years or so in response to emerging urban problems, especially chronic poverty. These movements are generally politicized collective activities of and for the poor – though they have broadened substantially over the last two decades and become quite diverse.

The concept of a movement refers to a process of mobilization rather than any specific organization or set of organizations. While formal organizations can certainly be part of social movements, these movements are more than their identifiable actors. They generally include the more nebulous, uncoordinated and cyclical forms of collective action, popular protest and networks that links both organized and dispersed actors in a process of social mobilization.

Movements are then a process of collective action, dispersed but also sustained across geography and time. Social movements are generally identified as 'politically and/or socially directed collectives', usually involving several networks and organizations that are aiming to change elements of the political, economic and social system.

These often revolve around the position of the poor or disenfranchised. Because they are denied access to the same economic opportunities open to the elites, do not have access to the clout of bureaucratic authority or State officials, they have to resort to the alternative sources of power, if they are to successfully challenge for resources, political inclusion and other changes necessary to reduce poverty. Especially in democratic societies, social movements and public mass action are one of the few legitimate forms of power available to them.

### Giving poor people power

As the academic political economist Mick Moore argues, "poor people in poor countries have few political resources and become politically effective only through collective action". Mass movements offer the poor the important possibility of political success, helping the poor to secure a political response to the problems that they face. Social movements respond to specific difficulties, challenges and grievances that affect them rather than to poverty itself.

More than one and a half billion people live in Asia's cities. These cities have grown particularly rapidly in the past two decades and the number of city-dwellers is expected to continue to mushroom. Within the next 15 years, more than half the region's people will live in urban areas. Much of this growth so far, has been spontaneous and unplanned, as predominantly young rural inhabitants flock to the cities in search of jobs and a better life.

More than a third of urban dwellers in this region – some 500 million slum dwellers according to UN statistics – live in poor quality, overcrowded and often insecure housing. Much of this housing is built by urban poor families, outside the official bureaucratic rules and regulations, usually without legal tenure or occupancy, and without access to formal financial support.

This also usually means living with a lack of clean water, inadequate sanitation and the constant accumulation of garbage. In many of these cities child and infant mortality are unnecessarily high. The spread of communicable diseases, TB and HIV/AIDS has also been much higher than the national average.

### Government inaction and inability

The mass migration of people into the region's cities has left most governments floundering – unable to cope with the acute demands of a growing urban population that it cannot control. Even the Chinese government, despite its policy of documenting formal urban migration, has found itself relatively powerless to limit the number of itinerant workers that annually gather in its major cities, especially Beijing, Shanghai and Guangzhou, looking for work.

At the heart of any development – if it is to be sustainable – must be a process that allows people to be their own agents of change. To act individually or collectively, using their ingenuity and accessing ideas, practices and knowledge in search of ways to fulfil their potential and make living more rational and enjoyable. This is particularly the case for city dwellers; most of whom live in polluted and squalid conditions because of the largely ad hoc growth in the region's cities, especially since the 1970s.

While the numbers of urban dwellers in this situation – living in poverty, poor quality housing and lacking basic services – varies from country to country across the region, urban impoverishment remains a significant problem affecting more than five hundred million people.

In the last quarter of a century when the issue of urban migration and informal settlements in cities became acute, most governments have had little effect in tackling these problems. As a result the urban dwellers have had to take things into their own hands.

Over the past few decades, the urban poor have been forced into action across a wide variety of issues, including urban planning zones, land confiscation and evictions, transport systems, sanitation, garbage disposal and more recently clean-up campaigns and combating environmental damage.

## Collective action instead

These social movements represent the citizens taking responsibility for solving the problems of urban life that have prevented them living in minimum habitable conditions. While some have been a response to government action – calling on the community to help solve problems that have emerged – most are in fact a reaction to government failures. The most common were movements that sprang up to stop evictions. The earliest of these for example were in India, Philippines and South Korea.

Others were attempts to change people's attitudes and behaviour in the case of birth control, the prevention of the spread of HIV/AIDS, initiate energy-saving campaigns and solve environmental problems. Garbage disposal and recycling schemes are a common area where this sort of community action has also sprang up.

Urban social movements generally intend to change government policy and improve the conditions in which many poor people, itinerant workers and dispossessed live in Asia's cities today. In the past these were often initiated by action groups, NGOs and community leaders or existing social networks which used lobbying, pamphlets, door-to-door canvassing, campaigns, town-hall meetings, advertising, social networking and personal contacts to generate support around crucial issues and implement rational change.

Often these social movements spring up as a reaction to a crisis, an identification of a problem, in response to government failures (in waste disposal and transport for example), and rights based concerns – land rights and access to health care – including minority rights (of ethnic, religious or social sections of the communities), but especially women.

## Forms of social movements

There are several distinct types of social movements according to the academics Diana Mitlin and Anthony Bebbington of Manchester University School of Management. The first they identify are those that act against exploitation through patterns of market accumulation – in particular those related to extractive industries, trade liberalization and labour markets. These movements involve those in particular trades and industries as well as networks of activists for social and environmental justice.

But one of the first and most important social movements formed around the urban poor, especially land rights. Resisting evictions were the first key issues around which social movements in Asia's cities emerged. Much of this was the result of the activities of community organizations. In 1970 the Tondo slum organization in Manila – led by Catholic Church clergy – resisted the Marcos government's efforts to evict 40,000 people living there. As a result of their campaign some 30,000 families were able to stay put, or at least move to land that was close by.

Those that have emerged around, and are affected by, political debates on existing patterns of asset distribution and the regulations governing these distributions – especially basic urban services (transport, water and sanitation). Members of these groups often share a strong neighbourhood and district base.

Though now there are those which share similar concerns but want to develop a city-wide movement. These are generally movements of the middle classes for better cities – better infrastructure and services – and an improved environment like 'saving the trees'. And, there are those which have tackled relationships of prejudice: including gender, ethnicity and race. These movements have a particularly strong basis in shared social identities.

## Confrontation versus collaboration

Social movements face two tactical choices when dealing with the authorities that they want to influence. The traditional approach, especially around providing cheap and acceptable housing, was to collaborate with the authorities. In the 1970s, the Million Houses Programme in Sri Lanka was one of those housing schemes in which government officials worked with grassroots community committees to try to transform urban slums and successfully provided homes.

Others have taken direct action against the authorities demonstrating against the local or national government to achieve their goals. In Cambodia, the urban poor federation and LICADHO (a local human rights organization) have been leading a major movement of resistance to land seizures in the Phnom Penh slum areas by the police and municipal authorities to make way for condominiums and shopping malls.

There have been mass arrests and many injuries in scuffles between the two sides over the past couple of years. Two years ago the UN rapporteur on Adequate Housing voiced concern about the fate of more than a hundred families in Phnom Penh facing forced eviction from their homes. These forced evictions still continue.

## Both approaches appropriate

These approaches are best judged on their success. Certainly mass direct action and confrontation can mobilize many quickly and effectively. Often the confrontational approach is the result of the failure of the authorities to listen to the concerns or the movement has a political edge which sees a change of government as the most effective way of getting their way.

What also happens is that key players in these movements often get perceived as being co-opted into government. The current Philippines government of Benigno Aquino has several former NGO activists as ministers – in positions to benefit their former supporters with official reforms. For the moment though there are many who complain that it takes too long for the changes to be passed into law and implemented.

## Not all good

Of course social movements are not always inherently good. As it is usually initiated and inspired by concerns of a section in society these may not always be in the interests of others. The Red-Yellow crisis in Thailand of course is something of a good example of this.

The Red Shirts – so called because of the colour they wore to identify themselves and their group – were originally inspired by political activists and social critics. It mobilized millions of people who felt cheated by the system and disenfranchised. Largely politically motivated but with a real sense of grievance and injustice at its heart: 'double standards' was its rally call to poor of the country's rural North-East and urban centres, like Bangkok. It was a response too, to the Yellow Shirts, who mobilized to bring down the former government of Thaksin Shinawatra. These conflicting social movements seem destined to continue to plague Thailand in the near future as their ideology and actions have been divisive rather than conciliatory.

There are other social movements which may not be conducive to improving conditions in urban areas. These are the social movements that want to restrict the freedoms and rights of various groups; those, for example, which are campaigning against migrants and minorities rights and want to contain or constrain them. These include crusading groups promoting the introduction of strict Shari'ah law in some areas which would affect the freedoms of certain groups, especially women. There is of course the Catholic Church which has inspired many groups to oppose to the use of condoms – and so their demands would risk increasing the likely spread of HIV/AIDS.

The emergence of social movements in Asia a quarter of a century ago has done much to improve the conditions in the region's urban centres. But they have nonetheless raised critical issues of representation and change – unfortunately not everything they promote is necessarily constructive and beneficial.

## 2. Asia's social movements emerge

Social movements are essentially political in nature though their main concerns are to give people a voice and to make sure their concerns are taken into account by government authorities. Their activities are based on a view of society in which the lowest strata should be acknowledged, consulted and encouraged to participate in solving problems that they encounter in their everyday life. More recently this also includes the middle-class, which wants its concerns especially on the infrastructure and the environment and preserving, recognized by the authorities.

These movements began to burgeon and proliferate over the past quarter of a century or so as a result of the economic, social and political changes in the world during this time. While these conditions did not spurn the urban movements, they created the conditions in which they could thrive.

For these types of urban movements to flourish, there needs to be a measure of democracy and liberalization. The collapse of the Soviet Union and the end of the Cold War brought with it encouraged a new political order that gave people greater freedoms both politically and economically. Western concepts of liberalism replaced the old notions of authoritarianism, centralization and paternalism.

Neo-liberalism, political diversity and economic entrepreneurship replaced the old social norms and a capitalist approach to development and economic freedoms endorsed. The decentralization of decision making was promoted and peoples' participation in a wide range of activities encouraged. This allowed social activists to mobilize communities at the grassroots level to challenge the authorities, demand changes to the command structures and organize people – in formal and informal groups – to campaign for changes that would improve their life.

### Peoples' Power

The past twenty years has seen greater democracy take root in most of Asia, and there has been increased political freedoms, even in some tightly controlled societies like China and Viet Nam. The Peoples' Power movements – in the Philippines (1986) and China (1989) – and mass demonstrations as in Myanmar (1988) and Thailand (1992) were a symptom of a new approach to politics spurned by the growth of a new middle class.

In some countries – as in Bangladesh, Malaysia and the Philippines – civil society in the form of community-based organizations and NGOs already existed and in the face of political repression worked on social and economic issues organizing pressure groups to change government policy, make officials more inclusive and in some cases work towards replacing the country's political leadership. Many of these groups were inspired by leftist and socialist approaches to power.

In Thailand, the Philippines and now Indonesia – after the introduction of democratic reforms in 1998 – have even made it mandatory for NGOs to be involved in reviewing government policy and suggesting reforms. No government in Thailand in the 1990s could dare pass a budget bill without it first being approved by the NGO forum in Thailand. The Philippines has also adopted this approach and Indonesia has its own form of civil society consultation.

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### Growth leaves many poorer

At the same time as political change encouraged social activists and greater freedoms made it easier for them to organization and launch campaigns, rapid urbanization and accelerated economic development increased the number of people dispossessed and impoverished. It also led to increased environmental problems and greater economic and social disparities.

This gave greater scope to social movements and provided them with more urgent causes for concern. It also made those outside the decision-making process understand that their only source of power was their ability to organize and unite around issues that affected them and campaign for change.

Astounding rates of growth over the last four decades has helped many countries in the region to develop dramatically, and reduced the number of people living in poverty. But it has also left millions of people living in informal settlements, lacking adequate infrastructure and services.

As a result of these massive movements of people into the cities, the environment for all has been damaged. Tent communities and slums dwellings have also affected the natural fauna and foliage in the cities. The speed of economic development and the lack of government regulation or enforcement have allowed factories to contaminate the air and water in these cities.

The economic and social disparity has grown enormously raising fears of social unrest and instability. "Social divisions – because of these disparities – has raised social tensions in China," said the Chinese environmental activist, Ma Jun. "Every year there is more and more social unrest in the country's cities as people protest against the gaps in government that have led to the widening economic gap and increased health risks."

## Middle class motivations

The colossal economic development in Asia in the 1980s and 1990s created a significant middle class; one which had political aspirations and a sense of justice. Many of them supported the political movements for democracy and decentralization across Asia – from Bangladesh and India to China and the Philippines. Peoples' power movements for political change were led by the new middle class and students – who themselves came from more affluent backgrounds.

For some of the middle class, making money was not a goal in itself. Increasing prosperity needed to improve the lot of everyone. Middle class activists, who once may have been influenced by Marxist ideology, were at the forefront of movements to improve the conditions of the poor, secure greater justice – especially for the discriminated and dispossessed – and reduce the economic and social disparity within society. They were motivated by a sense of moral outrage, but also understood that if nothing was done to mend this social injustice, urban and national stability was put at risk.

From this new middle class – well-educated and often schooled abroad – came new social activists and leaders with an approach that was consistent with the economic boom that called for public participation and the involvement of those sectors of society that were excluded from decision making that affected them and left them voiceless. They were imbued with traditional notions of public good and national interest.

So not only were leaders born – like Arif Hassan, Mechai Viravaidya, Mohammad Yunnus and Somsook Boonyabancha – but many more activists joined civil society including NGOs which subsequently burgeoned throughout most of Asia – often in response to specific problems that emerged. The latest was in Myanmar, when the middle class mobilized to provide food and shelter to the thousands left homeless in the Irrawaddy Delta west of the commercial capital Yangon by the devastating cyclone in May 2008.

## Electric revolution unleashes information

With economic growth came technical innovations and a digital revolution. The enormous growth in the Asian Tigers pushed them into the international markets and made them part of the massive globalization process that has fundamentally changed the world in the last thirty years.

More prosperous parents meant many more students studying abroad – being influenced by the liberal traditions of Europe and the United States. Extending education to those who had been deprived in the past became a critical part of government philosophy and a strategy to produce the skilled workers and graduates needed by industry to feed the economic boom. As democracy became more rooted in Asia, so the demands from the under privileged for schooling grew – as a human and social right. Education became more widespread, while tertiary education boomed. This in turn increased the middle class, especially those who believed in liberal ideas and a sense of duty.

Education broke down isolation and parochialism, and made small communities more aware of their powerlessness. Urban dwellers throughout Asia were made aware of the intolerable conditions of the slum dwellers and the disadvantaged in the cities and countryside. It was another new impetus to the growth of social movements throughout the region.

With globalization came the information revolution (first the mushrooming mass communications industry – radio, television and cinemas) followed by the growth in mobile phones – all bringing people closer together, reducing boundaries and making contact all that much easier. This has effectively shrunk the world.

## Facebook, Twitter and bloggers

Now the digital age has accelerated all those processes – enabling people to keep in touch almost constantly. The future of communications and access to information is now infinite, with the explosion of internet technology – on computers, tablets and mobile phones. The growth of bloggers, Facebook and Twitter is now fundamentally changing social relations and providing social movements with the tools to mobilize support in a way that is unprecedented.

The growth in Asia in particular has been astounding. In Indonesia over the past two years the number of people using Twitter has grown from one million to more than forty million. "This form of social media mirrors the attitudes of Indonesians," said the renowned Jakarta-based blogger and internet specialist, Margareta Astaman. "It creates a sense of community, keeps people in touch, and especially allows friends to talk and exchange information, even if it is not face-to-face."

But this digital revolution has also freed social activists. "In a country like China the growth of the internet has allowed people access to information and provided a significant tool for public participation in social issues, especially on the environment," said Ma Jun, Chinese activist and environmentalist.

Even the government uses this as part of its administrative structure. More people who lodge complaints with the government – from corruption to environmental infringements – use the internet and mobile phones. Legally the government has to disclose all public complaints against companies or government agencies. "This has provided the public with an official and credible source of polluters that they can put pressure on," added Ma Jun.

Spreading information and mobilising support for campaigns – even at a very local level as with the Big Tree group dedicated to protecting the trees in Bangkok – has been unleashed with this new technology. Not only to help build campaigns and fuel protests, but to make the lives easier for people. The use of mobile texting – the SMS – has revolutionized the fresh market operations in many cities in Thailand. Farmers pass on market price information on a daily basis to each other – so that they can make decisions about when to come to the market and when to sell.

In the Pacific too mobile phones have made a major difference to the community. The Port Vila market in Vanuatu now has a steady and consistent supply of produce because the market vendors are able to communicate with family members in the outer islands to make sure fresh produce is transported in time to the urban market. This has benefitted both the market sellers and the rural producers.

## Smart phones smart choices

In India the mobile phone is expected to become a significant tool in the provision of micro-finance, as in the case of Self Employed Women's Association (SEWA). SEWA works to help its members achieve secure livelihoods. In Gujarat, SEWA has over 630,000 members who work in the informal sector. And around a third of their members own or have access to mobile phones, and this is continuing to increase. SEWA is trying to develop some applications for mobiles phones that can help their members and the organization with information sharing, data collection and micro-finance. Currently the vast majority of women are using mobiles only for voice services, and given the levels of literacy, smart phones are well suited to the women's needs rather than being connected to text based services.

"For example, SEWA are developing an application for the network of women who sell products from SEWA supported distribution centres, where the women are able to use an interface that presents photos of the various products," said Jo Tacchi of RMIT University who is undertaking research in collaboration with SEWA.

"Through clicking on these images the women are able to manage their stock, without a high level of literacy or numeracy skills, which they often do not possess. This application will help the women to operate more effectively and manage their budgets and stock with far more accuracy."

Mobile phones will no doubt become one of the key instruments to keep members and users of the group's banking services informed, and help the organization's income-generation projects become more efficient. For the women of SEWA mobile phones have huge potential – keeping the members connected, collecting and providing information and responding to their needs more efficiently. Already, mobile phones are changing the way many SEWA members work, improving their ability to generate income.

One of SEWA's projects has trained teams of women to mend broken or blocked pumps across the state of Gujarat. "Before mobile phone networks became available, the teams would congregate every morning to receive information on where they were to travel to that day," said Jo Tacchi. "Mobiles make the system more efficient for the women – they are able to quickly respond to requests – and for the villagers, they receive information immediately on when to expect help."

## 3. Movements gather momentum

Urban social movements across Asia have grown over the past forty years in response to problems in the region's cities and exclusion for government decision–making processes. They have grown stronger and more diverse as time went on. They have begun to flourish because of the social and economic changes that have swept the region in the last three decades. They essentially represent the dispossessed and voice-less.

Many are also based around rights issues – HIV sufferers and minority groups. They range from slum dwellers who want land security and better housing, to civic action groups who want to make their cities better places to live. They include groups who are involved in city-wide campaigns to improve public transport, reduce traffic, upgrade waste disposal and improve sanitation systems.

They have also formed around single-issues, especially environmental concerns and garbage disposal, to more strategic concerns of city-planning and the provision of services.

Their roots may be in local communities, especially the urban poor, amongst the middle classes concerned about city-wide issues and involve academics, architects and professionals, and social and religious groups. They range from individual action, to informal alliances to highly organized groups. They can be confrontational or cooperative in their approach to the authorities.

They are often based on a socio-economic sector of society, most often the urban poor. But social movements rarely emerge around poverty per se, and social movements of the chronically poor are even rarer – largely because the extremely poor are so deprived that engaging in organization, mobilization or political action would demand time, social networks and material resources that they do not have. So it is largely community groups, the church and NGOs that take the initiative – often around a charismatic leader.

### Urban poor protect their land

Making slums more inhabitable and fighting evictions were the first key issues around which social movements in Asia's cities emerged. For example in Bangkok in the 1970s, social activists were increasingly concerned with the under-bridge communities in the city. Some of the poorest slum communities in Bangkok were those gathered under the traffic bridges in Bangkok. Community organizations from the NGOs led the way. First they surveyed all the under-bridge settlements in the city; then they tried to organize them – one bridge at a time – and finally created a network.

They eventually got support from other communities and as a result 330 under-bridge families were able to obtain secure land, with the support of the Community Organizations Development Institute (CODI). The idea of self-managed homeless shelters for Bangkok also emerged at that time. NGOs were able to help the homeless who wanted to form a community (with official and semi-official approval and support). As a result four homeless shelters were created, all of which are managed by the homeless themselves.

Launched in the late 1970s the Building Together project – supported by academics from the Asian Institute of Technology (AIT) – showed slum dwellers that they were able to build very good quality housing on their own. This is an idea which has been sustained and extended since, with the help of barefoot architects. Although an architect herself, Somsook discourages the use of the term, but said it is the process that is important. "Architects should be community advocates, finding a working reality to match [the] people's needs and design houses to fit this."

"Our role is to support the people on the ground, negotiate with the authorities," said Somsook. "The aim is to find a compromise between the people, planners and government officials."

## Community coalitions

In Thailand, slum dwellers found their living conditions improve through a savings and credit scheme to build better homes. Under the Baan Mankong programme, poor communities work in close collaboration to develop long-term and comprehensive solutions to address housing and land issues in Thai cities.

The interim government of prime minister Anand Panyarchun – which was formed after the bloody crackdown on the pro-democracy activists protesting against the military government of General Suchinda – allowed the Urban Community Development Office (UCDO) to be set up in 1992, which later evolved into the Community Organizations Development Institute in 2000.

CODI helped to support and coordinate the development of community organizations and civil groups. The Baan Mankong Community Upgrading Programme is one of their successes. Through this project, CODI has been able to help poor communities around the country to build more than 90,000 houses – including homes for over 20,000 families in Bangkok.

Not all the houses are completely legal – the lane widths and distances between houses may not always strictly follow the building regulations. But as Somsook Booybancha – one of the group's founders – said: "the solution to the problem of the poor is not legal, it's political will. We have to make them visible and shift the balance of power."

Through the Baan Mankong programme, poor people gained experience building their own housing projects, they then become the knowledge-helpers for other communities starting to negotiate for their land and plan their housing projects. It also provides a framework for future slum clearances and urban development. "Upgrading projects need the people and the officials sitting down together," insists Somsook. "People need to be strong enough to present their views and needs, to be heard and to be taken notice of," she added. "If possible they should be strong enough to lead the negotiations."

CODI provides a flexible fund for housing loans, currently with a country-wide budget of more than $ 200 million. It also supports community welfare programmes and has helped communities to set up their own community radio stations. These community radio projects have been copied in other parts of Asia – especially Indonesia.

## City versus community

The Thai model though depends on convincing the political powers that be to recognize the peoples' views. This has been possible because of the 'atmospheric' change in the country – the move away from a paternalistic approach by the authorities – which corresponds to the debate and dialogue that dominates the current political discussions.

"People can be the living actors solving the problems that face them," said Somsook. "They have the numbers and cannot be ignored." CODI has followed this approach and built a network city by city. In this way they have helped to build a nation-wide community-based approach, especially to deal with housing issues. But their

power extends beyond that. "People propose ideas and take the lead in making changes that affect their lives and environment ... it is possible, and it's beginning to happen."

"At the end of the day though you have to get government to respond," said Somsook. "We must link with government. Interaction between the people and the system needs to be integral … and from the start." This is a strategic approach, sitting down together, which especially fits with Asian culture, she believes.

"In this way all communities city-wide can be linked to create an irresistible force," she said. "The aim: to form a critical mass for launching a platform, for mobilising support and creating an enormous vote-bank that no politician can ignore."

Fundamentally these community-based groups pay particular attention to their poorest members – like widows or handicapped or elderly without families or income – who are excluded from the project, since they can't afford to repay any land or housing loans. But the idea of trying to support these poorest in the community is now becoming a strong strain in the community organization's own mentality. In the communities in Bangkok's Klong Toey district for example it is the community people themselves who are saying that we must support the poorest, the weakest and the most vulnerable, said Father Joe Maier who runs the Mercy Centre in the area – part of the Human Development Foundation.

## Underprivileged matter most

A fundamental part of their approach is to reach out to other communities and build alliances with other social groups. In particular, these social movements have been highly successful in drawing young professionals and school students into supporting their projects. This is the case throughout South-East Asia, from Patama where young graduates are working with the community in Songkhla, in southern Thailand, to help them plan their new housing; to Cambodia, where university students are working with the poor in Phnom Penh on a number of projects; and Lao People's Democratic Republic where a group of young architects and students are involved.

So associations of the poor, especially slum dwellers, are one of the oldest forms of social movements in Asia. Often originally organized to fight evictions, these have grown into self-reliant communities. One of the key concerns in these movements is self-help. Ignored and more often the target of government action, they find innovative ways to solve their problems. They provide their members with a strong and coherent voice; they promote a dialogue with residents and insist on their involvement in urban change and development.

## Action for better living

Many social action groups have sprung up because of the need to make cities across Asia better places to live and to make them more comfortable for the lowest sectors of urban society, who have generally been excluded from the decision-making process previously.

This ranges from 'critical life' issues like piped water, garbage disposal and sanitation to the provision of transport links and acceptable architectural designs. Social movements have also developed in response to environmental damage and dangers to the cities. And of course there are those who wish to preserve the ascetic character of the city, including its sense of history and its unique essence – by preserving historic old buildings, landmarks and natural habitat.

As cities burgeon out of control, with population growth booming, cities are getting more crowded, leaving transport systems – if they exist – desperately inadequate. Governments throughout the region have been trying to make their main cities world class – with what is termed investment-friendly infrastructure.

## Public transport critical

As the Pakistani architect and activist Arif Hasan points out: "This means building flyovers and elevated expressways as opposed to traffic management and planning; high-rise apartments as opposed to upgraded settlements; malls as opposed to traditional markets – which are being removed; and removing poverty from the centre of the city to the periphery to improve the image of the city."

It also often means building light-rail systems and underground networks. But throughout Asia these have proven to be less than successful. Cities like Bangkok, Manila and Calcutta have all made major investments in public metro transit systems in the past two decades. Other Asian cities are following their example. However, as Hasan revealed several years ago, these systems are far too expensive to be developed to make a difference.

Manila's light-rail caters to only eight per cent of trips, Bangkok's sky train and metro only three per cent of trips, and Calcutta's metro to even less. The light-rail and metro fares are 3 to 4 times higher than bus fares. As a result, the vast majority of commuters continue to travel by rundown bus systems.

The challenge is to encourage greater use of public transport. In the Indian capital Delhi twenty per cent walks to work while another forty per cent catches public transport. The challenge is for cities to grow without cars. "We use the bicycle today because we are poor; we will use the bicycle tomorrow because we are rich," said Sunita Narain, Director of the Centre for Science and Environment in New Delhi, India. "We need to expand that demand for public transport which offers an equitable and sustainable solution," she added.

## Penang protects its heritage

Penang, an island-city in North-West Malaysia, also suffered from a dilapidated and mismanaged transport system. Their residents wanted to promote sustainable transport – using buses, bikes and ensuring that there was adequate access for disabled passengers. In the past decade a civic action group – the Citizens for Public Transport (or CEPAT) – has battled successfully to get a better run service putting pressure on the Government, directly, through public meetings, petitions and a media campaign.

"The bad publicity generated by the campaign and the media coverage forced the local government into action and the rogue buses were brought into line under Rapid Penang – a subsidized integrated bus service," said Dr. Choong Sim Poey, the organization's spokesperson.

While they were successful in getting the government to improve Penang's public transport system, other transport problems have not yet been tackled. "Nothing has still been done to regulate the unmetered taxis, which remain rampant even today," said Dr. Choong.

The same loosely linked groups also campaigned to protect Penang's heritage buildings. Movements have also been formed around issues, where the community comes together to champion a cause. Several NGOs in Penang and the local community protested against the then state government's proposed million dollar Penang Global City Centre (PGCC) project in 2007. The group of NGOs complained that the site of the project – the present Turf Club – was originally zoned as an 'Open Space'. This was later changed so that the largest commercial development in the state could be constructed on the site.

The project included two new five-star hotels, a performing arts centre, high-end retail outlets, a world-class convention centre and residential properties. The development of the PGCC was criticized as lacking of transparency. The controversy project led to a widespread boycott campaign. The local community and NGOs launched petitions, banners and used social media to raise awareness of the impact the PGCC development would have on the island and its public.

The project, according to the activists, would generate more traffic – some 60,000 movements daily – on top of the already highly congested roads in the area, cause severe environmental damage and other social problems. The project was scrapped in 2008 when the newly elected state government – the Opposition won control of the state in the 2008 General Elections – re-reviewed the plans. A clear example of how social movements can use its political muscle to achieve their ends.

## Public-private partnerships

In India similar campaigns have been launched to protect and improve the cities of Bangalore and Bombay. Nearly two decades ago – encouraged by similar movements abroad – 'Bombay First' emerged as a focus to preserve and protect the city and encourage changes that did not displace people or disrupt life.

Originally as a think-tank, the organization soon become a vehicle that promote like-minded people and associations together to share ideas and promote rational urban regeneration. Public-private partnerships are crucial for this approach to work, according to the organization's leaders.

"Bombay First will continue to act as a powerful think tank and to influence policy-making in a positive way," said its current Chairman, Narinder Nayar. "We are committed to the regeneration of Mumbai's economic and social infrastructure in order to make it a globally competitive city." The key to this, according to Nayar, is to make sure that everyone concerned with the city's issues are consulted and involved in the decision-making. It is an ongoing and evolving process.

### Bangalore bangs the drum

In Bangalore the Citizen's Voluntary Initiative for the City or CIVIC has worked around urban issues – particularly making local government more accountable and trying to ensure that the poor are not disregarded – for nearly twenty years. They use existing government legislation, including the right to information act, to make their point and put pressure on the local municipal authorities.

CIVIC's current focus is on curbing corruption in the city by focusing on making the authorities more transparent and accountable, and by promoting people's participation in urban government. Their approach is based on doing field work – gathering information on how government policy is being implemented and what impact it has on the citizens at grassroots level – and taking it to the state and municipal governments.

Their latest concern has been the city's abysmal waste disposal system. Bangalore generates close to 3500 tonnes of waste every day. But only some of it is collected. Some is dumped in vacant places in the city to rot. Some is left on the street. "People are left to cope with the unsightly mess, bad smell, mosquitoes, flies and rodents," said a spokesperson for CIVIC. "Stray dogs feast on it and multiply. Plastic clogs the drains. Dump yards pollute soil, water and air. The problem of the city becomes the problem of villages. The management of city waste remains a challenge."

### Putting people first

The provision of transport, piped water, sanitation and drainage are crucial issues confronting the urban poor and the slum dwellers in most of Asia's cities and, increasingly, professionals and the middle class. In Karachi, there are some shining examples of effective social movements that provide answers to some of these issues, involving the community from the start and offering expert advice from engaged professionals.

The Urban Resource Center in Karachi is in the fore-front of this approach of including people in the planning process. "It is essential to put the people into the planning process, and with some help from these professionals and technicians," said Arif Hasan, URC's founder. Over the years the approach has changed from research and documentation to influence change. "We had to move from technology to sociology," he said.

"At the root of this, we are fighting against injustice," he said. More and more activities are related to protecting peoples' rights. There has been a proliferation of rights-based groups. "The protection of women – involving lawyers – has now become a high priority in Pakistan."

### Make governments take notice

The achievements of the federations formed by urban poor groups also demonstrate the value of strong engagement with government – for example the changes in government's attitude in Bangkok, Karachi, Manila and Phnom Penh. But now this has been broadened to include NGOs, community groups, citizens' organizations and religious leaders.

"The key to effective action and influence is to form loose alliances and broad coalitions, involving NGOs and community organizations," said Hasan. "Through research, training and seminars people get involved in these urban projects – it's a strategy of encouraging the community to take control of the city."

The federations of the urban poor and homeless use strategies including community designed and managed household information and 'slum' surveys to draw in local authorities. By offering the authorities information that they do not have, citizen groups immediately start to shift the balance of power within this relationship. As a more equal partnership begins, both groups explore new ways of working together.

The lesson from these social movements – especially in Karachi – is that a very successful strategy is to work with government – to influence them with arguments and research, and finally to mobilize people and supporters to create a collective mechanism of the power that cannot be ignored by the authorities.

## 4. Modern movements: environment and health

Increasingly across the region, the internet and mobile phones are being used by activists and social movements to muster support for community action, whether it is collectively or individually. Nowhere is that more the case than in China, where mass protests are forbidden and local gatherings regarded as opposition to the government. But that has not deterred the environmentalists who regard their campaigns as in the greater good of the country – and may determine whether China's meteoric rise as an industrial power is sustained in the coming years.

Pollution and environmental damage is part of the price paid for China's booming economy. Over the past two decades China has increasingly suffered from air pollution, water pollution, sand storms, greenhouse-gas emissions, shrinking forests and other environmental problems. More than sixty per cent of China's rivers and lakes are now dangerously contaminated, according to official figures. According to the World Bank twenty of the world's thirty filthiest cities are in China.

One of those at the fore-front of the campaign to preserve China's environment after decades of neglect is the activist and investigative journalist Ma Jun. In fact Time magazine named him as one of the ten most influential people in the world in May 2006. Ma's book 'China's Water Crisis' published in 1999 was the country's first major book on the nation's environmental crisis. It was a cry for action – one which he took up personally. "Water pollution is the most serious environmental issue facing China," said Ma. "It has a huge impact on people's health and economic development," he said. "That is why we have built this database."

### Map of action against polluters

Using official data and government statistics, Ma's NGO has created a map highlighting more than 30,000 violators of water regulations – it is a form of shaming the companies concerned. Firms can only be removed from the list after a third-party audit. Already it has had an impact, with many of the firms which were listed taking action to reduce their pollutants in order to be taken off the list.

"To protect water resources, we need to encourage public participation and strengthen law enforcement. In some places, polluting factories and companies are being protected by local governments and officials," he said.

The website has also encouraged local individuals and groups to identify polluters in their area and put pressure on them to change. "The pre-condition for any meaningful participation should be to allow those who are affected to have access to the information," said Ma.

Recently Ma's NGO launched the Green Choice Alliance Programme where corporations commit not to take goods from suppliers who flout environmental regulations. The aim is to give a competitive edge to sellers who respect the environment. "If they only care about quality and pricing and nothing else, you push (suppliers) to cut corners," Ma said.

Former Wal-Mart chief executive officer Lee Scott said in Beijing last year the firm would require suppliers to ensure the factories they buy from receive the highest ratings in audits of environmental and social practices by 2012. "That's a game-changer," said Ma.

His next project is an air quality map. There is still no comprehensive data for carbon emissions despite China's G8 promise of significant achievements in this area. New laws have been implemented on environmental protection in China and the latest five-year plan includes ambitious targets to cut pollution by ten per cent and improve

energy efficiency by twenty per cent. But these fine-sounding directives run up against resistance by local authorities still focused on rapid development, and fear from companies that environmental concerns will drive them out of business.

China needs time to come to terms with climate change, according to Ma. He wants to protect and preserve China's natural heritage, but without destroying the country's economic growth. "We want to see change, but we also want to see that this does not sink China into total chaos," he said.

### City versus nature

City life remains torrid at the best of times, often described as the 'rat race'. The demands of work – irregular contracts, informal jobs and long hours – making ends meet and caring for the children poses endless problems for most urban dwellers. The constantly growing urban population places an increasing strain on limited services and resources.

There is a constant search to make urban centres more habitable. Making the environment more rational and pleasant, throws up issues which need immediate attention and cannot wait for over-stretched government services to respond – and in some cases would not be a political priority. Many of these issues are also best dealt with at a grassroots or local level as many of these concerns may be localized and not have a significant impact elsewhere in the metropolis – or at least the solution may be local.

One thing that most cities are increasingly experiencing is the dislocation of natural fauna and flora as natural spaces are gobble up. Trees are being cut down to make way for new roads, pavements and building blocks. Grassy areas are disappearing as condominiums, shopping malls and office space eat up any existing land. Many natural species of trees are disappearing as a result; the banyan tree and the tamarind plant are no longer the common sight they once were in Thailand's capital city Bangkok. These native trees were also often the home to a wide variety of local birds and squirrels.

### Where have all the birds gone

In many of the region's cities, these birds and animals are disappearing – not just Bangkok. Residents in Beijing, Dhaka, Jakarta, Kuala Lumpur, Phnom Penh and Singapore are all lamenting the loss of the city's vocal bird-life. "No longer are we woken up with the sweet sounds of birds singing," said a resident of Dhaka, "now it's the honking of horns and other grubby sounds of traffic that stirs us from our slumbers." The conflict between habitat and urban development is constant.

But in Bangkok, a group of young designers, so concerned at the loss of trees in their local area along Sukhumvit road decided to do something about it in early 2011. So the Big Tree group was born – inside a small design studio in the area – who became concerned when they realized several big, old trees at the top of their lane were to be chopped down to make way for a car-park to service a massive new mall – some of them more than sixty years old.

After unsuccessfully trying to convince the plot owner's son to change the mall's planned layout and save the trees, the designers took things into their own hands. They formed the Big Tree social movement.

### Protecting the city

Originally every Saturday the group got together and went on a bicycle tour around the city – visiting renowned old trees in Buddhist temples, parks and universities. It was meant to draw attention to these endangered trees, according to the organizers of the new movement. The group is growing all the time as its concerns are recognized by those who log into the site and join the Saturday entourage.

"To me, it is a question of protecting the value of a city. Big Tree is a stepping stone to more social or more civic responsibility," the group's co-founder Pongprom 'Joe' Yamarat, an economist by training, told the Straits Times in an interview.

As part of its awareness campaign and to draw in public participation, the Big Tree group launched a contest to find the 'best tree' in Bangkok. Members can see the listed trees online and simply click on the one they want to vote for. So far more than 200 trees have been nominated for the award. "'We want to build awareness first and then we want to push the authorities into planting more trees in the city," said Pongprom.

## Health care is a right

Elsewhere there have been other social movements that have developed on the basis of a single issue or a cluster of related concerns. Many of these have been formed because community-based approaches are the best way to tackle some of these problems. Malnutrition, infant mortality and maternal deaths are perennial problems in most of Asia's cities – especially amongst the poor, disadvantaged and the slum dwellers.

In Indonesia, social activists recognized this as something that had to be countered. More than half of the districts in the country have identified malnutrition amongst children under the age of 5 – mostly being underweight.

"The best way to tackle this is a social mobilization approach which can achieve sustained behavioural results," said Dr. Eni Harmayani of the Gadjah Mada University in Yogyakarta. "Following this approach, the housewives group (Dasa Wisma) has improved the urban health problems and reduced malnutrition in Indonesia."

Dasa Wisma is a voluntary social community group working right across the country. Through its activities, the country's social welfare and health services have been improved, because of their involvement with families at the community level. They have conducted local surveys of malnutrition – measuring and weighing the children every three months – set up a community health centre, and run health and hygiene education programmes for the local families. They advise pregnant women and provide voluntary assistance during births.

"There is no doubt that the housewives activity has improved the health and nutrition status of the urban community," said Dr Harmayani. "As part of civil society they serve a strategic role in improving urban health and nutrition in the community," she added. Their information gathering alone has contributed significantly to the general quality and reliability of the government's knowledge of the state of health in the local community. This will improve the provision of health state services in the future, supplemented by the women's voluntary resources.

## Single-issue concerns

Some of Asia's social movements begun as single-issue campaigns launched by concerned individuals who understood that behavioural change – as the result of communications – can only happen at the community level. Mohammad Yunnus and his Grameen Bank in Bangladesh was one example of this, as is Mr. Condom (or Mechai Viravaidya) in Thailand. The strategy is consistent: people needed to be informed, they needed to be mobilized and they needed to decide and participate in the solutions.

In Thailand, condoms have become known as "Mechais" as he was almost solely instrumental in getting them accepted and used throughout the country – originally as a family planning tool and then as a means of preventing the spread of HIV/AIDS. He was motivated by a desire to improve the well-being of the poor, to create opportunities for them, and to give them the tools to lead a more fruitful life

He applied his approach consistently, whether in government – even as the minister responsible for controlling the spread of HIV in the Anand Panyarchun's government (1992-3) – or running his own NGO (the Population and Development Association or PDA) and later through business initiatives.

The projects he has been involved in are diverse – including family planning, AIDS control, appropriate technology, refugee relief to environmental protection and business development. Although he was originally focused on village development, in order to reduce the rural 'push' factor in Thailand's urbanization, he realized the need to improve conditions for the poor in the cities as well.

### Change agents are essential

Mechai's central concern is social change and development. He understood that development alone cannot bring justice to the poor – rural or urban. He has alternately used both government bodies and voluntary organizations to generate a real social revolution – especially in appreciating the need to practise 'safe sex'. Mechai has oscillated between government, community and private enterprise in his campaigns. He even dabbled in politics running for office and then later becoming a Senator under the new Peoples' Constitution introduced in 1998.

Although he has mobilized people behind his causes, he is something of lone-wolf, a celebrity and social critic. From an early stage he used to write articles on Thailand's development and the need for family planning; he continues to write newspaper columns highlighting the problems he sees. He was also previously a radio announcer and TV actor. So he understood the need to make his campaigns humorous, practical and infectious.

The Condom Campaign is a perfect example of that – through a variety of tools – from handing out condoms to car parking attendants, children blowing them up as balloons drawing competitions to condom key rings and his restaurant and hotel chain – Condoms and Cabbages.

He has used the media, private enterprises, community-based organizations and government ministries and agencies to get the message out, provide people with information, mobilize support and change social attitudes. He is a perfect example of the role individuals play in the initiation and development of social movements that can change social attitudes and peoples' behaviour.

## 5. Social media boosts social activism

Social media has become the most important means of communication in the modern urban environment. Its immediacy, intimacy, portability and urgency have completely captured the imagination of the city dweller. Catch any form of public transport in any Asian city and most commuters are all intently absorbed with their Blackberrys, iPads or tablets and mobile phones, tuned into the latest advertisements, news, information and social chatter or simply sharing content with their digital friends.

Websites like Facebook, MySpace, Twitter and YouTube have created enormous online communities of interest. At the beginning of 2011, there were more than 600 million active users. There are 200 million users of Twitter worldwide and growing by thousands daily.

More than a billion people are connected worldwide through these social media sites. In the United States nearly seventy per cent of the population is on Facebook. Although in Asia it is less – it is growing rapidly with Indonesia for example, with some forty million users, now ranked the third largest country on Facebook. And of course in many countries like China there are similar indigenous micro-blogging sites.

The power of the new media cannot be ignored – the political upheaval across the Middle East is only the latest episode in the growing influence of social media. "We use Facebook to schedule the protests, Twitter to coordinate, and YouTube to tell the world," said one of the leaders of the movement in Egypt.

In the past the role of the mobile phone was instrumental in mobilising support for specific action – text messaging or SMS brought thousands out onto the streets to protest against the deaths of demonstrators during the protests in Jakarta in 1998, and in Manila in January 2001 thousands of protestors gathered at EDSA in People's Power 2 – a repeat of the People's Power movement in 1986 which sent the dictator President Marcos packing – forced then President Joseph Estrada to resign. These two protest movements were almost purely a result of an SMS campaign.

So powerful is social media as a tool of information dissemination and mobilising support for a cause in this year's Thai elections, one of the minority parties – the Bhumjaithai in their campaign posters in the capital city simply direct the voters to view their programme and candidates on Facebook: Bhumjaithai.

The mobile phone is set to be the most important medium – in India, for example, there are ten mobile phones for every PC. In Thailand, more than 4 out of 5 people have a mobile compared to one in five that has access to

a computer. And more than half of Thailand is connected to Twitter and Facebook. The Pew Research Centre – a Washington-based think tank – estimates that by 2020, a mobile device will be the primary internet connection tool for most people in the world. That means most people will be continuously connected, making social network sites the most powerful levers for immediate community action.

## Activists' natural allies

To some extent these forms of communications have grown up around social activities – for instance, the smart mobs – groups of people who rally around calls and information on SMS to party in urban public places like squares, railways and empty buildings. This initial use of mobile phone messaging helped create new crowds, fashions and passions – that were essentially personal. The worst recent case in which social network sites and SMS featured prominently was their use by gangs and disaffected youth in London and other English cities in the orchestrated riots in late 2011 which left hundreds of shops and houses gutted by fire and at least six people dead.

But there was always a radical and revolutionary potential in these practices. It offered an alternative vision of social development as well as providing a communications model that went beyond borders – socially, religiously and geographically.

Social movements are important actors in democratic societies – and by using social media – they can create important space for formulating, advancing and leveraging the interests of civil society against the elites and authorities. "The fluidity of the Internet allows for a more democratic discourse, and the anonymity that the Internet once offered, has emboldened a whole generation of people to speak out," said Niki Cheong, a Malaysian journalist and consultant on social media. "Although in today's technical world, it would be naive to think that one is still able to remain anonymous," he added.

Because social movements are social networks that engage in sustained collective actions and have a common purpose, social media provides them with a new tool to challenge the interests and beliefs of those with power. Communication processes and advocacy have always been an integral part of their strategy. But research shows that some activists have had difficulty in communicating through the mainstream media. So social movements can now use the internet to bypass mainstream media gatekeepers or repressive governments and communicate directly with their constituencies and the broader public.

Moreover, the digital media – especially the social networking sites – could help to level the playing field between social movements and the more resource-rich institutions of business and government through the combination of greater speed, lesser expense, further geographical reach and relatively unlimited content capacity compared to the older forms of print and electronic media.

## Social change and new media

Scholars view social change as the raison d'être for all alternative media – which the new media with its social networking sites seemed to partly emerge from – whether this media was associated with contesting and negotiating social and cultural codes, identities and relations; forming an oppositional culture to a dominant order and publicly communicating dissident ideas; raising awareness of oppressed and marginalized groups or articulating and defending alternative identities and interests.

The new media allows social movements to debate, formulate, articulate, disseminate and sustain an oppositional culture and politics relatively unrestrained. The very interactive and participatory nature of the internet (and especially the social networking sites) has significantly strengthened their impact.

The social media shares much of the social movements' values and concerns – promoting diversity, decentralization, informality and grassroots participation or democracy – and therefore there is a natural and unique symmetry between the two. Though of course the social networking sites appeal far more to the urban middle class than the poor; the experience of the Big Tree movement in Bangkok and Ma Jun's campaign against water pollution in China have shown that. It has proved to be a very effective means of mobilizing action and support around single issues or broader campaigns for change.

## Social media tracks the traffickers

In China abducted and trafficked children has become a major social issue which has captured the imagination of the majority of the population. The inability of the authorities to stem this has angered many parents who have lost their children. Now with the help of social media, journalist and academics have launched an initiative to help them.

Earlier this year one family's desperate search for their abducted three-year-old child – using micro-blogging and the internet – was finally rewarded when a man recognized the stolen boy three years later some 2,000 kilometres away in Jiangsu province.

He was identified from the pictures published by a journalist Deng Fei, who sent Lele's photo out to his two million followers on the net in the Chinese equivalent of Twitter. As a result the child and the parents were united with the help of the police. It is estimated that up to 20,000 children in China are kidnapped every year. Some are sold to gangs to be used as beggars, others to families who don't have a son but want one. Most are never recovered. But China's new form of Twitter – which now over ten million people use – offers some hope.

"This case demonstrates the effectiveness of the campaign on the net," said Professor Yu Jianrong, of the Academy of Social Sciences. This specialist in social movements, and a committed and enthusiastic web-user, created a micro-blogging web-site in January this year where users can publish pictures of child street beggars – many of whom have been kidnapped – in order to help their parents find them. After Leli was found, another six children were identified from their photos, seen by more than half-a-million people.

## Essential networking during natural disasters

The value of these social media sites has also been reflected in the response to natural disasters as the recent Tsunami and earthquake in Japan highlighted. Social media was at the forefront of keeping the world informed but also connecting those affected and giving hope to the survivors. The disaster was watched throughout the world through video-streaming – provided by people from their mobile phones and put on YouTube and other internet outlets. Twitter kept up everyone up-to-date – in Japan more than 75 per cent of the population are connected to the internet and use social media.

The prominent Japanese tech journalist Nobuyuki Hayashi reportedly said that more people signed up for Twitter after the earthquake because they wanted to exchange information. "Twitter played a great role in the first few days after the quake," he said. Of course the surge of Tweets did not always provide reliable information as it also circulated fears and unfounded rumours like the flurry of tweets that alleged that a post-quake fire at an oil refinery east of Tokyo would lead to toxic rain.

Clearly social media like Twitter can play a major role in the aftermath of a natural disaster. Twitter was a vital communication tool during the New Zealand earthquake in February 2011. Usually in the immediate aftermath of natural disasters, phone and cellular networks would be down or jammed from overwhelming traffic. The internet then provides an outlet for people to track down family and friends – and obtain information.

## Tweeters and bloggers offer fraught future

But the mammoth growth in internet information and social networking also has its down sides. There is, according to researchers, an increasing problem of 'information overload' – that is encouraging passivity rather than prompting activity. Being over-connected can also lead to isolation rather social participation. "We can talk to friends all over the world but don't know our next-door neighbours," said a blogger recently.

More critically, much of the information that floats around on the internet is of dubious accuracy. No longer is the news balanced and authoritative as it was in the traditional media outlets – mediated by editors and journalists. Instead rumour and speculation abound. Spontaneous campaigns or reactions can grow before the reality sets in and the source of the concern proven to be false or distorted.

While most social movements use social media extensively, some of these are reinforcing existing prejudices while others may be concerned to restrict freedom and diversity. This of course is not the hoped outcome of social media's convergence with urban social movements. But there is no doubt that social networking overall is going to offer social movements aimed at improving life in Asia's urban centres a more effective way of circulating information and rallying support for localized single issues or community and city-wide concerns.

## 6. Asia's cities depend on activists

The future of Asia's cities may depend on social movements continuing to provide a bottom-up approach to development and providing a necessary balance to the elitist views of most government and municipal officials. With Asia's cities continuing to grow alarmingly – and usually outside government control – urban social movements have a major role to play, one in which the social media may have critical function in the future.

"The world has changed – but planners have not changed, activists have not changed – we need whole new ways of working," said Arif Hasan. This will not come from the existing actors. New ways of thinking and new ways of organising will be necessary to revitalize these movements.

Social movement's solutions are usually more appropriate to the needs of the urban dwellers – especially the poor – and are rights based and socially aware. The most disadvantaged are central to their concerns, as is protecting peoples' rights and the environment.

### NGOs role in the future

More often than not these social movements owe their development to key concerned individuals, the involvement of NGOs, community organizations or religious groups – more often in fact the result of a number of these working together.

But in the future there may be tensions between these organizations and the people they want to support. "The problem is that NGOs can be too progressive; they are not living in the community," said the activist Somsook Boonyabancha. "And often have an authoritarian approach."

The community must be the driving force behind these moves for change. "Create a space, and coordinate once the space is created, using the potential of the people," she said. "Channel their support and show strength in order to achieve the desired ends."

However these movements have to be careful not to be hijacked by power politicians and local vested interests which might intervene and try to use the community's cohesion and strength for their own purposes.

### Social media

Organizing and mobilizing people has certainly been made easier by the advent of social networking sites. "Internet bloggers have played a key role in allowing a small group of dedicated activists to create public support for their causes," said Dr Choong Sim Poey, the spokesperson for The Citizens for Public Transport in Penang.

But this works best when it is used within the context of traditional methods of campaigning. "Social media is a great publicity and information medium, but what people also need to realize is that social networking sites do not exist in a vacuum and that social media alone cannot save an individual, a brand and the world," warned the Malaysian social media commentator Niki Cheong.

There is also a danger that social networking alone can be easily ignored by governments unless it is translated into action which government cannot go unheeded – though it does encourage innovative ways of making a point. In India this year the grassroots campaign against government corruption has been led by the Hindu priest and Gandhian social activist Anna Hazare. He has mobilized thousands through his public hunger strike against corruption.

## Never ending issue

Some problems persist. There were the brutal evictions around Seoul in South Korea – clearing the area for the Olympics – in 1987-88. Now evictions continue in Cambodia, China, Myanmar and South Korea. But what has changed is that the communities affected are stronger and are actively involved in finding solutions – and there are lessons. "We have to find a solution to these evictions," said Somsook. "The pattern is clear: confrontation to negotiation to cooperation."

Building communities of interest is essential. Building alliances and coalitions around issues suits the Asian approach and temperament. "We need to learn from each other," said Somsook. This is role of the Asian Coalition for Housing Rights (ACHR), which takes a regional approach to the problem. "Regional organizations are important for information and experience sharing; they also provide a platform and we help and support each other," said Somsook who is currently the Secretary General of the organization.

But things are changing. The traditional paternalistic approach is being replaced, largely as a result of the increased access to information with the growth in media and the "democratic vibration" as Somsook calls it.

"The atmosphere has changed," she said. The community feels stronger and more assertive and wants to change their lives. But there is still a gap between what people want and the government wants – and that is why the role of urban social movements will remain critical.

# Urban Challenges in East and North-East Asia

**Prof. Sun Sheng Han, PhD**

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*He has been researching the links between theories of the spatial organization of urban activities and the dynamics of economic-institutional restructuring in the Pacific-Asia region. He has widely published and his works have received international recognition. Professor Han is on the editorial boards of several major planning journals, and holds a number of advisory roles with international research grant agencies, overseas universities and governments. His current research on spatial parameters and GHG emission reduction in Asian cities is supported by grants from the Australian Research Council, the Asia-Pacific Network for Global Change Research and the University of Melbourne.*

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# 1. Introduction

In this discussion paper, the North-East Asia subregion includes China, Japan, Mongolia, the Democratic People's Republic of Korea (DPRK), the Russian Federation and the Republic of Korea[1]. This is a remarkable subregion characterized by profound heterogeneity physically, demographically, economically, culturally and politically. Table 1 shows the land area, population, Gross Domestic Product (GDP) per capita, and the present economic system of each of the North-East Asian countries. Historically, the subregion is distinctive from other subregions in Asia and the Pacific by its drastic economic (and political to a certain extent) transformation. China, the Russian Federation and Mongolia have transformed their economies from planned to market-oriented over the past three decades. Japan and Korea were the economic miracles in the post World War II period and the 1970s.

| | Land Area (km sq) | Population (in 1,000, 2009) | GDP (million US$, 2009) | GDP per capita (US$, 2,009) | Economic-political system |
|---|---|---|---|---|---|
| China | 9,327,480 | 1,331,460 | 4,985,461 | 3,744 | Socialist market |
| Japan | 364,500 | 127,560 | 5,068,996 | 39,738 | Developmental state |
| Mongolia | 1,553,560 | 2,671 | 4,202 | 1,573 | Planned -> market |
| DPRK | 120,410 | 23,906 | - | - | Planned |
| Russian Federation | 16,376,870 | 141,850 | 1,231,893 | 8,684 | Planned -> market |
| Republic of Korea | 96,920 | 48,747 | 832,512 | 17,078 | Developmental state |

*Table 1: Main Features of the North-East Asia Subregion. Source: World Bank 2011. GDP per capita calculated by the author, based on World Bank 2011 data.*

On average, North-East Asia is one of the most highly urbanized subregions in the Asia Pacific, only second to the South-East Asia subregion (ESCAP 2010, p. 13). Considering the diversities between the countries; in their settings (both socio-economic and physical) and in their paths of development, however, the average reveals limited information (and may even be misleading) towards an understanding of the subregion. Indeed, Japan and the Koreas, as well as the Russian Federation, are highly urbanized while China is fast urbanizing. The countries are at different stages in their respective urbanization trajectories, leading to distinctive challenges and opportunities.

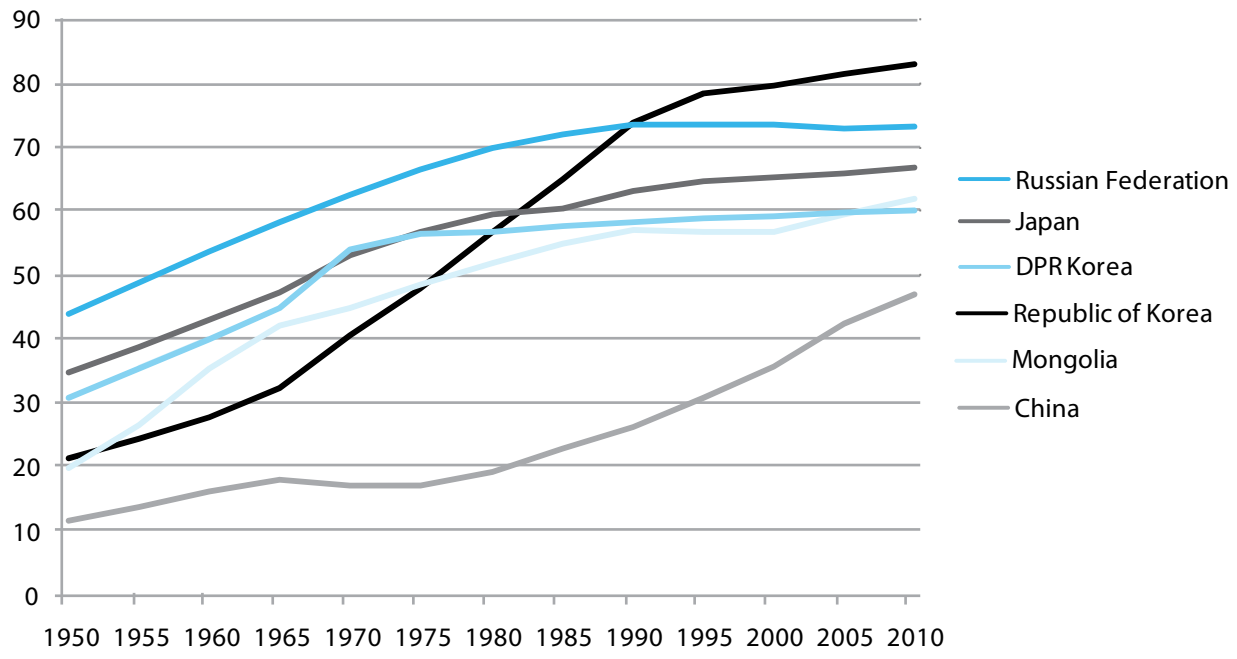
The purpose of this discussion paper is to identify the gaps, barriers, drivers and opportunities for an inclusive and sustainable urban future in the North-East Asia subregion. A desktop research approach is used by analyzing statistics published by the various United Nations agencies, and reports from the UN, the World Bank, the Asian Development Bank, and other researchers. This paper has three main sections: overview of subregional urbanization patterns, critical and emerging issues, and an assessment of the policies and mechanisms towards inclusive and sustainable urban development.

# 2. Overview of subregional urbanization patterns

## a. Urbanization trends and levels

Figure 1 shows the level of urbanization in the North-East Asian countries, 1950-2010. The curves place the six countries into two groups. Japan, Mongolia, the Democratic People's Republic of Korea, the Russian Federation and the Republic of Korea form the first group. These countries have reached the level of urbanization above 60 per cent. They have all passed the stage of rapid urbanization and reached a stage of slow growth of urban population. China itself forms another group, which is currently being urbanized at a rapid pace and heading to the 50 per cent mark.

1 Due to data constraint, The Democratic People's Republic of Korea is not included in most of the comparisons and discussion.




*Graph 1: Level of Urbanization in North-East Asian Countries, 1950-2010. Source: UN Population Division 2010*

The Republic of Korea presents an extraordinary case of rapid urbanization since the mid-1960s. This trend continued until the early 1990s when more than 70 per cent of the South Koreans became urban. Mongolia began at a similar urbanization level with the Republic of Korea in the 1950s, but urbanized much faster until the mid-1960s. Both Japan and the Russian Federation started at a relatively higher urbanization level in the 1950s, and had maintained a rapid pace of urbanization for about 30 years. The Democratic People's Republic of Korea had an urbanization level above 30 per cent in the 1950s. It maintained a rapid rate of urban population increase until the mid-1970s. China was the least urbanized country in the 1950s and still is at the present. Up to the early 1980s, China progressed slowly, even stagnated in urbanization. For the past 30 years, China's urbanization has been progressing at a speed comparable to that observed in Japan and the Russian Federation in the period 1950s-1970s.

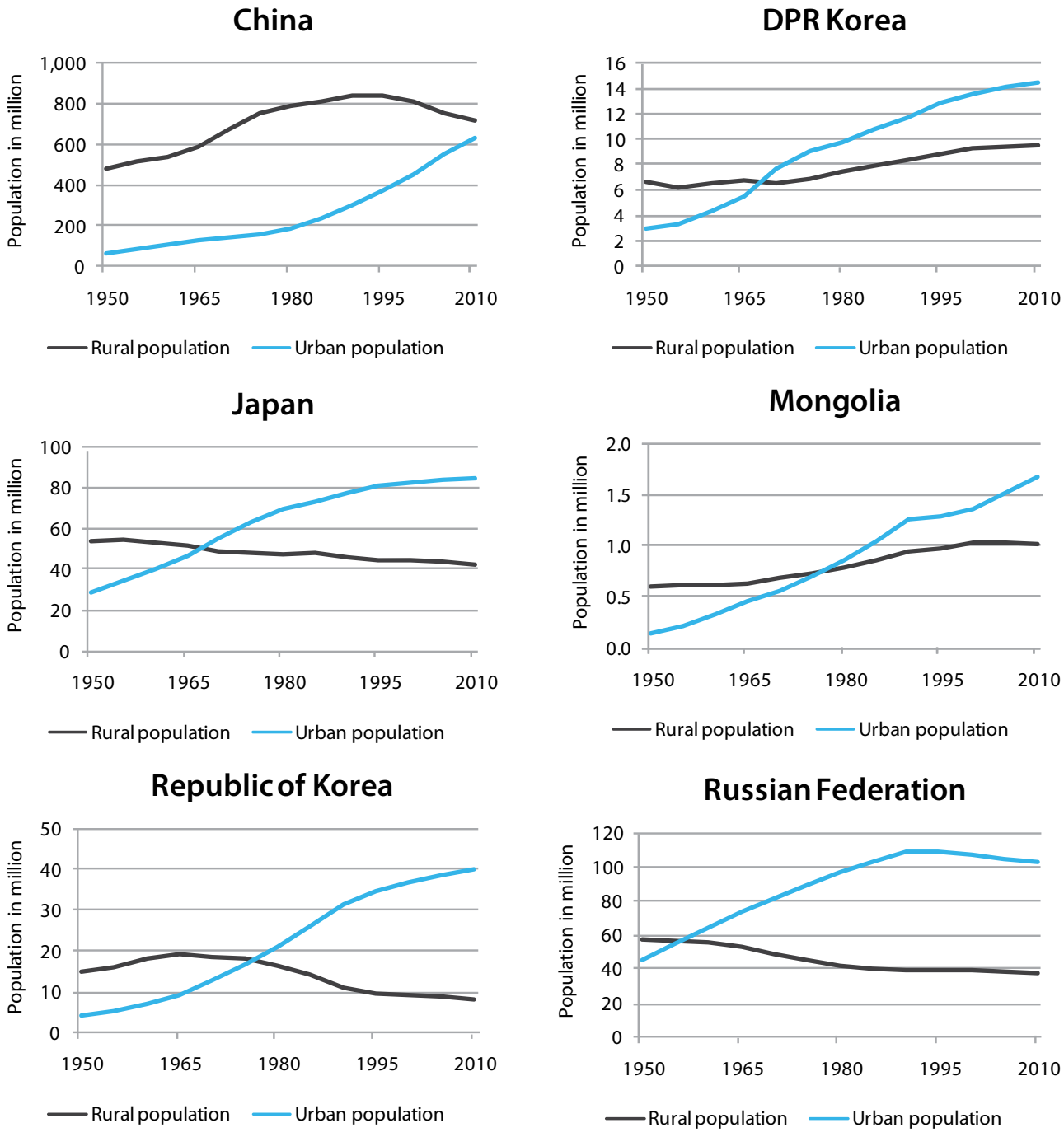
The different urbanization trajectories are further characterized by the time when urban population reached the 50 per cent mark in the countries (Figure 2). The Russian Federation made it in the mid-1950s; Japan and the Democratic People's Republic of Korea in the mid to late 1960s; the Republic of Korea and Mongolia in the mid-1970s. China is more than 30 years behind its neighbours, though progressed rapidly after Deng Xiaoping initiated economic reform and introduced the open policies in the late 1970s[2].

Another characteristic in the changes in urban and rural population is that in Japan, the Russian Federation and the Republic of Korea, the rising urban population curve coincided with a declining rural population curve whereas this did not happen in Mongolia and the Democratic People's Republic of Korea. The latter two countries present trends of population increase in both urban and rural categories. However, urban population rise more sharply than rural population thus intersected at the 50 per cent mark of the urbanization level. Low level of modernization in the agricultural sector explains partially the above difference. In Mongolia, the degree of urbanization is surprisingly high despite slow economic growth (UN-Habitat 2010, p. 38). There was a huge rural-urban migration as a result of dismantling the rural collectives and services, and the harsh winters and summer droughts in the late 1990s (Ibid.).

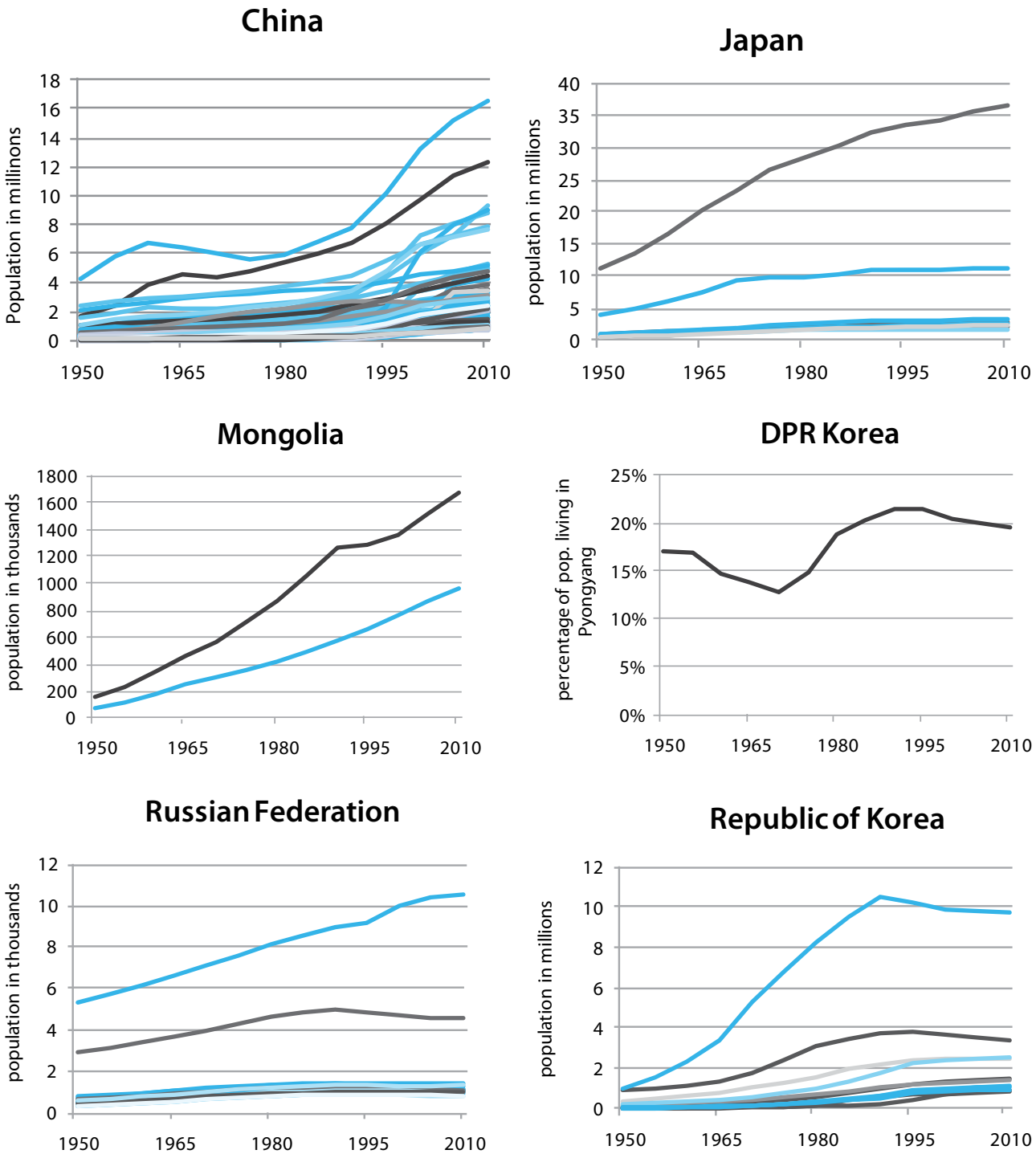
From a hierarchical perspective, urbanization has created primate cities in the subregion. Urban primacy can be measured by the proportion of urban population living in the largest city (or cities) of a country. The concentration of urban population in Beijing and Shanghai in China, Tokyo and Osaka-Kobe in Japan, Ulaanbaatar in Mongolia, Pyongyang in the Democratic People's Republic of Korea, Moscow and Saint Petersburg in the Russian Federation,

2 According to the Sixth National Population Census, China's urbanization level was 49.68 per cent in 2010.

and Seoul in the Republic of Korea are outstanding large urban agglomerations. Figure 3 shows the gaps between the top cities and the other cities in the subregion. The primate cities are outcomes of the unbalanced location of economic activities and social services, as well as rural poverty in their regions that pushes rural-urban migration. In Ulaanbaatar, massive numbers of rural migrants came to the cities because of the low incomes in the countryside, the 'dzuds' (extremely cold winter disasters) and the 'freedom of movement' policy within the country (UN-Habitat 2010, p.129). An accompaniment of urban primacy is the creation of settlement areas that are not supported by the city. Again, in Ulaanbaatar, rural migrants are found in 'gers' (i.e., traditional tents); they are deprived of infrastructure and services (Ibid). In China, 'urban villages' have become the main residential clusters of rural migrants within the urban built-up areas, while in the fringe area of cities, rural migrants rent from farmers and form a grey area which is out of the administrative control by both urban and rural authorities. Rural migrants are excluded from urban services (such as medical and educational). The grey areas deserve policy attention in developing inclusive and sustainable cities.




*Graph 2: Changes in Urban and Rural Population, 1950-2010. Source: UN Population Division 2010.*




*Graph 3: Urban Population of Selected Cities by Country. Source: UN Population Division 2010. Note: In Mongolia, urban population in Ulaanbaatar is plotted against the total urban population. In the Democratic People's Republic of Korea, the percentage of Pyongyang's population out of the national total urban population is plotted.*

Geographically, urbanization in North-East Asia occurs in a relatively small area, consisting of China's eastern coast, Japan and the Koreas. China's vast western region, Mongolia and the huge far east of the Russian Federation have limited number of settlements and a small population. In the Russian Federation, urban development occurs mainly in its European region, where urban prosperity attracts migrants from towns and cities in other regions of the Russian Federation, including its region in the Far East. Pivovarov (2003, p. 61) observed that Russian urbanization 'has extended only to relatively small territories in the European part… while beyond the Urals there is only a narrow southern band along the Trans-Siberian Railway'. In the broad context of population decline in the

Russian Federation, it was forecasted that 'in the period 1999–2021 the population in the Far East would decline from 7,261,000 to 5,807,000, that of Eastern Siberia decline from 9,030,000 to 7,972,000, and that of the Northern Region in European Russia decline from 5,747,000 to 4,800,000' (Pivovarov 2003, p. 61).

A caveat in using analysis based on urban population is that this measurement represents an important, but only one dimension of the complex process of urbanization. There are problems associated with the measurement itself, such as how is urban population defined. An ESCAP survey of 26 countries and territories in the Asia Pacific region reveals that 15 of the 26 defined urban areas based on administrative criteria, 4 on population size and/or density, 2 on economic functions or availability of certain infrastructure and services, and the rest used a mix of the above considerations (ESCAP 2010, p. 15). In China, the 'floating' population presents a further problem. There is no solution to the definition problem, but one has to be careful in using the data, especially when comparing countries.

More importantly, the use of urban population in the analysis of urbanization trends and levels include 'bubbles'. One type of 'bubble' can be defined as an overestimation of the urbanization level because part of the urban population has not changed their rural life style – thus not yet urbanized. This occurred in the former USSR where excessive rural-urban migration was mobilized as a part of the State industrialization process. These new urban population was poorly serviced by urban facilities, and their village-commune mode of thought, their rural way of life remained (Pivovarov 2003, p. 59). Another type of 'bubble' is observed in excessive 'land urbanization'. This 'bubble' is an over-development of farmland in urban fringe areas not due to demographic and/or economic growth within the build-up areas, but because of revenue income associated with land sale, and/or, a competitive image which is expected to benefit local development (Han 2010a).

### b. Natural growth, migration, reclassification

The three factors that explain the changes of urbanization levels measured by urban population are natural growth, migration and urban re-classification or re-definition. In the North-East Asia subregion, natural growth contributes to urbanization in different ways. Rural-urban migration is probably the most important driver for the rapid increase of urban population. Re-classification, where and when it occurred, made significant contribution to the rising level of urbanization.

The different influences of natural growth in North-East Asia are illustrated by a small sample of data presented in Table 2. Mongolia maintained a high rate of natural population increase, ranging from 11.5 to 18.2 per 1000 people in the period 2004-2008. 10.5 – 18.8 per 1000 growth rate were recorded in the urban areas, adding 15,629 – 30,622 people annually in the same period respectively. This addition, however, did not necessarily push up the urbanization level because urban population growth was slower than that in the countryside in some of the years (Table 2). The Republic of Korea presents a different picture, indicating a population increase that resulted from a greater crude birth rate than the crude death rate in cities. This reinforces the high level of urbanization by natural growth in cities but higher death rate in its rural areas. In the Russian Federation, natural population growth was negative during the sample period (ranging from -5.5 to -2.6 per 1000 people between 2004 and 2008). Interestingly, population decline was faster in the countryside. This helped to maintain a relatively strong urban population.

Japan is another country that has a zero or negative natural growth of its population. The UN statistics do not include a rural-urban split of population growth, but other reports reveal that the rural population is ageing (Zheng 2008; Feng 2009). This may indicate that the limited natural growth of the population occurs in its cities rather than the countryside. In China, the one child per family policy successfully reduced the natural population growth to less than 6 per 1000 people. However, implementation of the policy seems to be more successful in the cities than the countryside. Nevertheless, families with more than one child are found among the 'floating' population who have non-urban household registration but live and work in cities. This contributes to the urbanization level, although it may not be reflected in official statistics.

Rural-urban migration contributed mostly to the rising urbanization level. In Japan, '[M]assive migration from rural to urban areas led to expansion of metropolitan areas both in population and geographical terms' (Nakai 1988). Pivovarov (2003, p 50) quoted that 'Russia's rural regions … gave the towns 37,800,000 people in 1951-80 alone through migration'. In Mongolia, urbanization was driven by three factors: industrialization, the marginal increase in rural productivity, and the administrative channelling of jobs to urban areas (Neupert and Goldstein 1994). It was observed that rural-urban migration continued to play an important role in the 1980s as rural-urban migration increased and cities grew through in-migration and high fertility (Ibid). In the Republic of Korea, there was a huge rural-urban resettlement during the period of the Japanese occupation. The post-war period witnessed a large number of refugees settling in the cities. Rural-urban migration continued during South Korea's take-off stage of economic development in the post-1960 period, concentrating in Seoul and Busan (Jing and Wang 1996). In China, rural-urban migration was controlled by State policies until the mid-1980s (Han and Wong 1994). The effect of this control resulted in low urbanization levels before the 1980s. Policy changes affected rural-urban migration; hukou (i.e., household registration), rationing, jobs and housing favoured an increased freedom of migration, which led to millions of unemployed rural labour living and working in Chinese cities (Han 2004).

| | | | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|---|---|---|
| **Mongolia** | Urban | Crude Birth Rate | 17.4 | 17.4 | 19.9 | 22.8 | 24.9 |
| | | Crude Death Rate | 6.9 | 6.7 | 6.9 | 6.6 | 6.1 |
| | | Rate of Natural Increase | 10.5 | 10.7 | 13 | 16.2 | 18.8 |
| | Rural | Crude Birth Rate | 19 | 18.4 | 19 | 19.9 | 22.5 |
| | | Crude Death Rate | 6 | 6.2 | 5.8 | 5.6 | 5.3 |
| | | Rate of Natural Increase | 13 | 12.2 | 13.2 | 14.3 | 17.2 |
| | | | | | | | |
| **The Republic of Korea** | Urban | Crude Birth Rate | 10 | 9.1 | 9.4 | 10.2 | 9.6 |
| | | Crude Death Rate | 4.1 | 4.1 | 4 | 4.1 | 4.1 |
| | | Rate of Natural Increase | 5.9 | 5 | 5.4 | 6.1 | 5.5 |
| | Rural | Crude Birth Rate | 8.7 | 8.1 | 8.2 | 9.2 | 8.7 |
| | | Crude Death Rate | 6.8 | 8.8 | 8.8 | 8.6 | 8.8 |
| | | Rate of Natural Increase | 1.9 | -0.7 | -0.6 | 0.6 | -0.1 |
| | | | | | | | |
| **The Russian Federation** | Urban | Crude Birth Rate | 10.2 | 9.9 | 10 | 10.8 | 11.5 |
| | | Crude Death Rate | 15.3 | 15.3 | 14.4 | 13.9 | 13.9 |
| | | Rate of Natural Increase | -5.1 | -5.4 | -4.4 | -3.1 | -2.4 |
| | Rural | Crude Birth Rate | 11.1 | 10.9 | 11.3 | 12.8 | 13.6 |
| | | Crude Death Rate | 17.9 | 18.3 | 17.3 | 16.6 | 16.5 |
| | | Rate of Natural Increase | -6.8 | -7.4 | -6 | -3.8 | -2.9 |

*Table 2: Natural Growth of Population in Selected Countries, 2004-2008 (per 1000 people). Source: UN Economic and Social Affairs 2008.*

Reclassification of settlements to urban is important in raising the urbanization level as most urban population statistics are based on administrative boundaries (ESCAP 2009). In the period 1951-1980, Russian towns "took in" 5,200,000 as rural communities were converted into urban ones (Pivovarov 2003, p. 50). Zheng (2008 p. 57) notes that administrative mergers are one of the main reasons that explain the Japan's urbanization levels. In the ten years between 1945 and 1955, 290 cities were added to the official city list. At the same time, the number of towns and villages were reduced from 10,330 to 4,381 (Ibid, pp. 57-8). From 1955 to 2000, another 176 cities were added. From 2000 to 2006, a further 106 cities appeared on the list. Note, though, the rationale of the administrative merger and reclassification of towns and villages to cities was different before and after 2000. The demand for land for industrial growth was the main consideration before 2000. However, the reduction of bureaucracy and administrative costs were the main reasons for merger and re-classification post 2000 (Ibid, p. 58).

In China, reclassification of urban population explains partially the fluctuations in the urbanization level (Bai 2008, p. 336). The level of Chinese urbanization was measured by the proportion of non-agricultural population until the mid 1980s, when population total in both cities and towns were used as measurement[3]. The definition of urban population changed in the census 2000 again. This time, smaller scale spatial units were used together with population density for more accurate accounting[4]. Redefinition of towns and cities also resulted in rapid increase of the urbanization level. In 1978 there were only 2,173 towns and 193 cities. By 2007, there were 19,249 towns and 669 cities (China Review News 2008). Reclassification and redefinition clearly influence the level of urbanization in China.

It is worth to note that underlying rapid urbanization in the subregion was strong government intervention in the process. These interventions took different forms. In Japan and the Republic of Korea, the developmental states forcefully planned and implemented their industrialization policies, in which infrastructure investment was combined with market mechanisms to drive urban development. In the former USSR, China, Mongolia and the Democratic People's Republic of Korea, the governments employed administrative measures to shape the urbanization processes. The Chinese hukou system and the policies that assigned priorities to the cities of various sizes are cases that illustrate the means and effects of the administrative approach (Han and Wong 1998).

### c. Urbanization and economic development

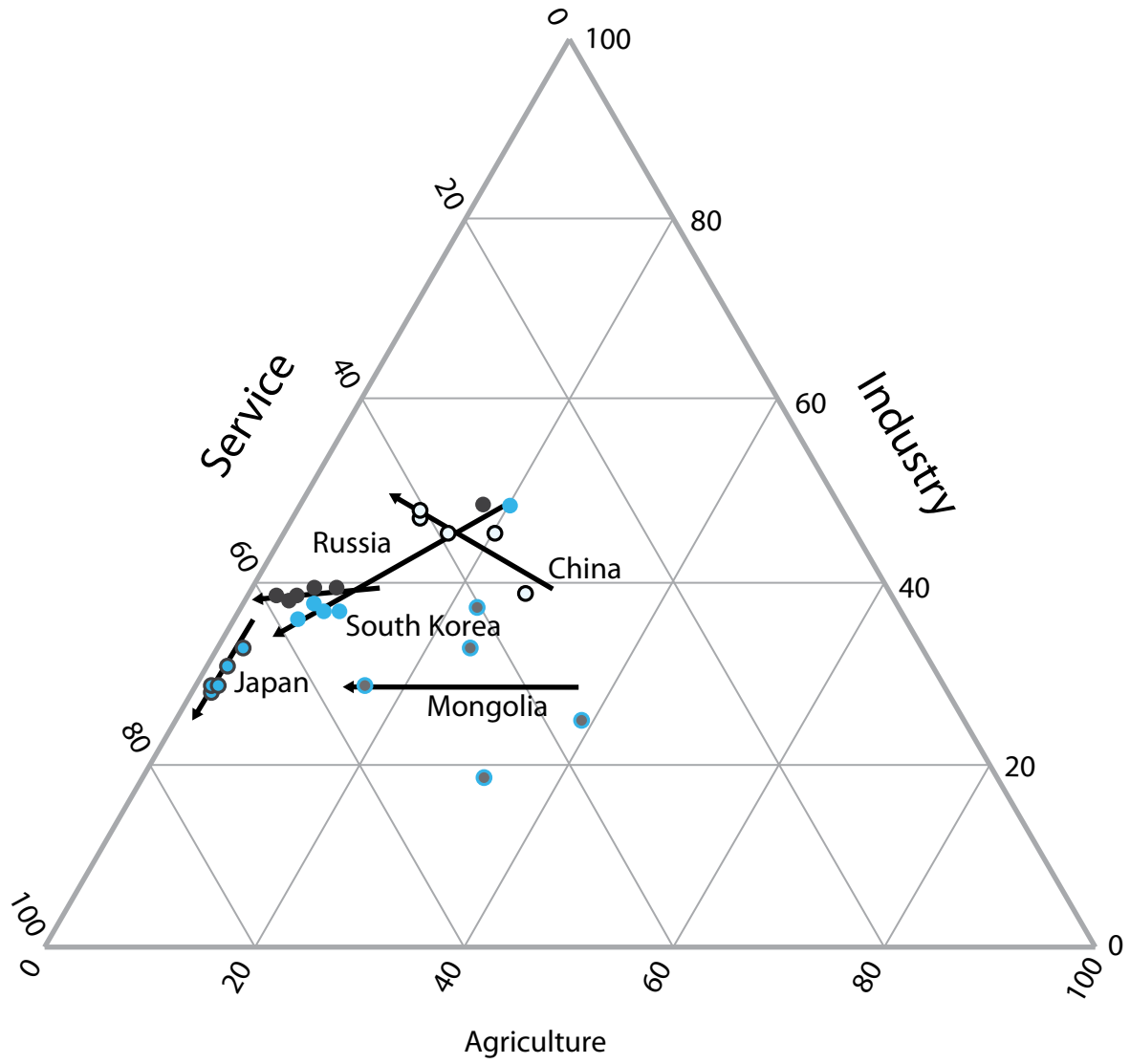
Urbanization is an expression as well as a condition of economic development. The level of urbanization in North-East Asian countries is correlated highly with economic development. The Republic of Korea, the Russian Federation and Japan are the most urbanized countries in this subregion. They are also the countries with the highest per capita GDP (refer to Table 1). However, the highest income does not necessarily match the highest level of urbanization as shown in Table 1 and Figure 1. Many factors (such as the value-adding capacity of an economy and the urbanization 'bubbles') prevent an exact direct relationship between urbanization and per capita income. Historically, the sharp rise of urbanization levels was matched by rapid industrialization. This is evidenced in all the North-East Asian countries, and is occurring in China. In post-industrial economies, urbanization reflects the restructuring of the economies towards a stronger service orientation. Figure 4 shows the changes in economic structure by a ternary plot. Japan, the Russian Federation and the Republic of Korea had an increasing service sector at the expense of the industrial sector, while the Chinese economy moved to have larger service and industrial sectors with a declining agricultural sector. Redevelopment projects (e.g., brown field redevelopment) in established areas characterize urbanization in the post-industrial stage of the economy.

On the other hand, urbanization provides the necessary labour input and infrastructure for economic development. Cities provide large pools of labour for industrial and service sectors. Several countries (e.g., the former USSR and Japan) formulated policies to facilitate rural-urban migration in order to supply adequate workers for their industries. The expansion of built-up areas provides physical space for economic activities. This was in the form of Greenfield development in the industrialization era, and brown field redevelopment in the post-industrialization era. In the large cities, inner city sites are increasingly used by higher level services (e.g., producer services) whilst manufacturing activities are relocated to the urban fringe areas (Han and Qin 2009).

The need to provide infrastructure and services for the urban population incurs a cost to urbanization. An attempt to minimize such a cost led to the experiment of controlled urbanization in the Russian Federation and China. The core idea of this control was to minimize the cost of service provision to the urban sector, while at the same time maintain rapid industrial growth. The former USSR succeeded in converting a large number of peasants into urban workers by rural-urban migration and the administrative conversion of village and towns to cities. But these urban workers were given limited access to urban services and did not change their village life styles (Pivovarov 2003). China's urbanization level lagged behind its industrialization due to the 'low cost industrialization' strategy of the 1960s and 1970s. Rural-urban migration was banned and urban youth were resettled in the countryside in order to reduce the reliance on the State for grain supply and provision of urban services (Han and Wong 1998). Both experiments largely failed, causing further problems to cities which needed to be attended to in the current efforts to ensure an inclusive and sustainable urban future.

3 The level of urbanization was interpreted as the level of cheng zhen hua, i.e., the proportion of total population living in towns and cities out of the national total population.

4 A brief definition of cities in China (and in other Asian countries) can be found in UN-Habitat (2011, p. 33).




*Graph 4: Ternary Plot of Economic Structure, 1990-2008. Source: the author.*

## 3. Subregion specific critical and emerging urban issues

### a. Demographic, economic, social, environmental issues

Urbanization has been accompanied by demographic, economic, social and environmental problems. Some of these problems are structural, stemming from the process of overall advancement of the human society. Cities are the main locations where these problems express themselves. These are problems 'in' cities rather than 'of' cities (Herbert and Smith 1989). Others are caused by the concentration of population and economic activities in urban settings. These problems are referred to as 'problems of cities'. Most problems are shaped by both structural and urban forces. A sense of the root causes of the problems -- whether they are structural or urban -- helps efforts to formulate policies.

Population ageing, low birth rate and the associated slow, zero, or, negative population growth is typical in a modern society. Japan and the Russian Federation have already shown trends of negative population growth[5].

5 However, the reasons behind population declines in Japan and the Russian Federation differ. Japan is one of the countries that have the longest life expectancy. Its population decline was due to a low birth rate and a low death rate. In the Russian Federation, however, the decline of population was caused by high death rate, shortening of life expectancy, and low birth rate. Economic harshness as a result of the dismantling of the former USSR was the main cause of population declines (Du and Chen 2008, p. 79).

The Republic of Korea had negative population growth in its rural areas. All countries show signs of population ageing. In Japan, the proportion of population of 65 years and older increased from 7 per cent to 14 per cent from 1970 to 1994. This rate of increase was faster than all other industrialized countries in Europe and America (Feng 2009, p 136). It is predicted that by 2020, one quarter of the Japanese will be older than 65. In China, a population survey shows that there was 100 million people (or 7 per cent of the total population) aged 65 and older in 2005. The Sixth Population Census publicized in late April 2011 shows that in 2010, 8.87per cent of the population were 65 years and older. This was higher than the forecasting posted by the Chinese government (8.7 per cent) and by the United Nations (8.2 per cent) (Wall Street Journal 2011). By 2040 the aged population will probably reach at least 312 million (China.com 2008). In addition, the 'empty nest' phenomenon is attracting policy attention as another dimension of the ageing problem[6]. While demographic trends are shaped by a wide range of variables, urban living styles and good services are important contributing factors. Better living conditions and medical services lead to longer life expectancy. At the same time, higher pressure from jobs and higher living costs reduced the number of households with children. Demographic problems are outcomes of social advancement and urban concentration.

Sustainable economic growth and social equity are the main issues in the economic and social realms. Highly urbanized countries (i.e., the Russian Federation, Japan and the Republic of Korea) have completed industrialization and entered the post-industrial society. Less urbanized countries, especially China, are not exactly following the footsteps of the more urbanized neighbours. Rather, industrialization and the development of post-industrial economy (e.g., more service sector growth and knowledge creation) are all targeted simultaneously in economic policies. The ternary plot (Figure 4) illustrates the outcome of that process[7]. A new economic structure that has a smaller manufacturing sector but facilitates knowledge generation and innovation has become a key concern especially in cities. For example, the number of employees in the manufacturing sector in Seoul accounted for 28.4 per cent of all employees in 1993, but this share decreased to 7.2 per cent in 2008. Service sectors grew in contrast to manufacturing, from 20.5 per cent in 1993 to 32.6 per cent in 2008 (Kim and Han 2011, forthcoming). As part of the efforts to become more competitive in a global context, the Seoul Metropolitan Government initiated projects (like the Digital Media City) that promoted the development of information technology and office sectors (Ibid).

The context of economic restructuring inevitably leads to social inequality in cities. In a global network of production and marketing, the command and control functions of the economy are redistributed to critical nodes geographically, leading to the emergence of global cities. Tokyo, Seoul, Hong Kong, Shanghai and Beijing are often mentioned global cities, with other cities (such as Guangzhou) are rapidly growing (Beaverstock et al. 1999). Inside these global cities are the profit-seeking enterprises, which support high-pay jobs but at the same time marginalize the low-pay jobs. UN-Habitat (2010, p.111) recognizes that the process of global city development 'effectively excluded the poor'. This process leads to further income gaps. A survey by China's Ministry of Finance in 2009 revealed that the richer 10 per cent urban residents possessed 45 per cent of the assets, while the poor 10 per cent possessed only 1.4 per cent (Fenghuang wang 2009). Easy international migration also led to an increase in the diversity of the ethnic population (for example, the Sixth Population Census in China includes a statistic on foreigners for the first time in China's official statistics, as many Chinese cities have become more cosmopolitan in nature). Income inequality and ethnic groups are just two of the many factors driving cities to be more segmented – with diversified interests and persuasions politically, culturally and economically.

Environmentally, cities are the locales of a complex range of problems. These include, but not limited to the mega-demand for land and natural resources, significant ecological footprint, and high vulnerability to climate change impacts (UN-Habitat 2010, p. 167-9). Farmland encroachment by rapid urban expansion is widely occurring. Recent publication from the Lincoln Institute of Land Policy provides visual and statistical evidence to this point. Loss of farmland changes the ecosystem and threatens agricultural production. Energy and water consumption presents another dimension of the problem. A recent study in China finds that two thirds of Chinese cities do not

6 These refer to families where elder parents live alone as children grow up and leave. Empty nests face problems in daily activities, psychological health, safety, and finance. These social problems can be addressed at individual, family, community, society levels.

7 The plot shows the changing economic structure by presenting a time series data that positions any given structure in the triangle accordingly. An indicative arrow can be placed to highlight the move of the structures (over time) cross the grid lines.

have adequate water, among which 110 cities have severe water shortage problem (Chinagate 2009). Most Asian cities have an average ecological footprint of 5 ghph or greater, which is far above the normal 1.7 ghph that the Planet Earth can support (UN-Habitat 2010, p. 168). Within the subregion, Hong Kong had the highest ecological footprint reading, at 6.08 ghph (Ng 2008, after UN-Habitat 2010). Tokyo and Seoul had 4.25 and 4.20 respectively (Ibid). Beijing and Shanghai had 3.06 and 3.4 respectively (Kou et al. 2005, after UN-Habitat 2010, p.169). The vulnerability dimension is particularly relevant to the excluded urban population as their residence and jobs are easily threatened by flooding and changes in temperature, wind and humidity. The heavy snow in southern China affected hundreds and thousands rural labourers in cities such as Guangzhou and Shanghai as they rushed back to their hometowns for the Chinese New Year vacation in 2008.

| | GHG emissions per capita (tonnes of CO2eq) (year of study in brackets) | National emissions per capita (tonnes of CO2eq) (year of study in brackets) |
|---|---|---|
| Washington, DC (US) | 19.7 (2005) | 23.9 (2004) |
| Glasgow (UK) | 8.4 (2004) | 11.2 (2004) |
| Toronto (Canada) | 8.2 (2001) | 23.7 (2004) |
| Shanghai (China) | 8.1 (1998) | 3.4 (1994) |
| New York City (US) | 7.1 (2005) | 23.9 (2004) |
| Beijing (China) | 6.9 (1998) | 3.4 (1994) |
| London (UK) | 6.2 (2006) | 11.2 (2004) |
| Tokyo (Japan) | 4.8 (1998) | 10.6 (2004) |
| Seoul (Republic of Korea) | 3.8 (1998) | 6.7 (1990) |
| Barcelona (Spain) | 3.4 (1996) | 10.0 (2004) |
| Rio de Janeiro (Brazil) | 2.3 (1998) | 8.2 (1994) |
| Sao Paulo (Brazil) | 1.5 (2003) | 8.2 (1994) |

*Table 3: GHG Emission in Selected Cities and the Corresponding Countries. Source: UN-Habitat 2011.*

In cities and their immediate regions, air quality, water contamination, solid waste management, deteriorating biosphere are major concerns that threaten the health of urban residents and urban liveability. According to UN-Habitat (2011), cities are responsible for up to 70 per cent of harmful greenhouse gases while occupying just two per cent of the land. Table 3 shows that several large North-East Asian cities are among the major GHG emitters in the World. In China, air pollution contributes to the increased acidity of rain falling (UN-Habitat 2010, p. 173). The rapidly industrializing provinces on China's eastern coast, such as Guangdong, Jiangsu and Zhejiang are especially affected by acid-rain. Again in China, water pollution is observed in its rivers, lakes and underground water bodies. According to data in 1999, 52 per cent of the urban sections of the seven water systems in China were polluted; all the lakes were tested as having medium level pollution; and fifty per cent of the urban underground water was contaminated (Jing, not dated). The lack of capacity to process sewage was the main cause of water pollution. In 1999, less than 30 per cent of the sewage was processed. Solid waste collection presents another problem. Idris et al (2004, after UN-Habitat 2010, p. 176) noted that 60 per cent of urban solid waste was collected in China, which was lower than that in the Philippines (70 per cent). The loss of biodiversity is obvious in Shanghai, where 'the number of native plant species in the Sheshan area and on Dajinshan Island has decreased by almost half over the last two decades, contrasting with large increases in the number of non-native species' (Zhao et al 2006b, after UN-Habitat 2010, p. 177). The health cost of air and water pollution was estimated at 4.3per cent of GDP in China. The total cost of air and water pollution, which include both health related and productivity related damages, was estimated at 5.8 per cent of total output (World Bank 2007a, after UN-Habitat 2010, p. 179).

### b. Challenges to inclusive and sustainable urban development in the core urban region

A core region that includes China's coastal area, Japan and the Republic of Korea is conceptualized in this paper to organize the discussion. This core region is the main concentration of urban development in North-East Asia not only because of the high population density, but also due to the presence of primate cities. Major cities in

this region, such as Tokyo, Seoul, Hong Kong and Shanghai are important global cities connecting the respective national economies to the global network. This connection provides an additional layer of context that shapes the challenges and issues for future cities. Both historical and contextual forces determine the gaps and barriers in urban development. In particular, countervailing forces are observed in this region. On the one hand, there is a strong demand for inclusive urban development, represented by the huge number of migrant labour and government efforts to improve social equity. On the other hand, there is a sweeping market force for exclusive development from global production and distribution.

Several gaps exist on the way towards inclusive urban future: lack of infrastructure especially housing and transport, lack of social services such as education, healthcare, social security, and lack of skills to participate in the new economy. In terms of housing, Seoul in 2000 showed that about one-quarter of the households lived in accommodation that did not meet the minimum standards of floor space and basic facilities (Ha 2004, p. 139). In China, rural migrants were denied urban housing due to their poor income and also an institutional setup associated with housing distribution. Affordable housing projects are generally targeting residents with urban status, which offer little benefit to the excluded (i.e., the rural migrants). Indeed, it is a mandatory requirement in all cities that low-income housing is meant for urban residents with local household registration, or, local 'hukou'. Thus, rural migrants can only live in rented farm houses in urban fringes, where demolitions could occur at any time[8] (The Editorial Commission of Chinese Urbanization and Sustainable Development 2007, pp. 84; 88). There are clearly gaps to include urban poor, either being rural migrants or laid-off workers, in the urban housing market. Traffic congestion represents another gap in infrastructure provision. In China, traffic jam has become a daily encounter to commuters. An online survey shows that 79 per cent of the commuters felt the effects of traffic congestion in various Chinese cities: 33 per cent of the commuters were affected by severe congestion (China Youth Daily 2010). According to Roads in Japan, traffic congestion causes significant losses to social and economic activities, resulting in an average loss of 3.8 billion person-hours in all of Japan (2011).

Social service (e.g., health service and education) provision is another area where huge gaps need to be addressed in an inclusive urban future. A WHO report claims that poor city dwellers are often neglected altogether because public health authorities do not collect information in informal or illegal settlements, and miss homeless people altogether (WHO and UN-Habitat 2010). Schooling of migrants' children in Chinese cities is a problem that is widely reported. Due to the migrant status, their children's education is interrupted as they are denied access to urban schools. For those children attending schools at their home villages, their trade-off is the much needed parents' care. Re-employment of laid-off workers represents the third major problem – the urban poor possess no appropriate skills that are needed for their participation in post-industrial economies. These situations raise the question of capacity-building using both the formal education system (government and non-government schools) and vocational training programmes.

The institutional barrier is playing a major role limiting an inclusive urban future. Here, institution refers to both formal and informal rules governing urban development. In China, for example, six institutional barriers are identified. They are 1) hukou, 2) social security, 3) land ownership, 4) public housing, 5) education and training, and 6) administrative designation of cities. Hukou had long worked, together with rationing and access to services, and served as a control measure to limit rural-urban migration. Insurance for migrant workers is required by most city government, but the policy is partially implemented, leaving the majority of migrant workers uncovered for unemployment, medical service, and retirement. Migrant labourers are discriminated against in public housing allocation, education for their children and workforce training. Last but not least, the old criteria for granting city-status to a settlement are obsolete. New criteria are needed but have not been developed for years. This led to stagnation of the number of cities, causing delays to develop an effective urban hierarchy (Editorial Board of Chinese Urbanization and Sustainable Development 2007, p. 88). In the Republic of Korea, inclusive zoning and rental regulations were introduced in order to increase the supply of affordable housing and to improve tenants' certainty to continue their stay in the premise (Kim and Han 2011). Institutional reforms are also needed from a monetary perspective, as inclusive urban development needs funding for infrastructure, social services and skill upgrading. The past experiences in the Russian Federation and China (probably in Mongolia and the Democratic People's Republic of Korea too), where low cost industrialization were experimented with and failed, show the

8 Redevelopment in these fringe areas usually includes residential, commercial and/or infrastructure projects. Most of the redevelopment areas do not include heritage buildings.

necessity of these investment. The infrastructure sharing scheme used in the Republic of Korea, which is led by the government and involves multiple stakeholders, demonstrates possible innovations in infrastructure finance.

In terms of sustainable urban development, the major challenge in the subregion is to separate economic growth from high energy use and GHG emission. UN-Habitat (2011) observes that 'cities and climate change are on course for a deadly collision'. According to IEA's World Energy Outlook report, about two thirds of the world's energy was consumed in cities in 2006. By 2030, cities are projected to be responsible for 73 per cent of the world's energy use. Past economic growth has placed the North-East Asian cities in a trajectory that heavily relies upon resources. 'City residents in China use almost twice as much energy per capita as the national average, due to higher average income and better access to modern energy services' (OECD/IEA 2008, p. 179). By 2030, Chinese cities will account for 83 per cent of Chinese energy consumption, up from 80 per cent in 2008 (Ibid.). In terms of emission, 'almost 80 per cent of carbon emissions from burning fossil fuels and cement manufacturing and 76 per cent of industrial wood used worldwide are from urban areas' (ADB 2008, p. 44). Shanghai and Beijing emitted 8.1 and 6.9 tones of CO2 equivalent GHG per capita in 1998, whilst in Japan and the Republic of Korea, the same measurement of emission were 10.6 (2004) and 6.7 (1990) respectively (Table 3).

The main gaps in building a sustainable urban future in the subregion include the lack of new technology, innovative urban form and appropriate residents or firms behaviour. New technologies for alternative energy and efficient energy use have been researched by scientists. Rizhao, a small city in Shandong Province, China, has explored the use of solar energy since the 1990s (Bai 2007b, after UN-Habitat 2010, p. 191). Weihai and Jinan are other cities that have made great efforts in solar energy use in Shandong Province. Baoding, one of the two first low-carbon cities in a WWF experiment since 2008, aims at making the city into the leader of renewable energy production in China. Shanghai, the other low-carbon city in the WWF experiment, focuses on technologies associated with energy saving in buildings. Innovative urban forms are being experimented with by both planners and policy-makers. These include compact cities, transit-oriented development, and eco-city projects. The Dongtan eco-city project has received extensive media coverage for its carbon neutral concepts. The Tianjin eco-city project, a joint development between China's Tianjin Municipal Government and a Singapore consortium, provides another example of the efforts (Wong 2011). The concept of low-carbon cities and communities, an energy saving life style, and sustainable development are frequently discussed in the media, with the aim of educating the public and changing the behaviour of ordinary people in favour of a sustainable future.

The main barriers preventing a sustainable urban future include political will, economic growth, spatial form, and behavioural inertia. At the political level, short-term political agendas often conflict with long-term sustainability interests. The difficulties of reaching an agreement on reducing carbon emission, illustrates the work of politics in the process. In addition, the lack of a vision is commonly shared on national and local level. ADB (2008, p. 226) recognizes that most countries have no effective strategic plans to deal with a sustainable future. Economic growth continues to be the top concern and exceeds sustainability as a priority. Indeed, disagreement on emission reduction targets is mainly caused by the fear that changes in the existing economic structure will have an adverse effect on a national economy. Further, the existing spatial form of cities does not facilitate energy saving and the reduction of GHG emission. Urban commuting in fast urbanizing countries is increasingly dependent on private vehicles. Han (2010b) notes that fast urbanizing Asian countries urgently need a sustainable transport arrangement for resource and environmental interests. The greater mobility and self-esteem associated with driving and car ownership shapes the behaviour of individuals, households and firms. Proper management of motorization and public transport is badly needed for building low-carbon cities.

### c. Challenges to inclusive and sustainable urban development in the periphery region

An inclusive and sustainable urban future cannot be achieved without an effort in the periphery region, which, in this paper, includes the non-core region and the rural hinterlands in both the core and non-core regions. The periphery region is often ignored in government policies and plans as the focus is on cities especially in the central locations (ADB 2008, p. 226). The contribution of rural region to urban development can be viewed from the spatial (i.e., rural vs. urban areas), demographic (i.e., farmers vs. urbanites), and economic (i.e., agricultural vs. industrial and service) perspectives. Inclusive and sustainable urban future must include a prosperous rural area, rural population and rural economy.

Rural transformation was both passive and active in urban development. In the processes of rapid industrialization and urbanization, as shown in the experiences of the Russian Federation, Japan and the Republic of Korea, rural population declined as a result of rural-urban migration. Farmland was encroached on by the urban built-up areas, and the agricultural sector shrank because of urban-biased development. These rural changes are induced by urban growth. On the other hand, mechanization in rural areas improved productivity and rural households' income. Government investment in infrastructure brought further continuing changes to the countryside.

Rural areas are diversified in development levels. Japan and Korea have relatively modern rural sector, while China has severe problems associated with rural areas, the agricultural sector, and peasants. Japan's rural area is highly mechanized, with a high level of infrastructure provision, though population ageing and service viability continue to be the main rural challenges (Knight 1994). The Republic of Korea introduced land reform in the 1950s, which removed a basic constraint to rural development by restructuring the ownership of farmland. The New Village Movement in the 1970s brought significant improvement in rural infrastructure (Wang 2011). In China, the so called 'san nong' (i.e. the rural area, agriculture and peasants) problem is a top priority on the government's development agenda. In the Russian Federation, privatization of rural collectives seems to have been effective in raising agricultural productivity in the post-1992 period (Guan and Liu 2011).

An inclusive and sustainable urban future requires a rural region that is coherently integrated with cities. The main gaps that prevent such integration include: administrative segregation, economic discrimination, and income inequality. Administrative segregation is spatial, mainly due to territorial definitions that place rural and urban areas in different administrative silos. Economic discrimination was a result of industrial-biased development, which minimized investment in the agricultural sector and lowered the prices of agricultural produce. Income inequality was a consequence of economic discrimination, which was further aggravated by the demographic consequences of rural-urban migration.

It is critical to address the institutional barrier in developing a supportive rural region in an inclusive and sustainable urban future. This includes, but not limited to, the readjustment of administrative boundaries, so that cities and their rural hinterland can be managed under a concerted governance team. Economic policies need to recognize the value of agriculture, and subsequently adequate rural infrastructure investment needs to follow. Income distribution policies need to address issues in both revenue transfer and the corresponding price levels.

## 4. Towards inclusive and sustainable cities in North-East Asia

### a. Assessment of urban management and governance reforms that are needed

A key driver to develop cities towards inclusive and sustainable urban future is the institutions. Here, institutions include both organizations dealing with development, social equity and environmental protection, and the formal and informal rules regulating urban development. The importance of organizations is recognized and various institutional capacity-building programmes top the agenda of international agencies. The formal and informal rules are focal points in institutional economics (North 2003). Institutional reforms associated with the organizations, formal and informal rules present opportunities for policy innovation, programme design, urban planning and new sources of financing.

The essence of an institutional reform is to develop balanced roles between the State, the society and the market in dealing with the issues of equity and growth and in addressing the environmental concerns. Political and economic changes in the Russian Federation, China, Mongolia, and to a very limited extent in the Democratic People's Republic of Korea show that the State has reduced its intervention, while the market has been introduced and plays an increasing role. The move towards a civil society in these formerly planned-economies has also progressed, though still at the preliminary stage. For example, the Chinese NGOs have emerged rapidly, but lack independence from the government. In addition, the legal framework to support the NGOs is absent or weak; there is too much emphasis on revenue-making in their operation; competition amongst NGOs is absent; and the ability to survive and grow is highly limited (Yu 2006). In the market economies with a strong visible hand (i.e. Japan and the Republic of Korea), the task is to refine policies and regulations that govern the participation of a range of stakeholders, including NGOs (e.g., the way that urban infrastructure is financed in the Republic of Korea).

Spatial reform to change the organization of administrative units and their interactions presents a second dimension of institutional reform. The 'city governing counties' reform is one of the earliest attempt in China to improve rural-urban integration; the latest experiment, under the name 'integrated management of rural and urban areas (cheng xiang tong chou)' in Chengdu and Chongqing provides another example. These reforms try to minimize the barriers in administration (including that of resource use and environment quality) and service provision by applying the same standards to both urban areas and the countryside, aiming at greater inclusion of the rural population in sharing the benefit resulted from economic development and integrated environment management.

A third dimension is reforms to increase the participation of stakeholders, especially in infrastructure projects. These projects are critical in improving rural-urban linkages, and achieving integrated progress in inclusive and sustainable development. Institutional changes in the Republic of Korea associated with infrastructure finance show innovations in more market oriented economies by including multiple stakeholders. This innovation was introduced in 2002, when the Act of National Land Use and Planning was endorsed as a response to poor infrastructure provision. The essence of the new arrangement is that land owners and/or developers need to be responsible for infrastructure development when their projects are implemented. This responsibility can be discharged by either paying for the infrastructure or providing the infrastructure. The Act has detailed standards, area definitions and the type of infrastructure involved (Peng and Zhao 2010, p 81). In China, the government and the banks are the traditional sources of infrastructure finance. Reform experiment has tried to capitalize on the existing stock of infrastructure and urban land, as well as to utilize private capital. The existing infrastructure can yield revenue by transferring its management right (e.g. BOT). The maintenance right can also be transferred to contractors, such as those who specialize in cleaning and gardening for road cleaning, public toilet maintenance and green space maintenance. Some intangible assets such as road names, station names and hospital names, can also earn revenue. Urban land bank was established in Chinese cities to capture income from land sales. The State controls land subdivision, and tries to capture windfalls from infrastructure improvement. This is a main source of income for most urban governments in China. More recently, though, many Chinese cities have adopted policies to open up infrastructure projects to the private sector. Development bonds were issued in Shanghai and Beijing to finance infrastructure projects. In addition, some finance products, such as trusts, are also used to finance infrastructure development (Liu and Fu 2005, pp. 26-27).

The fourth dimension is to reform the policies, laws and regulations that build and maintain 1) walls between population groups, and 2) a growth-biased development at the expense of the environment. One example is the rules associated with rural land in China. According to the Chinese constitution, rural land is collectively-owned, and not allowed to be part of the urban land market. This is to the disadvantage of peasants, especially those who migrate to cities, as their land cannot be 'cashedin'. Rural migrants come to cities empty-handed and are incapable of entering the urban housing market. Social exclusion occurs as a result of poor purchasing power. Some researchers argue that collective land needs to be commercialized and capitalized, as a way of forging a harmonious society (Liu 2008). By this approach, the nature of collective land ownership would not change, but revenue income from residential land in the villages would not only benefit the rural enterprises and village infrastructure, but also promote the urbanization process. Another example is the use of GDP growth as measurement in performance evaluation. This practice reinforces the growth-biased policies at the expense of the environment. There are debates on the appropriateness of the GDP growth measurement in China and a concept of Green GDP is being experimented with (Lian he zao bao 2010).

### b. Available subregional support mechanisms and their effectiveness

With well established bilateral relationships in the subregion, local government and non-governmental exchanges among the countries are increasing[9]. Multiple country collaborations are developing. For example, four of the six North-East Asian countries (Japan and the Democratic People's Republic of Korea were not included) started the Great Tumen Initiative (GTI – originally known as the Tumen River Area Development Programme -TRADP) in 1995. The Greater Tumen Region covers the three North-East provinces (Jilin, Heilongjiang, & Liaoning) and Inner Mongolia of China; the Eastern provinces of Mongolia; the Eastern port cities of the Republic of Korea and the

9 Bilateral relationships between the Democratic People's Republic of Korea and the Republic of Korea, and those between the Democratic People's Republic of Korea and Japan are yet to be improved.

Primorsky Territory of the Russian Federation. GTI is supported by UNDP and other donors. It operates through its Consultative Commission, which includes boards that look after priority sectors such as transportation, energy, tourism and investment, and environment as a cross-cutting theme. GTI has a range of projects that aim at supporting regional cooperation and capacity-building. Table 4 lists the current GTI projects.

Development zones have become important anchor points for economic cooperation between the North-East Asian countries. Special policies and the open nature of these zones further facilitate multiple country collaboration in the subregion. In this context, the Tumen River development has been a major platform to build collaborations (Fang 2008).

There are a number of collaborative efforts dealing with the environment problems that already exist (Shang 2010). These include: Tripartite Environment Ministers Meeting (since 1999) involving China, Japan and the Republic of Korea, North-East Asian Conference on Environmental Cooperation (since 1993) involving all the six countries, North-East Asia Subregional Programme for Environmental Cooperation (since 1992) involving all North-East Asian countries except the Democratic People's Republic of Korea, Acid Deposition Monitoring Network in East Asia (since 1998) led by Japan, Action Plan for the Protection, Management and Development of the Marine and Coastal Environment of the North-West Pacific Region (since 1994) involving China, Japan, the Russian Federation and the Republic of Korea, and the Sand Storm Project (2003-2005) initiated and implemented by China, Japan, the Republic of Korea and Mongolia.

This cooperation has increased understanding within the subregion and laid a good foundation for further collaboration. However, the participation differed. There is no integrated decision-making and policy implementation mechanism yet (Shang 2010). In economic cooperation, the current emphasis is functional. Collaboration at institutional level is yet to be developed (Fang 2008).

| Sector | No. | Name of the project |
|---|---|---|
| Transport | 1 | North-East Asia Ferry Routes Border Infrastructure Framework |
| | 2 | Modernization of Zarubino Port |
| | 3 | Mongolia-China Railway Construction |
| | 4 | Resuming Hunchun-Makhalino railway |
| | 5 | China Road, Harbor Project in the border between China and DPRK |
| Energy | 6 | Capacity-building on GTI Energy at regional level |
| Tourism | 7 | Capacity-building on GTI Tourism at regional level |
| Investment | 8 | Training Program for Officials from GTI Member countries |
| Environment | 9 | GTI Environmental Cooperation: focusing on Trans-boundary Environmental Impact Assessment (TEIA) in GTR and Environmental Standardization in North-East Asia |
| | 10 | Feasibility Study on Tumen River Water Protection |

*Table 4: Current GTI Projects. Source: Tumen Programme .*

## c. Recommendations for further action and issues for discussion at the subregional breakout session

The fifth Asia-Pacific Urban Forum provides an opportunity to revisit the urbanization processes and the associated problems in the North-East Asia sub region. Major issues are identified and listed below.

- Issue 1: The high level of urbanization in most North-East Asian countries and the fast urbanization in China are spatially expressed in the concentration of urban populations in primate cities and a 'core' region. Government policy has changed from 'controlled urbanization' to one that uses cities as engines for economic growth. However, the diseconomies of scale in urban development have significant social and environmental implications.
- Issue 2: Two major causes of urban poverty are rural-urban migration and urban economic restructuring. Rural migrants are disadvantaged in employability, access to urban resources, and participation in urban housing market. Economic restructuring marginalizes low-pay jobs and causes unemployment.

The use of market mechanisms in the subregion's economies makes urban poverty an unavoidable consequence of urban development.

- Issue 3: Environmental deterioration is an outcome of increased production and consumption. The high rate of economic growth increases demand for resource inputs as well as the emission of pollutants. The rising affluence of the population generates higher demand for consumer goods. Existing technologies are inadequate in exploring renewable energy use and improving energy efficiency. Current urban morphology and individual behaviour helps little in energy saving.
- Issue 4: Regional integration is taking a new direction in the context of globalization. National boundaries are now less of an obstacle in stopping the flow of capital, labour, technology and products. Regional entities have emerged across country boundaries and now compete globally. New regional integration has implications for future patterns of urbanization, urban poverty and environmental sustainability.

The strategies and policies needed to address these issues may include the following.

- Policy innovation – There is no single solution to deal with all the challenges, which vary from locality to locality;
- Strategic planning – Good strategic planning is necessary. A good strategic plan is formulated on the basis of a solid understanding of the internal and external dynamics in the locality, the country, the region and the world;
- Public private partnership – Stakeholder participation in plan-making and programme implementation is necessary;
- Inclusive and sustainable urbanization pattern – A balanced distribution of urban population between regions and urban-size categories, which does not compromise economic performance of cities, needs to be attained;
- Inclusive cities – The urban poor needs better access to urban services and capacity-building programs in order to improve their income;
- Sustainable cities – Technological innovation, low carbon urban forms, and carbon-reduction-friendly individual behaviour needs to be explored. Stringent pollution control and biodiversity protection need to be implemented;
- North-East Asian city-regions – Institutional agreements associated with the development of cross-border infrastructure, and economic specialization need to be explored.

A number of initiatives have already been in place. These include:

- Strategic visions of sustainable cities, harmonious cities, and eco-cities, e.g., the Tianjin Eco City project;
- PPP in infrastructure provision, e.g., Infrastructure sharing scheme in the Republic of Korea;
- Institutional reforms towards inclusive cities, e.g., hukou reforms in China;
- Experiment of green GDP as performance evaluation measures, e.g., practice in Sichuan Province, China; Experiment of solar cities and low-carbon cities, e.g., Baoding and Shanghai;
- Regional collaboration in economic, social and environmental projects, e.g., the Great Tumen Initiative.

The above issues, strategies and initiatives reveal new opportunities for international agencies that promote inclusive and sustainable cities in the North-East Asia subregion.

- Learning forums that provide updates on place-specific urban trends, projects in pipeline, and state of the art practice;
- Training programmes that build capacity in the areas of strategic planning, to include analysis methods, visioning and strategy formulation.

## 5. Conclusion

Distinctive institutional experiments and strong economic growth are the two defining processes that have characterized urban development in the North-East Asia subregion over the last half a century. These two processes are interlocked and have shaped the urbanization pattern, urban poverty and the environment.

Some institutional arrangements have led to economic prosperity, such as in Japan and Korea where governments have played leading roles in the developmental state approach, as well as in China, where more market-oriented

mechanisms have been introduced to the socialist market economy. Other institutional experiments had resulted in economic stagnation and the demand for institutional reforms, illustrated by the situation observed in the former USSR and China before the 1980s, where the 'low cost' industrialization policies and the associated rules in the provision and allocation of urban services between rural and urban residents were used.

The effect of marketization in the formal socialist economies and globalization in all North-East Asian countries is expressed in urban poverty and environmental deterioration, as profit-seeking enterprises operate at the expense of low-paid jobs and the environment. An inclusive and sustainable urban future in North-East Asia is dependent on institutional innovations which 1) incorporate the strength of government, private sector and society in urban poverty alleviation and urban environmental protection; 2) remove the barriers that hinder the urban poor's access to urban employment, services and infrastructure; and 3) encourage technological advancement, planning innovations, and behavioural changes to decouple economic growth from energy consumption and carbon emission. Institutional innovations and economic restructuring also provide an opportunity for the emerging city-regions to grow across country boundaries.

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# Urban Challenges in South-East Asia

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## 1. Introduction

South-East Asia is considered a distinct subregion of Asia, but there is a wide diversity within the region. It includes a very populous country (Indonesia) and a country with a small population (Brunei Darussalam), an economically highly developed country (Singapore) and least developed countries (Cambodia, the Lao People's Democratic Republic and Myanmar). What binds the countries of South-East Asia from the perspective of this paper is that all countries (a) experience urbanization with economic growth and (b) are part of a subregional framework, the Association of South-East Asian Nations (ASEAN).

Urbanization with economic growth means that the countries have the financial resources to introduce inclusive policies whereby the benefits of economic growth are shared among the urban and rural population to achieve broad-based development, even though its imbalances and inequalities may result from its economic policies. Moreover, continued growth is not guaranteed, as the economies must remain competitive in a global economy. This requires constant improvements in productivity or fall into the (lower)-middle income trap.

Finally, the subregion cannot base its economic growth on the continued use of limited natural resources, in particular fossil fuels, and it cannot ignore the negative impact of its economic growth on the global environment. It has to absorb the environmental costs of its development. This is all the more acute as the subregion is very vulnerable to the effects of climate change, due to the long coast lines in the region with large urban and peri-urban populations. It will need to introduce climate-change mitigation policies and strategies to adapt to the impact of climate change.

If sustained economic growth is necessary to ensure inclusive and sustainable development, South-East Asia will need to innovate and develop policies that combine economic growth with poverty reduction and environmental protection. Here, cities and towns must play a key role, as they are simultaneously engines of economic growth, major sources of pollution and centres of learning, creativity and innovation. ASEAN should provide an institutional framework for regional cooperation by urban researchers, practitioners and policy-makers to design, to advocate and to realize an inclusive and sustainable urbanization of the region.

## 2. Urbanization patterns

South-East Asia is steadily urbanizing. In 1950, only 15.5 per cent of its population lived in urban areas. In 2010, it was 41.8 per cent (or about 250 million people) and it is expected to have increased to 50 per cent by 2025. Urbanization and economic development often mutually reinforce each other, and the most urbanized countries are generally also the most economically developed. That is also the case in South-East Asia, although official statistics may show a different picture.

| | Urban as % of total population | | Urban as % of total population |
|---|---|---|---|
| Singapore | 100.0 | Myanmar | 33.6 |
| Brunei | 75.7 | Lao PDR | 33.2 |
| Malaysia | 72.2 | Viet Nam | 30.4 |
| Philippines | 48.9 | Timor-Leste | 28.1 |
| Indonesia | 44.3 | Cambodia | 20.1 |
| Thailand | 34.0 | South-East Asia | 41.8 |

*Table 1: Urbanization Levels of Countries in South-East Asia in 2010. Source: UN Population Division 2010.*

Official statistics do not fully reflect the urban reality. Definitions of 'urban' differ from one country to another and thus are not always comparable; and political motives rather than actual conditions may determine when a settlement is actually declared 'urban'. According to United Nations statistics, Manila is South-East Asia's only mega-city (i.e. a city with a total population of more than ten million), but if the peri-urban population is included, some cities have much larger populations. Jones (2008, p. 42) estimated that the population of the mega-urban regions of Bangkok, Jakarta and Manila is twice the official figures. Many urban areas in South-East Asia are also

destinations of large numbers of temporary migrants who may or may not be included in the population counts.

The attention on mega-cities hides the fact that a majority of the urban population in South-East Asia lives in smaller cities and towns. Only 13.8 per cent lives in cities with more than five million inhabitants, while 67 per cent of South-East Asia's urban population (165 million people) lives in urban settlements with less than 500,000 inhabitants (UN Population Division 2010). Smaller cities and towns do not receive the attention they deserve as places of residence for the majority of the urban population. Urban infrastructure and services in smaller cities and towns are often poorly developed, and local governments lack the resources for good urban management. Decentralization has burdened them with increasing responsibilities and the population placed under their jurisdiction becomes more and more vocal and demanding.

| | Population of municipality (millions) | Population of mega-urban region (millions) |
|---|---|---|
| Bangkok | 6.332 | 10.419 |
| Ho Chi Minh City | 4.336 | 5.037 |
| Jakarta | 8.390 | 21.190 |
| Manila | 9.958 | 21.613 |

*Table 2: Population of Major Cities in South-East Asia in 2000 (millions). Source: Jones 2008, p. 52; UN Population Division 2010.*

Mega-cities look overwhelming, but also show that economies of agglomeration and scale can generate rapid economic growth. Across the subregion, large urban areas are the engines of national economic growth. Rapid urbanization has long been condemned, but it is now increasingly seen as a source of development. The Asian Development Bank (ADB) is promoting city-clusters by financing urban infrastructure to link cities and towns within a region to improve their economic development potential (Choe and Laquian 2008). Some clusters are dominated by a single mega-city like Bangkok, Manila and Jakarta, but others are 'urban corridors' that connect large cities and smaller cities and towns in between.

Most city-clusters are within a single country, but new clusters are developing across borders, as ASEAN is promoting economic cooperation by its members through improving trade and transport facilitation. They exploit the complementariness of labour, capital and space – the geographically contiguous areas in different countries – to gain a competitive edge in the global economy. Besides benefiting the private sector, they support the growth and development of secondary cities and towns in a country's interior, that have been bypassed by development until now. They, thereby, contribute to a more balanced economic growth and spread of the urban population (Thant, forthcoming).

An established cluster is the Singapore-Johor-Riau growth triangle, based on cooperation agreements between the three countries – Indonesia, Malaysia and Singapore. Now, the ADB is promoting urban corridors linking southern China with ports in South-East Asia, including linking Myanmar with Viet Nam. Some cross border developments occur in a spontaneous way. The Thai-owned garment and fish and seafood processing factories near the Myanmar and Thailand border, employ cheap (and often illegal) labour from Myanmar; the casinos along the border of Cambodia cater for Thai customers. However, they prompt development without planning and management (e.g. in Poipet in Cambodia), and local governments often lack the capacity to deal with cross-border urban issues, like temporary migration, working conditions and environmental degradation.

Urbanization is not just a matter of percentages of people living in urban areas or of settlements declared 'urban'. The high concentration of people, economic activities and services in a relatively small area has a profound impact on urban society and economy. Urban economies of scale and agglomeration lead to better access to services, greater prosperity and changes in lifestyle, but rapid urbanization also leads to increased slums and squatter settlements, social alienation and environmental pollution. The positive and negative impact of urbanization is not distributed equally among the urban population; the rich and powerful draw more benefits from the positive effects and are better protected against adverse effects than the poor and marginalized.

Who benefits and who doesn't is not always clear. National agencies that collect data on population, economic activities and the environment have not adjusted their data collection, analysis and presentation to the needs

of local governments, and local governments lack the capacity to collect and analyse urban data. There is a serious lack of data on intra-urban disparities, i.e. disparities within and between cities and towns. Most data are aggregated at national or urban level, while the design of effective urban policies requires disaggregated, localized data that show disparities between different urban population groups.

**Issue 1:**

As urbanization progresses, the availability of reliable data and information on emerging and persistent urban problems in large cities as well as secondary cities and towns will be critical for policy-makers to formulate effective urban policies. The availability depends on the systematic collection and analysis of data and their presentation in a way that recognizes urban, peri-urban and intra-urban dynamics and new forms of urban development.

Urbanization has led to a decline in the rate of natural population growth, as many women in urban South-East Asia participate in the labour force outside their home and chose to have fewer children. Fertility rates decline and the total fertility rate in many cities of the subregion is now at or below the replacement level of 2.1. Low fertility and high life expectancy are leading to an ageing of the population and this will have some serious social and economic consequences: a shrinking labour force and a dependency on less workers, increased costs of health care and the need for changes in the way houses, cities and towns are designed.

Changes in the urban way of life may lead to a redistribution of responsibilities between the family, the community and the State. A lack of parental supervision is resulting in an increase in youth violence in Viet Nam (AsiaOne 2011). If the family and the community are unavailable to look after vulnerable members, civil society may have to fill the gaps or there may be more pressure on the State to perform social functions. Schools have a larger role in educating children, while the media and the "street" often also play their part – not always positively. If the family or community can no longer look after the elderly, pension schemes and homes for the elderly gain in importance to provide an acceptable quality of life for the older generation.

Similarly significant is the rise of the urban middle class. Its members are educated, have stable employment as professionals in the formal sector and have income to spend beyond their basic necessities. Stability of income, employment and home ownership give the middle class a strong stake in society, while its consumerism is a significant driver of the urban economy. Education and information make the middle class aware of the environmental issues and some adapt their behaviour, but its political influence also makes it difficult to adopt policies that constrain some forms of private consumption (e.g. private vehicle use).

Universal education and ICT are making ever larger sections of the population, including the poor, aware of how 'the other half' lives and how people's power can change the status quo. Television, and now the social media, highlighted these events in the Philippines, Indonesia, Thailand, and now the Middle East. What people see is affecting their voting behaviour, but also their preparedness for extra-parliamentary action. "Countries realize that inequality is contributing to social tensions and lost opportunities", according to the World Bank (Reuters 2011).

Changes brought about by urbanization are not confined to urban areas, but spread to rural areas, made possible by the increased mobility of the population and the penetration of education and the media into the rural areas. Migrants take 'social remittances' (ideas, behaviour patterns, identities, attitudes, skills and practices) back to their rural family. Learning the importance of education, they send money home for the schooling of other children. As rural populations adopt urban norms, values and way of life, urbanization as a social process spreads, covering ever wider areas.

**Issue 2:**

Urbanization leads to significant demographic, socio-cultural, environmental and political changes in urban and rural societies, and these affect the relationship between the family, the community, civil society and the State. Innovative policies will be needed to address social issues emerging as a result of urbanization.

## 3. Economic growth, poverty reduction and the environment

Rapid urbanization often leads to serious disparities in society and imbalances in the economy. The urban population may grow faster than the urban economy can absorb; or the urban economy may grow, but does not significantly reduce urban poverty. As the economy grows and poverty is reduced, the urban environment tends to deteriorate, but local governments often lack the urban management capacity to make urban areas function efficiently and protect the environment. Some argue that imbalances are unavoidable and only temporary, because of the need to prioritize the use of scarce resources. Kuznets hypothesized that income inequality in developing countries will initially increase, but later decline. Others hypothesized that economic growth will pollute initially, but that pollution will decline as the economy continues to grow.

Many doubt that these transitions will occur as a matter of fact. They are more likely to depend on political decision-making. It is also becoming clear that if the transitions occur as part of longer-term developments, waiting for them to occur may not be a politically acceptable option. Inequality in income, access and opportunity and power and participation will only be tolerated for a time, and environmental degradation will soon be irreversible (if it is not already). It forces governments in the subregion to address some serious challenges: to bring about, almost simultaneously, economic growth in a global economy, poverty reduction in terms of income and employment, access to housing, infrastructure and services, and the protection of the local environment, while mitigating and adapting to climate change.

### a. Urban economy

Many cities in the subregion function as the engine rooms of national economic growth. A ranking of the richest 151 cities in the world by GDP (Hawksworth et al. 2009) includes Singapore ($215 billion), Metro Manila ($149 billion), Bangkok ($119 billion), Jakarta ($92 billion) and others, but not all urban areas in South-East Asia experience economic growth. Some are better located, better equipped and/or better managed than others. Because the region's economic growth has been based on export-oriented industrialization and tourism as part of economic globalization, cities with air and sea ports and along trade routes, have had a clear advantage.

The global economy is constantly changing. China and India have emerged as economic giants, and other countries are also developing economically. South-East Asian cities and towns have to react to these changing circumstances, as growth is needed to generate employment, finance new infrastructure, reduce poverty and improve the quality of life. Some have to sustain economic growth; others have to initiate economic growth. In the global economy, they must compete for investment. Initially, South-East Asia used the low costs of labour and other factors of production to attract foreign investors. Today, it sees labour costs rising, while China and India offer not only a low-cost and highly skilled labour force, but also a sophisticated technology base.

This forces cities and towns in South-East Asia to attract higher value-added manufacturing and services or risk falling into the "middle-income trap"[10]. In the global economy, competitiveness depends increasingly on an ability to generate knowledge and to innovate, and therefore on the quality of education and an environment that values innovation and creativity. The presence of universities and research centres, the protection of intellectual property rights and the availability of banking, accounting and legal services contribute to a city or town's attractiveness. Cities try to become 'world-class' cities and attract mega-events, conventions and exhibitions.

In a knowledge-economy, highly skilled workers define the comparative advantage of a firm and if a city cannot rely on locally available workers only, it will try to attract the best and the brightest from elsewhere. Singapore has an active policy of attracting young and highly educated and skilled workers to meet its need to compete in the global economy and compensate for its ageing population. Other cities in South-East Asia may have to adopt similar policies to ensure that they can deliver the human resources to compete. Such workers are, however, relatively transitory or footloose; they can work anywhere in the world and are attracted by the 'quality of place' (OECD 2005, p. 5). Thus, cities have to be attractive places for expatriates to live.

10 Countries in the middle income trap are unable to compete with low-income, low-wage economies in manufacturing exports, but also unable to compete with advanced economies in high-skill innovations. They cannot make a timely transition from resource-driven growth with low-cost labour and capital to productivity-driven growth (ADB 2011, p. 34).

However, creating attractive places to live for expatriates is not the same as creating a better quality of life for the urban population as a whole. There are questions about whether becoming a world-class city benefits the entire population or only a select few; whether demolishing neighbourhoods and housing to beautify the city for mega-events, conventions and exhibitions is really in the interests of the population as a whole; and whether cities do not have problems (like the lack of affordable housing and basic infrastructure) that should have a higher priority than achieving world-class status. Market-driven, unregulated urban development may result in growing disparities between rich and poor. The better educated will benefit from economic growth, while the poor remain trapped in the low-productivity, low-income informal sector.

Studies show that economic development in South-East Asia is not very employment-intensive. The causes are not clear, but there may be a loss of competitiveness in labour-intensive exports and a rise of opportunities for low labour-intensive activities. Almost 75 per cent of the added employment involves own-account workers or contributing family workers. This could indicate that employment is growing mainly in the urban informal sector which is very dominant in South-East Asia, and also closely integrated with the formal sector. It is a convenient and low-cost supplier of goods and services keeping wages low and prolonging the economy's competitiveness.

The informal economy is expected to remain extensive in South-East Asia, accounting for 60 per cent of ASEAN's total employment by 2015. It provides employment and income, but it is also responsible for some of the worst forms of exploitation and inhuman working conditions. The answer is not to suppress the informal sector, but to gradually accommodate it into the formal economy through interventions like micro-finance, access to information and training, resulting in better working conditions and higher productivity, while preserving its viability. The larger challenge is to prepare the population to work in higher-quality manufacturing and services.

### b. Urban poverty and inequality

Rapid urbanization may transfer poverty from rural to urban areas -- the urbanization of poverty. A recent study found that the extent of urbanization of poverty differs from region to region. The region covering Cambodia, Indonesia, the Lao People's Democratic Republic, Mongolia, Philippines, Thailand and Viet Nam had the least urbanization of income poverty. Over 33 million people escaped poverty during 1993-2002: 28 million in the rural and 5.5 million in the urban areas. Rural poverty declined by 36.4 per cent; urban poverty declined by 30.8 per cent (Ravallion, Chen and Sangraula 2007). Urban income poverty may not be increasing, but income inequality is a major issue. The little information that is available shows Gini Coefficients for South-East Asia's urban areas to be above 0.40.

Poverty and inequality refer not only to income. The urban poor also lack access to basic services (water, sanitation, housing, education and health care) and lack the power to influence decision-making. Their lack of access to basic services seriously affects their capacity to participate in social and economic life, to seize opportunities that emerge as a result of economic growth and development, and to achieve levels of productivity that provide an adequate income.

| | Year | Gini Coefficient |
|---|---|---|
| Bangkok | 2006 | 0.48 |
| Hanoi | 2002 | 0.39 |
| Ho Chi Minh City | 2002 | 0.53 |
| Jakarta | 2002 | 0.32 |
| Manila | 2003 | 0.41 |
| Phnom Penh | 2004 | 0.36 |
| Urban Thailand | 2000 | 0.463 |
| Urban Indonesia | 2004 | 0.44 |

*Table 3: Gini Coefficient for Income Inequality in Selected Cities of South-East Asia. Source: individual cities: UN-Habitat 2008, pp. 74-75; Urban Thailand: Healy and Jitsuchon 2007, p. 739; Urban Indonesia: Suryadarma et al. 2006, p. 16.*

Most urban residents in South-East Asia have access to improved water sources, ranging from household connections to public standpipes, but that does not say much about the quantity or quality of water. Water may be supplied intermittently and be contaminated, due to waste entering the pipes. Water may be stored in unsanitary conditions. If water is supplied through standpipes, household members, particularly women and girls, may have to queue for hours to fetch the water, taking them away from more productive activities like work and education.

Economic growth has contributed to improved urban housing conditions across the subregion. The combination of higher incomes, the emergence of private developers and improvements in the housing finance sector have increased an effective demand for and the supply of middle and lower-middle income housing. However, many urban poor (and not so poor) still have to rent housing in dilapidated buildings or occupy public or private land where they rent, build or buy a house that lacks proper permits and authorization. Governments have addressed the urban housing problem with various degrees of success. Singapore has been the most successful, but its approach is hard to replicate because of Singapore's unique circumstances.

| | Slum population (x1000) | Urban population (x1000) | Percentage of urban population living in slums |
|---|---|---|---|
| Cambodia | 2,309 | 2,926 | 78.9 |
| Indonesia | 28,159 | 107,068 | 26.3 |
| Lao PDR | 969 | 1,222 | 79.3 |
| Myanmar | 7,062 | 15,487 | 45.6 |
| Philippines | 22,768 | 52,101 | 43.7 |
| Thailand | 2,061 | 7,927 | 26.0 |
| Viet Nam | 9,192 | 22,257 | 41.3 |
| South-East Asia* | 72,520 | 208,988 | 34.7 |

*Table 4: Slum Populations in South-East Asia (2005). * Excluding Brunei, Malaysia, Singapore and Timor-Leste. Source: UN-Habitat 2010.*

Some governments have initiated programmes to improve the living conditions of the urban poor in informal settlements. The community-driven programmes support the development of savings groups into community-based organizations to secure land tenure, provide basic infrastructure and/or improve housing conditions. Examples are the Community Mortgage Programme in the Philippines, the Kampung Improvement Programme in Indonesia and the Baan Mankong Programme in Thailand.

### c. Urban environment

Rapid urbanization and economic growth have resulted in widespread environmental degradation in urban areas of South-East Asia, such as extensive water pollution:

- Piped sewer systems reach only a small percentage of the urban population of the Philippines; 15 per cent of the population of Manila has a sewer connection. 192,000 tons of domestic waste enters the drains and groundwater yearly with minor treatment in unmaintained septic tanks (World Bank 2007, p. 19).
- Rivers in Viet Nam's major cities are seriously polluted by untreated industrial wastewater. Lakes, streams and canals serve as sinks for domestic sewage and municipal and industrial wastes (World Bank 2003a, pp. 22-23).
- In the Lao People's Democratic Republic, pollutants from roads, commercial and industrial areas and private properties wash into drains and watercourses, which act as secondary sewers carrying industrial discharges, septic tank seepage and overflows in wet weather (World Bank 2005b, pp. 33-34).
- Indonesia's rate of sewerage and sanitation coverage is very low. Industry expanded without regard to the environment, resulting in serious environmental degradation. Domestic sewage, industrial effluents, agricultural runoff and solid waste are polluting surface and groundwater (World Bank 2003b, p. 20-21).

Increasing prosperity has led to a rapid growth in the generation of solid waste. Local governments face huge problems disposing of the waste in urban areas. In poorer countries, informal-sector street collectors separate waste for recycling and reuse. When the urban population prospers and waste increases, households pay collectors to remove the recyclables. Some cities and towns have a well-developed recycling industry in the formal or informal sector, but the industry tends to focus only on the most profitable materials amongst the waste.

| Solid waste generated per capita per day | | | |
|---|---|---|---|
| Brunei | 1.4 kg | Myanmar | n.a. |
| Cambodia | n.a. | Philippines | 0.50 kg |
| Indonesia | n.a. | Singapore | 1.86 kg |
| Lao PDR | 0.75 kg | Thailand | 1.0 kg |
| Malaysia | 0.68 kg | Viet Nam | 0.61 kg |

*Table 5: Municipal Solid Waste Generated (kg/capita/day) in 2001. Source: ASEAN 2006, p. 70.*

Common disposal methods for solid waste in South-East Asia are open dumping and landfill, but it becomes more and more difficult for an urban local government to find a suitable site within municipal boundaries. Decentralization gives local governments more power, and situating a dump or landfill site in a neighbouring municipality often becomes completely out of the question. Incineration (which has its own adverse environmental impact) is often mentioned as a better disposal method, but because much of the waste in South-East Asia consists of organic matter with a high moisture content, high temperatures are required, which makes incineration costly.

South-East Asia also affects the global environment. It contributed 12 per cent (5,187 MtCO2-eq) of the global greenhouse gas emissions in 2000, mainly from the decline in biomass stocks of forestland – the result of deforestation. The energy sector has become the second largest contributor. Of the greenhouse gas emissions, 59 per cent came from Indonesia, six per cent from Thailand, four per cent from the Philippines, two per cent from Viet Nam and one per cent from Singapore. Per capita emissions from South-East Asia are higher than the global average, but still low compared to developed countries (ADB 2009, pp. 5, 125-126).

| | 1990 | 1995 | 2000 |
|---|---|---|---|
| Energy | 432.6 | 635.5 | 971.8 |
| Industrial Process | 25.4 | 46.4 | 50.8 |
| Agriculture | 336.7 | 369.3 | 407.0 |
| Land Use Change and Forestry | 3,232.4 | 3,832.2 | 3,861.0 |
| Waste | 64.1 | 70.5 | 76.6 |
| Total | 4,091.2 | 4,944.9 | 5,187.2 |

*Table 6: GHG Emissions in South-East Asia ($MtCO_2$-eq.) 1990-2000. Source: ADB 2009, p. 125.*

Climate change will pose serious challenges in the twenty-first century. South-East Asia has a 173,251 km coastline and high concentrations of population and economic activity in coastal areas. They will be exposed to the rise in sea levels, river flooding and volatile weather conditions. The urban low-elevation coastal zone (LECZ: a contiguous land area up to a hundred kilometers from the coast that is ten metres or below in elevation) covers 29.4 per cent of the total urban land area. The urban population in the zone represents 12.3 per cent of the total population and 36 per cent of the total urban population (CIESIN 2006).

A sea level rise of 59 cm could result in the loss of mangroves, coastal erosion and land loss for Singapore. Sea level rise and land subsidence due to overexploitation of ground water will move the coastline in Indonesia inland: annual sea level rises of 0.25, 0.57 or 1.00 cm will affect 40, 45 or 90 $km^2$ respectively of North Jakarta in 2050. A 30-cm sea level rise in the Philippines by 2045 could affect 2,000 hectares of land and 500,000 people; a 100 cm rise by 2080 will inundate 5,000 hectares of the Manila Bay area and affect 2.5 million people. Increasing coastal erosion is expected in Thailand, and settlements along rivers and coasts will be at risk from sea level rise and coastal storm surges. In Viet Nam, a sea level rise of 100 cm may lead to flooding of 5,000 $km^2$ of the Red River Delta and 15,000–20,000 $km^2$ of the Mekong Delta (ADB 2009, pp. 49-51).

| | Population in 2000 (x1000) | | | Land area in 1995 (km²) | | |
|---|---|---|---|---|---|---|
| | Total | Urban | Urban in LECZ | Total | Urban | Urban in LECZ |
| Brunei | 328 | 222 | 25 | 5,901 | 1,117 | 256 |
| Cambodia | 13,082 | 1,886 | 288 | 179,505 | 672 | 136 |
| Indonesia | 212,068 | 81,367 | 22,705 | 3,213,908 | 32,398 | 8,174 |
| Lao PDR | 5,278 | 892 | 0 | 230,230 | 1,134 | 0 |
| Myanmar | 47,749 | 12,452 | 4,509 | 669,310 | 4,698 | 1,084 |
| Malaysia | 22,172 | 13,902 | 3,684 | 329,945 | 14,090 | 3,774 |
| Philippines | 75,290 | 24,866 | 6,807 | 295,408 | 8,596 | 1,872 |
| Singapore | 4,018 | 3,926 | 550 | 597 | 543 | 62 |
| Thailand | 62,610 | 20,787 | 12,472 | 516,922 | 27,525 | 9,191 |
| Timor-Leste | 737 | 33 | 1 | 14,789 | 134 | 7 |
| Viet Nam | 78,136 | 17,406 | 12,863 | 328,535 | 5,959 | 3,872 |
| South-East Asia | 521,468 | 177,739 | 63,904 | 5,785,050 | 96,866 | 28,428 |

*Table 7. Urban Population at Risk from Sea Level Rise (1995, 2000). Note that the data used in this table may differ from the official data. Source: CIESIN 2006; McGranahan, Balk and Anderson 2006, p. 23.*

The main threats to the urban population and the physical assets of developing cities are sea level rise, tropical cyclones, flooding and landslides due to excessive rainfall, low water quality and water shortages, and heat and cold waves (Bigio 2002, p. 3). In addition, there are indirect threats on health due to the urban heat island effect etc. The urban poor will be most affected, as they live in the most vulnerable locations (low-lying flood-prone areas, marshlands, steep slopes) and lack the resources to protect themselves. An indirect but hard to quantify impact of climate change are eco-refugees, who will seek refuge in urban areas due to droughts, floods or erosion.

## d. Coping with environmental problems

Bai and Imura (2000) studied the urban environment in China, Japan and Korea, and developed a stage model of urban environmental evolution. They distinguished three types of environmental problems: poverty-related (e.g. lack of adequate water supply, sanitation); industrial production-related (e.g. air, soil and water pollution); lifestyle and consumption-related (e.g. greenhouse gas emissions). They see the three types of problems occurring at different stages of urban development, each with its trajectory: poverty-related problems improve as the economy develops and income grows; most production-related problems initially worsen but later improve with rising income; consumption-related problems worsen (or at least do not improve), as incomes grow.

| | 1990 | 1995 | 2000 | 2006 |
|---|---|---|---|---|
| Brunei | 28.0 | 42.0 | 54.0 | 46.0 |
| Cambodia | 116.0 | 66.0 | 70.0 | 62.0 |
| Indonesia | 138.0 | 115.0 | 120.0 | 96.0 |
| Lao PDR | 73.0 | 48.0 | 51.0 | 47.0 |
| Malaysia | 37.0 | 32.0 | 27.0 | 25.0 |
| Myanmar | 116.0 | 91.0 | 76.0 | 63.0 |
| Philippines | 55.0 | 58.0 | 48.0 | 26.0 |
| Singapore | 106.0 | 53.0 | 44.0 | 40.0 |
| Thailand | 88.0 | 85.0 | 79.0 | 77.0 |
| Viet Nam | 124.0 | 78.0 | 70.0 | 61.0 |
| South-East Asia | 103.7 | 86.6 | 84.4 | 67.4 |

*Table 8: Concentration of $PM_{10}$ in Urban Areas (micrograms/$m^3$)(1990-2006). Particulate matter (PM) is the term for fine solid or liquid particles in the air. $PM_{10}$ is The standard for $PM_{10}$ is 50 microgram per $m^3$. Source: ESCAP 2008, p. 191.*

Marcotullio (2001) and McGranahan (2007) pointed out that these transitions do not occur through natural economic behaviour, but depend on policy interventions. This implies that they require political pressure on politicians. Poverty-related problems have only a local impact (mainly on the poor), but the poor lack the power to influence decision-making. Industrial production-related problems have a greater impact and are also felt by the urban middle-class who can, and will, put pressure on politicians to intervene. Prosperity-related problems are global and long-term; they are initially not felt by anyone and therefore hardly result in pressure to take action.

Thus, different types of environmental problems often occur simultaneously in the cities and towns of South-East Asia, as environmental inequalities reflect inequalities in income and political power. The urban poor live in extreme poverty under harsh environmental conditions and are excluded from the benefits of urban development, despite rapid economic growth. Elsewhere, the old and new rich live a life of conspicuous consumption inside gated communities and benefit from privatized urban services.

Industrial production-related problems decline over time, because the rich and middle class will put pressure on government to issue environmental regulations and move polluting industries to small towns and rural areas, where environmental regulations are lacking or unenforced and the population is not powerful enough to demand change. In Map Ta Put (Thailand), this placed local residents against powerful national and international industrial interests.

It is generally argued in South-East Asia (and elsewhere) that the developed countries have the primary responsibility to reduce emissions because they have contributed, and are contributing, the largest share. However, as prosperity grows, the urban middle class in South-East Asia has to face up to the fundamental question: whether its consumerism, the economic growth that drives it and eventually growth-based capitalism are compatible with global environment protection (Savage, forthcoming).

The capacity of cities and towns to tackle the range of environmental problems and introduce mitigation and adaptation policies will depend on the availability of human and financial resources, technology, specialized institutions, access to information and legal, socio-political and organizational arrangements. Institutional aspects of climate change adaptation and management can be just as challenging, if not more, than the financial ones. Private investments will have to come into play, but the public sector has to assume overall responsibility for adaptation plans and managing such a transition (Bigio 2002, pp. 6-7).

**Issue 3:**

The conventional view is that economic growth, poverty reduction and protection of the environment are interrelated and will reinforce each other. However, it is likely (a) that the sustainability of economic growth in South-East Asian cities is not guaranteed, given the fierce competition in the current global economy, (b) that economic growth on its own will not lead to poverty reduction, unless serious efforts are made to enhance the capabilities of the poor to seize emerging opportunities, and (c) that economic growth and broad-based prosperity will further damage the environment, unless they are decoupled from the use of natural resources and the impact on the environment. Local government, the private sector and civil society in South-East Asia must rethink their growth and development models in anticipation of the significant climate changes that will affect the subregion.

## 4. Strengthening local government

The growing population and the developing economy are placing an enormous stress on urban infrastructure and services. Traffic congestion, environmental degradation and slums and squatter settlements are evidence that cities like Bangkok, Jakarta, Manila and Ho Chi Minh City, as well as many secondary cities and towns, have not managed to stay ahead of the increasing demand for infrastructure and services.

Urban areas in South-East Asia need roads, water and power supply, railway lines, ports and airports to promote economic growth; they need to expand water supply and sanitation, education and health facilities to reduce

poverty and increase productivity; they need mass transit systems and improved solid waste management to improve the urban environment. Competitive cities need 'soft' infrastructure and services, including universities and research centres, medical facilities, a reliable banking sector, technological readiness and business sophistication. As the effects of climate change grow, urban areas will need to adapt to environmental changes.

The investment needs are immense, running into billions of dollars and prioritizing this will be difficult, especially as not all stakeholders have equal access to decision-making. Developing infrastructure and services requires not only investment, but also long-term planning and institutional changes. These are difficult to achieve, if they affect the distribution of power between national and local government and between the public and private sector. Local governments need the powers to manage urban areas more effectively and efficiently, and to mobilize funds for development, but national governments in South-East Asia have generally relied on centralized forms of decision-making.

### a. Decentralization

Recent moves towards decentralization in Cambodia, Indonesia, the Lao People's Democratic Republic, the Philippines, Thailand and Viet Nam may have been motivated by a willingness to bring decision-making closer to the people, by a recognition that the local needs and conditions have to be included in decision-making, or by a realization of the central government's inability to meet the growing demand by the urban population for better functioning cities and towns. Whatever the reasons, powers have been devolved to local governments across the region, but sometimes with disappointing results.

Many factors determine the success of decentralization. The national government must be committed to sharing of power in a consistent and transparent manner. Local government needs legal powers, institutional capacity, human and financial resources and the political willingness to assume its new responsibilities. It must be committed to enforce laws, rules and regulations and to adhere to principles of good urban governance. Civil society must have the capacity and willingness to monitor the performance of local government and its partners, and to put pressure on local government, if it fails to meet expectations.

It is difficult to measure all the positive effects of local decision-making, but it is clear that national governments in South-East Asia have not pursued decentralization wholeheartedly (Brillantes and Flores, forthcoming). There are substantial differences between de jure and de facto decentralization; policies often change; and there are frequent attempts by national government to re-centralize decision-making. National governments tend to blame problems with decentralization on a lack of capacity of local actors, although policy incoherence appears to be another major problem.

Decentralization in the Philippines was introduced in a rather compartmentalized way, lacking coherence between different parts of the institutional framework. In Indonesia, inconsistencies in the enabling legislation led to uncertainty and conflicts between different levels of government about their roles and responsibilities. Similar problems arose in Thailand after decentralization was included in the 1997 Constitution, and in Viet Nam following public administration reforms. Often, local government is assigned new tasks, but lacks the resources to undertake these tasks, as they remain dependent on the national government for their budgets.

Decentralization is expected to improve transparency and accountability, but the benefits of decentralization are often captured by local elites, the rich and powerful, while the poor and other disadvantaged groups are no better off.

- In Indonesia, powerful groups captured the process which led to the rise of local patronage networks. The media are also less inclined to expose an abuse of power in a small town or village than the same abuse in the capital.
- In Thailand, local and provincial government officials (still appointed by central government) kept control over decision-making by elected councils, and local businessmen played a dominant role in the planning of infrastructure works.

The combination of decentralization and urbanization generates its own problems. Decentralization fragments an integrated urban system, as urbanization leads to ever larger urban areas, while decentralization leads to the

devolution of decision-making powers to ever smaller areas. A metropolitan region covers several administrative entities with different functions: some mainly residential, others primarily commercial or industrial. Investment may be needed in one part, but taxes are collected in another. Decentralization generates self-centredness among local governments and weakens coordination and cooperation between different parts of government.

There may be a need to establish an additional layer of government at the regional level, but the idea would face strong opposition from the cities and towns concerned, and possibly also from the national government, as all of them would lose power. In the name of decentralization, national governments are more inclined to break up a large city into smaller municipalities to reduce its power, as they fear the emergence of strong local government. There is no simple governance model for metropolitan regions (OECD 2006, p. 190).

The problems resulting from decentralization should not be used as an excuse to re-centralize power. Decentralization is necessary to give the population a greater role in decision-making and to ensure that public service delivery matches local needs and conditions. Making it work requires time and patience and a transition period with flexible arrangements. Inconsistencies in the regulatory framework must be removed and some decision-making may be moved to a higher level of government. Capacity development of local governments is a critical part of any decentralization effort.

### b. Privatization

Economic growth in South-East Asia has led to the emergence of an urban middle-class with considerable economic and political power. Education, increased mobility, better access to information and a heightened political awareness have made the middle class very vocal. Its demand for quality public services is supported by a capacity and willingness to pay. If middle-class households conclude that the public sector cannot deliver, they will turn to the private sector for services. This fits neatly with the global shift towards economic liberalization and privatization.

Today, the private sector fills gaps left by government to meet the demand for public services. Middle-class families live in privately developed gated communities, guarded by private security firms rather than the police. They drink bottled water rather than tap water, drive on privately-operated toll-roads rather than congested public roads, and enjoy a day at the private golf course rather than in a poorly maintained public park. They shop at malls, cleaned and protected by private firms, rather than in dirty streets where they may be mugged by criminals and disturbed by beggars. In this situation, why would they pay taxes to the government?

Local government is left with limited resources to protect and maintain public space, tackle problems of crime and pollution, and meet the needs of the urban poor. Political pressure to improve water supply, to clean roads, to ensure public safety, and to build more parks is reduced, because those in the best position to exert political pressure have already been looked after by the private sector.

At the other end of the urban socio-economic spectrum, the informal private sector develops its own urban areas, because the local government ignores their needs and demands. With many people living in informal settlements and working in the informal enterprises, the impact of the informal sector on urban development is substantial. It has forced local governments to accommodate, to some extent, the informal sector. Closure of streets for food stalls during the evening is common in Thailand, Malaysia and Singapore. The authorities in Bangkok now recognized motorcycle-taxis, as they provide public transport where other forms of transport are unfeasible.

Privatization and public-private partnerships are often introduced with the argument that the public sector is unable to deliver services efficiently due to its bureaucratic nature, and that privatization fosters competition and gives consumers more choices. Public-private partnerships are presented as the best of both worlds, but experience shows that there are advantages and disadvantages. When it participates in a large infrastructure development project, the private sector demands a say in its design to ensure that it can make sufficient profit. That is not a problem; the problem is that many local governments lack the capacity (or the political willingness) to negotiate an outcome that is in the best public interest, while ensuring profitability for the private partner.

The two largest water concessions with public-private partnership were signed in 1997. In Manila, two concessions were awarded: the Western one covered seven million residents; the Eastern one covered four million residents. As a result, access to piped water in Manila increased significantly between 1997 and 2006: from 67 to 86 per cent in the Western concession and from 49 to 94 per cent in the Eastern concession. In Jakarta, the two concessionaires added 210,000 water connections to the system between 1998 and 2005, providing access for an additional 1.7 million people. Access increased from 32 to 50 per cent in the Western zone, and from 57 to 67 per cent in the Eastern zone (Pongsiri, forthcoming).

However, the concessions never recovered from the financial and political turmoil brought about by the Asian financial crisis. In Manila, one of the two concessionaires declared bankruptcy after its foreign debt doubled in value because of currency depreciation. In Jakarta, a 25-year contract was suspended in 2006 due to a similar problem (Perez-Ludena 2009, p. 8). The tollways in Bangkok are another example of less than successful public-private partnerships, as the development of new public roads undermined the profitability of the privately run tollways.

Many public-private partnerships lack transparency and accountability to ensure that the government brokered the best deal for the general public. Decisions are often taken behind closed doors and ordinary citizens do not have proper access to the process. Links between private companies, senior government officials and politicians make the result even more questionable. Privatized urban development by both the formal and the informal sector raises the question "who decides on urban development?"

Due to economic globalization and an increasing reliance on market mechanisms, the number of decision-makers that determine urban public affairs has become very large. Decisions that have an effect on urban development are now taken by private companies and civil society organizations at local, national and global level. Eventually, it is the market rather than the population that decides how urban areas develop, what they should look like, and who benefits from the development.

**Issue 4:**

Through decentralization, local government in South-East Asia has assumed more responsibilities and more power to shape urban development. Privatization of urban services has enabled them to focus on steering urban development, leaving the private sector "to do the rowing". However, many local governments lack the capacity to negotiate the best possible deal with the private company for the delivery of public services and the development of urban areas. The profitability of the partnership for the private partner has become more important than the public interest; transparency and accountability are highly inadequate. However, due to the lack of capacity, the partnerships eventually benefit neither the general public nor the private partner. Without a strong and transparent regulatory framework, adequate capacity of local government and a strong civil society to review and monitor implementation, decentralization and privatization will not bring benefits to all, but may in fact worsen urban conditions and increase inequality.

## 5. Good urban governance

Good governance is a complex concept, defined in different ways. A simple definition is 'the quality of the relationship between the government and its citizens', and it can be operationalized as: 'the quality of the process by which decisions are taken that affect public affairs, as well as the quality of the implementation and outcome of these decisions.' The reference to 'quality' implies that governance is a normative concept. Many criteria have been proposed to measure the quality of governance; there seems to be a consensus on the following criteria: inclusiveness, participation, transparency and accountability, equity, predictability, the rule of law and subsidiarity.

### a. Urban planning

With the exception of Singapore, urban planning has a bad reputation in South-East Asia. Many visitors to Bangkok ask the rhetorical question: What happened to urban planning here? The lack of urban planning is not limited to free-market countries like Thailand. In socialist Lao People's Democratic Republic, private initiatives increasingly

determine urban land use. Transfer of State land to private ownership often occurs gradually on an informal basis rather than by design, but raised concerns that the private sector dominates the land market and could damage the wider public interest. Private investors often choose to ignore master plans and to bypass planning guidance and controls.

There is a disconnect between planners working in the traditional planning mode and the prevailing market-based mechanisms for urban development. Decisions affecting public affairs at the local level are not taken by an (elected) local government, but are in the hands of a wide range of stakeholders at local, national, regional and global level with local government often as the weakest player. Urban development tends to be the result of negotiations over individual projects between private developers and local government, but private-sector developers often work hand-in-hand with local politicians and administrators to promote profits for a few rather than benefits for all.

Goh (forthcoming) argues that South-East Asian cities and towns are characterized by non-compliance with regulations, lax law enforcement and a failure of accountability by office-bearers. Ineffective urban planning may be the result of a mixture of the lack of capacity, lack of political willingness to intervene and a deliberate policy to leave urban development decisions to the market players. The need for cities to compete in the global economy has led to a shift in urban governance from managerialism to entrepreneurialism (OECD 2007, pp. 19-20, 30). Managerialism is primarily concerned with the provision of services to citizens; entrepreneurialism is concerned with pro-economic-growth strategies, a positive attitude toward the private sector and a willingness to collaborate with it, and city-marketing to attract investors.

As a result of the entrepreneurialist urban agenda, global capital increasingly decides the physical and social form of the city, and land use is determined on the basis of land value alone rather than on a combination of social, economic and environmental considerations. There is no attention given to the broader picture, the public interest, the local and global environment, and marginalized groups. Urban green spaces which are important for the urban environment are sacrificed for economically more productive land uses and so is affordable land for housing the urban poor.

If land is awarded to the highest bidder to ensure an efficient use of urban land, there is no place for the urban poor, except in the informal settlements. Programmes that aim at improving housing conditions of the urban poor in informal settlements, like Baan Mankong, have now adjusted to this new reality. They do not operate on the principle that access to land, housing and basic infrastructure is an entitlement of the urban poor, but on the idea that the urban poor need to become market players.

Such programmes aim at empowering the urban poor to get access to the urban land market and negotiate with land owners for better land-tenure security. Using their own savings and financial support from the government, urban poor communities lease or buy land to develop their settlements. Weaker members of the community have to rely on the support of their neighbours, informal settlements with unorganized or disorganized populations cannot benefit from the programme and if the city or town has no affordable and suitably located land left, the programme comes to a halt.

### b. Inclusiveness

Good urban governance emphasizes the importance of inclusiveness. It implies that all citizens, including the poor and other marginalized groups, have the right to:

- participate, directly or indirectly, in decision-making that affects their life and livelihood;
- be recognized for the contributions they make to development, even if these are made through the informal sector;
- share in the benefits of economic growth and development, including such benefits as access to basic infrastructure and services, and (land for) housing.

With advanced levels of privatization, one obstacle to inclusion of the poor is the cost in terms of money and time, but even if there are no formal costs involved, exclusion is common, though often quite subtle. Appearance, language or an informal settlement address stigmatize the poor and can deny them the services they are entitled

to. Informal sector workers are targeted and harassed by law enforcement agents, treated with disrespect by those delivering services, and asked for bribes before receiving assistance, and this increases their poverty.

Some countries have formal barriers to inclusion and participation for rural-urban migrants. In Viet Nam, residential status defines a resident's right to access social services, the formal banking sector, employment in the civil service, and so on. In a resettlement project in Ho Chi Minh City, households with only temporary urban registration were excluded from the benefits of the project. Other countries have household registration systems that may deny residents certain rights outside the location where they are registered. In Indonesia, residents of an informal settlement that is not recognized by the government may be denied access to services.

South-East Asia also experiences large-scale international labour migration from less economically developed to more economically developed countries within the region. Some migrants move to the rural areas to replace agricultural workers that moved to urban areas and abroad. Others move to the cities and towns and work in the informal sector. As a result, the urban population in South-East Asia is becoming increasingly heterogeneous. International labour migrants contribute significantly to the economy and their rights should also be recognized and respected.

Inclusiveness also extends to the rural, and to the future population. Urban areas must contribute to improvements in agricultural productivity, a reduction in rural poverty and the development of rural areas. Cooperation between an urban local government and local governments of adjacent rural and urban areas is essential to expand the benefits of development to both sides and must be institutionalized. Decision-making concerning urban development must also take account of the needs of future generations. Decisions to meet the needs of the present generations must not compromise the ability of future generations to fulfill their needs.

Issue 5:

Urban development has in fact been privatized to create the conditions for urban areas to compete for investments in the global economy, but market-driven urban development is not inclusive. It does not provide the urban poor and other marginalized groups with adequate access to decent employment, affordable land and housing, reliable basic infrastructure, and the decision-making that affects their lives and livelihoods. It does not take into account the needs of future generations. Efficiently functioning cities and towns are important for the development of the urban economy, but democratically elected local governments, adhering to principles of good urban governance and adopting inclusive urban policies, must regain control over the decision-making that affects public affairs.

### c. Capacity development

Urbanization and urban development must be managed better, but this requires national policies and legal and institutional frameworks for decentralization that empower local governments to mobilize the human and financial resources to adequately assume their roles and responsibilities. This requires capacity development in urban management and good urban governance for elected and appointed officials in local government. Local government cannot be expected to do this on its own.

National governments need to assume responsibility for coordination, cooperation and policy coherence between local governments and the redistribution of resources between the more and less wealthy parts of the country. At the local level, civil society also needs to be strengthened so that it can critically monitor local government and demand its adherence to principles of good urban governance.

Local governments must be smart buyers and good urban managers to steer and to reap the public benefits of globalization, decentralization and privatization. They need staff with contract management experience, policy expertise, negotiation, bargaining and mediation skills, oversight and programme audit capabilities, and communication and political skills to manage programmes with third parties in a complex political environment (Van Slyke 2003, pp. 296-297). It is difficult for large cities to find such staff; it is nearly impossible for small cities and towns.

Globalization, decentralization and privatization have taken local governments into uncharted territory, and they are constantly in search of good practices, i.e. success stories about a local government that was able to solve a problem that they have in common. Fortunately, many local governments in South-East Asia are experimenting with new approaches and good practices have emerged. Some examples are Naga City in the Philippines, Tarakan and Yogyakarta in Indonesia, and Baan Mankong in Thailand. They often involve partnerships between adjacent local governments, and partners from the private sector, civil society or urban poor communities.

| City or Town | Good Practice |
|---|---|
| Naga City, Philippines | Naga City and 14 surrounding towns formed the Metro Naga Development Council in a cooperative effort to complement limited resources, pool investment potentials and comparative advantages to promote economic development. It partners with the private sector, strengthens urban-rural linkages and promotes participation, transparency, accountability and predictability in managing public affairs (Mangahas 2006, pp. 295-300). |
| Jogyakarta, Indonesia | Yogyakarta and two municipalities established a joint secretariat whose main objective is to ensure a balanced development of infrastructure in the region by coordinating planning, implementation, evaluation and monitoring. Local governments realized that urban infrastructure development and management can only perform well if it is managed as a system, regardless of administrative jurisdictions (Firman 2010). |
| Tarakan, Indonesia | After decentralization, the city of Tarakan adopted the 'three pillars of development': human resources development, the rule of law and law enforcement, and economic development for people's welfare. Singapore provided the inspiration for the initiative, as it is an island-city like Tarakan. Tarakan includes environmental considerations in all of its major decision-making (Sarosa 2006, pp. 173-178). |
| 200 cities, Thailand | Baan Mankong supports community-based organizations of the urban poor to develop city-wide networks that partner with NGOs and academics to enable communities to negotiate better deals with land owners for the lease or purchase of land. The aim is to improve security of land tenure, develop basic infrastructure and improve housing conditions for the urban poor [www.codi.or.th/housing]. |

Good urban practices are often initiated by strong leaders and local champions, because they can overcome the inertia of the local bureaucracy and the opposition of vested interests that prefer the status quo. Some therefore argue that good practices cannot be replicated on a wider scale or under different circumstances. Although good practices cannot be cloned, local governments can draw valuable lessons from experiences of others. Leadership is essential to develop a new urban culture that enhances urban living, improves urban sustainability and preserves the norms and values that are fundamental to the region. Overall, there is a need for a better understanding of the pathways and barriers to the dissemination of good practices (Bai et al. 2010)

Local governments must promote productive, inclusive and sustainable urban areas, but to do so, they need to support the private sector to generate economic growth and employment, assist the urban poor to improve their productivity and move out of poverty, help the surrounding rural areas to reduce rural poverty and develop agriculture, strengthen partnerships with the private sector and civil society to protect the urban environment, reduce carbon emissions that damage the environment and adapt to climate change. This is undoubtedly an enormous challenge.

**Issue 6:**

Problems with decentralization and privatization are not an argument to reverse or abandon these processes, but are an argument to strengthen local government and civil society and to empower the urban population, in particular the poor. Being in uncharted territory, local governments need to learn from each other to deal with the effects of decentralization, privatization and globalization. Learning from good practices and developing local leadership are critical to enhance the capacity of local government so that it is able to deal with the new urban challenges in terms of economic development, poverty reduction and environmental sustainability.

## 6. Conclusion and recommendation

As urban areas are the engines of economic growth, the economic future of South-East Asia will be determined in these urban areas. How the economies will develop will have an effect on the local, national and regional environment and, and as prosperity grows, also increasingly on the global environment. How the gains of economic development are used and shared will greatly affect the social and political relationships between the rich and the poor, and between the urban and rural population. As the subregion's economies integrate, labour migration and cross-border urban development will require new approaches.

Urban development is too important to be left to the market, if its only concern is (short-term) profitability and competitiveness. Decision-making on urban physical and economic development must take account of the social and environmental costs and benefits and their distribution. Thus, urban decision-making needs to have its base in good governance and the countries, cities and towns of South-East Asia must engage in capacity development for urban management and good governance.

This paper calls for the establishment of a regional policy-oriented forum of urban researchers, practitioners and policy-makers in South-East Asia to debate issues and develop proposals for productive, inclusive and sustainable urban development in the region. The countries of South-East Asia are different in many respects, but share the challenges of urbanization, economic development, poverty reduction, environmental management and mitigation and adaptation to climate change. ASEAN can serve the institutional framework for such a regional forum, as it seeks to intensify cooperation and integration among its member States.

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# Urban Challenges in South Asia

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## 1. Introduction

Most recent studies and publications on urbanization suggest that Asia is on the threshold of a major urban transformation and is expected to cross the 50 per cent benchmark by about 2021-22 (Asian Development Bank 2008; UN-Habitat 2010; ESCAP 2011). The same set of studies suggests that South Asia, in comparison with Asia's other subregions, lags behind in the level of urbanization. South Asia's urban transition may well stretch into the decade of 2040, if the test of 50 per cent urban population benchmark is applied. Many studies show South Asian cities are suffering from large infrastructural deficits and weak and fragmented institutional and fiscal structures. They lack autonomy and are devoid of any political sovereignty. According to the World Bank, South Asia accounts for 46 per cent of the world's urban poor on a poverty line of US$ 1.08 a day, and 39 per cent if the poverty line is changed to US$ 2.15 a day (Ravallion et al. 2007). The relatively high GDP growth registered in recent years by several South Asian countries does not seem to have been translated into any noticeable improvement in the quality and quantity of urban infrastructural services. The GDP growth story of South Asia – according to the evidence – has not trickled down to the urban sector!

This is a common portrayal of South Asia's urbanization and urban transition. This paper attempts to look beyond this description, delving into how urbanization is unfolding in South Asian countries in the context of globalization and decentralization – which are said to be the key factors in the trajectory of change – what urban challenges are faced by them, and in what ways are the South Asian countries trying to address them. A key question that underlies the paper is: are the South Asian countries demonstrating any signs of change in their grip and understanding of the dynamics of urbanization and urban population growth? Where is the shift in approach most noticeable? Or, is it a "business-as-usual" response to urbanization, which as Michael Todaro (1984) points out, "is one of the most significant phenomenon of modern times and one that promises to loom even larger in the future"?

The paper has three sections: (1) looks at the phenomenon of urbanization and its economy-wide linkages, (2) analyses urban challenges of poverty and climate change, and (3) tries to compile contemporary thinking and approaches to urbanization and urban issues[11], and questions whether South Asia's approach to urbanization is anywhere close to the theme of the Forum, "Cities of Opportunity : Partnership for an Inclusive and Sustainable Future".

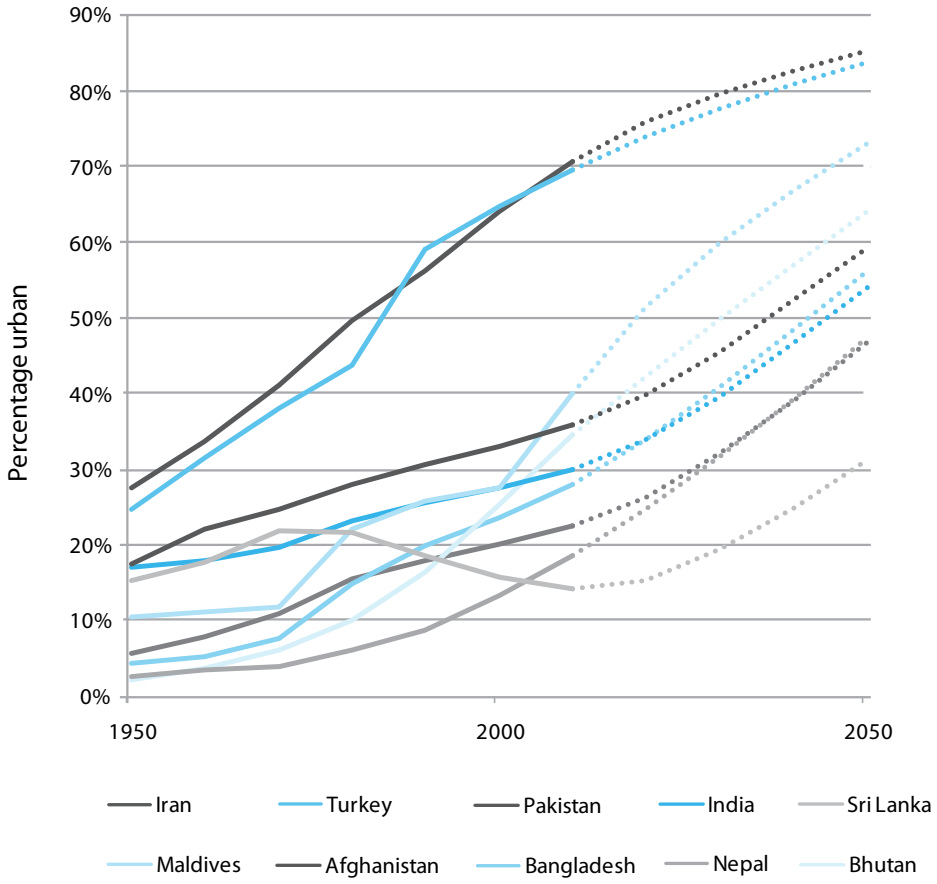
## 2. The Phenomenon of Urbanization

On many counts, South Asia – Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka - is in the midst of a rapid transition from a predominantly rural to an urban society (see Graph 1). Over the past six decades, South Asia's urban population – currently placed at 492.37 million persons – has risen steadily at an annual exponential rate of 2.95 per cent. The level of urbanization as indicated by the proportion of total population living in the urban areas has risen from 15.5 per cent in 1950 to 29.9 per cent in 2010. Annual increments to urban population have been of the order of 9-10 million and are expected to increase to 14-15 million in the next decade. Although South Asia is amongst the least urbanized of the seven Asian regions, its urban significance in global urban hierarchy, measured in terms of its share in world's total urban population, has progressively risen. In 1950, South Asia comprised close to 10 per cent of the world's total population; in 2010, it is estimated at 14 per cent and is likely to increase to about 18-19 per cent by 2050. With the exception of India where urban population growth has been somewhat sluggish – 2.37 per cent during 2000-2005 and 2.31 per cent over the

11 ESCAP's mandate was to have this paper cover South Asia and South-West Asia, i.e., Iran and Turkey in addition to the eight South Asian countries. As the work on this paper began, it pointed towards a major disconnect in the process of urbanization between South Asian and South-West Asian countries. For instance, Iran and Turkey had attained an urbanization level of close to 70 per cent in 2010; likewise, their gross domestic product (GDP) was significantly higher compared to that of South Asian countries (with the exception of Maldives). Finding that a coherent analysis of urbanization of South-West and South Asian countries may be somewhat tenuous, the author decided to focus on South Asia for this paper. While South Asia tends to often display a degree of identity, there are phenomenally large differences in their developmental paradigms. The paper has drawn from urbanization studies of Bangladesh, India, Pakistan and Sri Lanka. Urbanization studies on Afghanistan, Bhutan, Maldives, and Nepal are few and were not accessible to the author. Significantly, it is these four countries that have registered the highest urban population growth rates during 2000-2011, these being 4.61 per cent for Afghanistan, 5.79 per cent for Bhutan, 5.39 per cent for Maldives, and 5.28 per cent for Nepal.

period 2005-2010[12], and of Sri Lanka where the urban-rural population growth differential is negligible, other South Asian economies have registered rates of urban population growth that are far in excess of the averages for Asia and developing countries (see Table 1). Rural-urban migration has contributed significantly to the process of urbanization in these countries (see Graph 2). If these trends and other associated facts are any indication of the future, then South Asia is on the doorstep of a major boom in urban population[13].

South Asia's urban transition (see Table 2) is characterized by two important features: (i) the increasing concentration of population in comparatively large-sized cities, and (ii) the growing number of mega-cities. In 2000, 38 per cent of South Asia's urban population was reported to be living in cities with over one million people; in 2010, the population share of this group of cities had risen to 42 per cent, and is expected to rise to about 43-44 per cent by 2020. This shift in the population share of cities with more than a million inhabitants has been made possible by an increase in the number of cities in this category. In 2000, the number of cities in this category was 42; it has risen to 58 in 2010 and is poised to rise further, to 73 by 2020. At the same time, the United Nations predicts that cities with a population less than a million will account for a substantial proportion of the net population increase over the 2010-2020 period, which according to the State of World Population 2007, is a matter of both "comfort and concern". The comfort reflects greater flexibility with such cities for territorial expansion. The concern is that they have unaddressed problems and fewer resources at their disposal (UNFPA 2007).




*Graph 1: Percentage of Population in Urban Areas. Source: United Nations Population Division 2010.*

12 The 2011 India Census results show that India's urban population increased by an annual expontential rate of 2.74 per cent during 1991-2011. This paper, however, utilizes the United Nataions data on urban population, as brought by the United Nations in their bi-annual report, World Urbanization Prospects.

13 This observation is based on a recent report on India's Rising Growth Potential (Poddar and Yi 2007, p.18). The report states: "According to our projections, another 140 million rural dwellers [in India] will move to urban areas by 2020, while a massive 700 million people will urbanize by 2050. This is because India's urbanization rate of 29 per cent is still very low […] Rural-urban migration in India has the potential to accelerate to higher levels as, judging by the experience of other countries, migration tends to hasten after a critical level of 25-30 per cent urbanization is reached[…]".

| | Urban population (millions) | | | Annual Average Growth Rate (%) | | % of population living in urban areas | | |
|---|---|---|---|---|---|---|---|---|
| | 2000 | 2010 | 2020 | 2000-2010 | 2010-2020 | 2000 | 2010 | 2020 |
| Afghanistan | 4.15 | 6.58 | 10.45 | 4.61 | 4.62 | 20.20 | 22.60 | 26.40 |
| Bangladesh | 33.21 | 46.15 | 62.89 | 3.29 | 3.09 | 23.59 | 28.07 | 33.89 |
| Bhutan | 0.14 | 0.25 | 0.35 | 5.45 | 3.46 | 25.42 | 34.71 | 42.40 |
| India | 288.43 | 364.46 | 463.33 | 2.34 | 2.40 | 27.67 | 30.01 | 33.89 |
| Iran | 42.95 | 53.73 | 63.60 | 2.12 | 1.80 | 64.20 | 70.75 | 75.94 |
| Maldives | 0.08 | 0.13 | 0.19 | 5.12 | 3.92 | 27.71 | 40.10 | 51.51 |
| Nepal | 3.28 | 5.56 | 8.74 | 5.28 | 4.52 | 13.43 | 18.62 | 24.78 |
| Pakistan | 49.09 | 66.32 | 90.2 | 3.01 | 3.08 | 33.14 | 35.90 | 39.88 |
| Sri Lanka | 2.97 | 2.92 | 3.36 | -0.17 | 1.40 | 15.83 | 14.31 | 15.48 |
| Turkey | 43.03 | 52.73 | 62.03 | 2.03 | 1.63 | 64.74 | 69.65 | 73.96 |
| **Total Urban Population** | **469.32** | **600.21** | **767.15** | **3.31** | **2.99** | **31.59** | **36.47** | **41.81** |
| **Total Developing Countries** | **1968.2** | **2556.47** | **3188.1** | **2.62** | **2.21** | **40.00** | **45.08** | **49.76** |
| **Total Asia** | **1360.9** | **1757.31** | **2168.8** | **2.56** | **2.10** | **36.80** | **42.17** | **47.19** |

*Table 1: Urban Population in South and South-West Asia. Source: UN Population Division, 2010.*

| | Urban population (millions) | | Level of Urbanization (%) | | Annual exponential change (%) | |
|---|---|---|---|---|---|---|
| | South Asia | World | South Asia | World | South Asia | World |
| 1950 | 74.42 | 729.32 | 15.46 | 28.83 | - | - |
| 1980 | 203.03 | 1727.24 | 22.30 | 38.92 | 3.35 | 2.87 |
| 2010 | 492.37 | 3486.33 | 29.95 | 50.46 | 2.95 | 2.34 |

*Table 2: Urban Transition in South Asia and the World. Source: UN Population Division 2010.*

| | Average population growth rate (%) | | | | |
|---|---|---|---|---|---|
| | 1985-1990 | 1990-1995 | 1995-2000 | 2000-2005 | 2005-2010 |
| India | 3.15 | 2.88 | 2.63 | 2.35 | 2.39 |
| Pakistan | 4.29 | 3.27 | 3.26 | 3.82 | 3.04 |
| **Developing countries** | **3.75** | **3.19** | **2.96** | **2.68** | **2.53** |

*Table 3: Urban Population Growth Rate. Source: UN Population Division 2008.*

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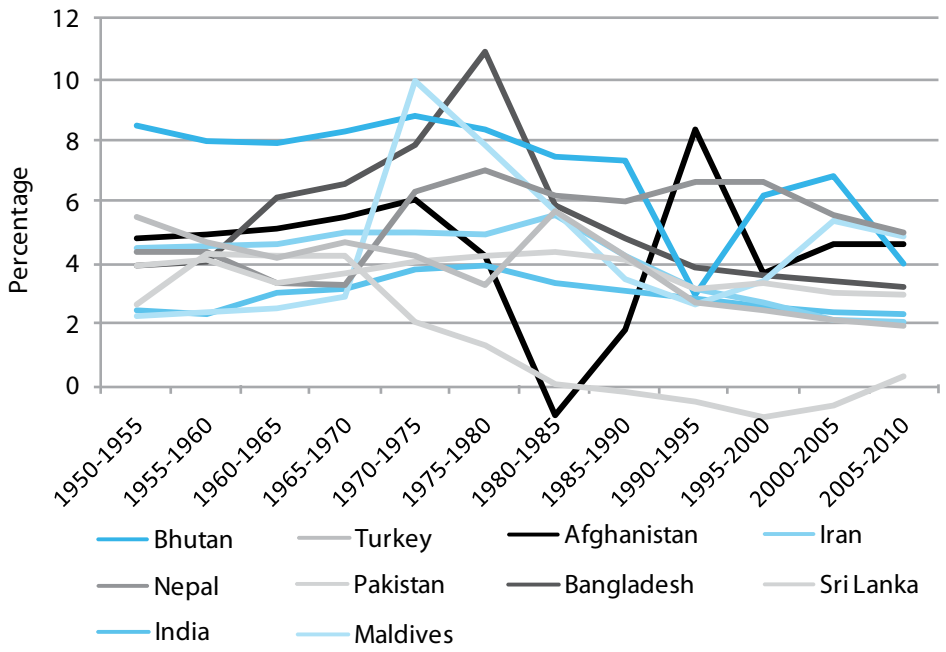



*Graph 2: Average Annual Rate of Change of the Urban Population. Source: UN Population Division 2009.*

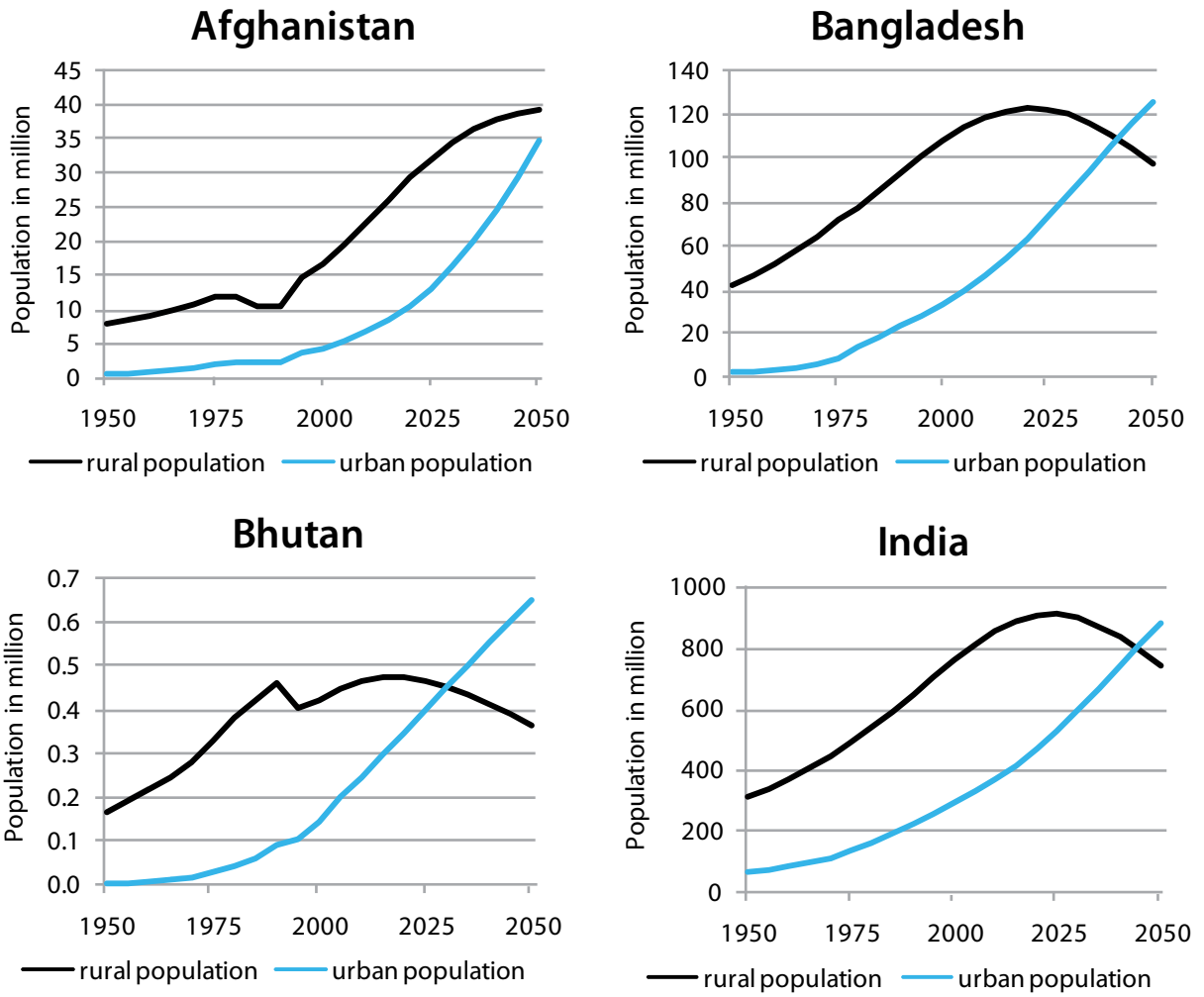
Secondly, the pattern of urbanization in South Asia is marked by a growing number of mega-cities. Apart from the numerical advantage that South Asia possesses in this respect, 5 out of 19 cities with more than 10 million people are located in the region, several mega-cities are projected to grow even larger.[14] According to the United Nations, Dhaka's population which currently stands at 13.5 million will increase by 31 per cent over the 2010-2020 period, and that of Karachi by 29 per cent. Mumbai is projected to reach a population of 24 million by 2020. Other mega-cities too are expected to register population growth of 18-20 per cent during this period. Many of them have absorbed towns and villages on their peripheries into what has often been called a "spreading pancake" pattern and woven themselves into urban networks, corridors, and hierarchies. Many of them have grown in ways that are threatening the administrative boundaries and raising questions about the value of rural-urban dichotomies. Moreover, the mega-cities are not a passing phenomenon. As Shahid Yusuf (2007) writes, "they are likely to persist and to enlarge their economic footprints because they benefit from the advantages of market scale, agglomeration economies, location and the increasing concentration of talent workers". This phenomenon of extended urban regions with mixed urban-rural activities without the centrality of places – a region-based urbanization as distinct from city-based urban growth-represents a major challenge in terms of how the various spatial units would coordinate and manage their activities

Irrespective of the urban population growth factor and the rise of large and mega-cities, South Asian economies are unlikely to reach the 50 per cent urban population threshold before 2030 -- it may even stretch well past 2040. Compared to other Asian regions, South Asia's time-frame in this respect is long, as may be seen in graph 3. It is important to note that the rates of urban population growth for India and Pakistan have been on a downward slope for over two decades[15] (Table 3). While such trends are consistent with what is observed world-wide, the key issue is that the decline in urban population growth rates of these two countries has come with a relatively low level of urbanization, fuelling a debate as to what could be the underlying factors: could it be on account of

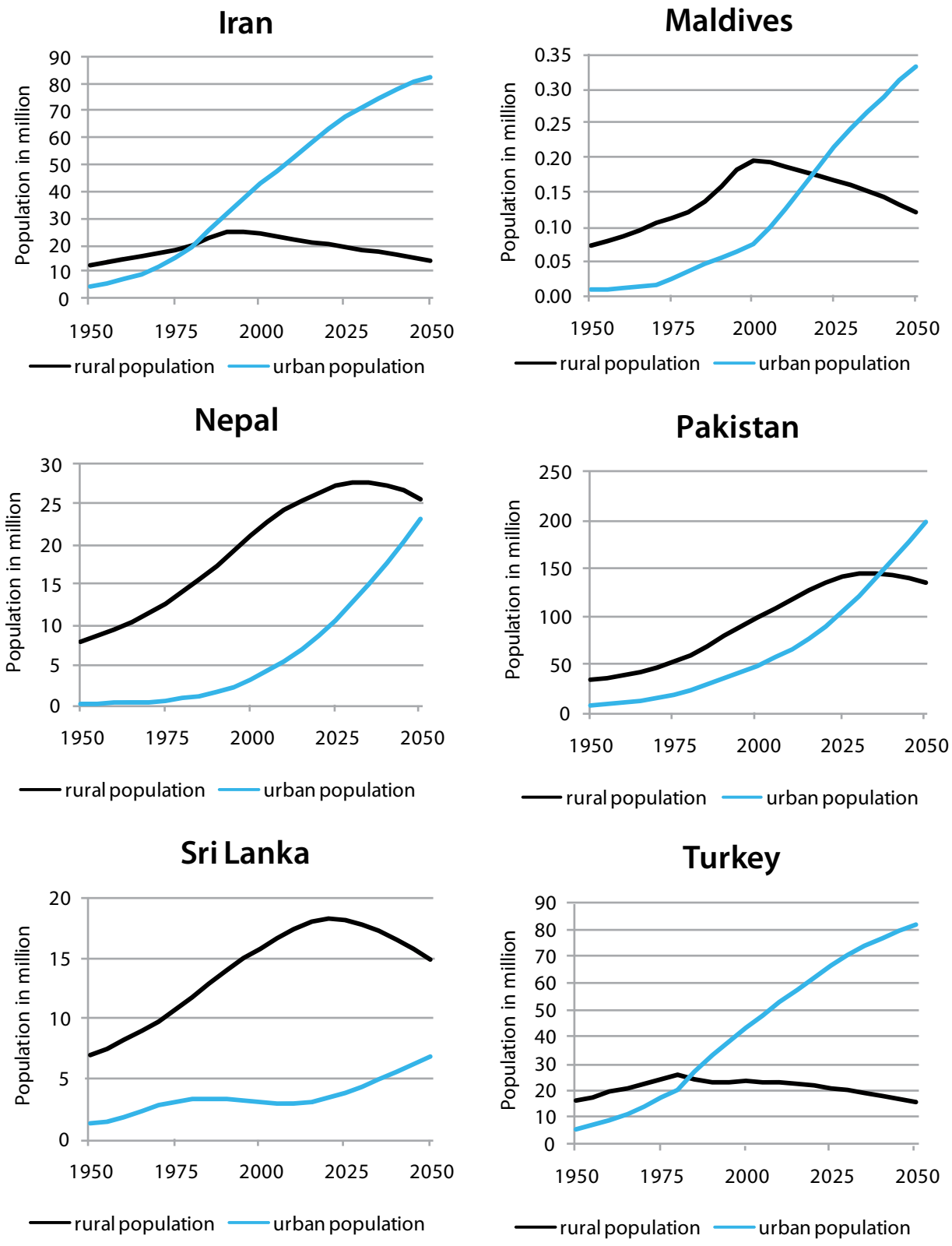
14 According to David Satterthwaite (2007), there is an economic logic underlying the distribution of the world's urban population, including its largest cities. It is illustrated by the concentration of the world's million cities and mega-cities in its largest economies.

15 The United Nations urban population data as published in World Urbanization Prospects are often at variance with the national-level data. Also, there are inter-country differences in the definition of what constitutes on "urban area". A Task Force Report on Urban Development set up by the Planning Commission, Government of Pakistan (2011) points out that the changes often made in the definition of an urban area make inter-country (or even inter-generational) comparisons hazardous. In Pakistan, for instance, the definition of urban areas was changed to mean only those human settlements which had municipal governments. In the earlier definitions, settlements of 5000 and above which had urban characteristics could be considered as urban. The Task Force also notes that administrative boundaries of most urban areas do not include their peri-urban settlements.

a decline in fertility rates or is it an "administrative artifact"?[16] However, no matter how South Asia's urbanization is seen, it will be important to the process of the world's urbanization. Over the next twenty years, over 345 million people are expected to be added to the approximately 486 million currently living in South Asia's cities and towns. It constitutes 25 per cent of the expected increase in the world's urban population. The magnitude of this demographic challenge has historically never been confronted by low-income countries. Significantly, the implications of such a challenge are neither understood nor have been taken up for any serious debate and discussions.




16 According to the World Bank (2009, pp. 55, 57), the level of urbanization in South Asia is close to 50 per cent, if it is measured with the application of an agglomeration index. The same report puts the urbanization level for Bangladesh at about 48 per cent, 52 per cent for India, and 38-39 per cent for Sri Lanka.




*Graph 3: Urban Transition in South Asian Economies. Source: UN Population Division 2010.*

## 3. The Productivity of South Asian Cities

Economic growth is said to be an important factor in the process of urbanization. Urban population growth has historically been explained in terms of the differentials in the economic growth potential between rural and urban areas. In recent years, economic growth has been cited as the key driver of urbanization in Asia. Many scholars have pointed out to the robust link between urbanization, growth and productivity. As the proportion of urban population increases, so does the Gross Domestic Product (GDP) per capita, representing the link between urbanization and economic growth. There is ample literature to suggest that urbanization enhances productivity and countries with a high level of urbanization enjoy relatively higher levels of per capita GDP than countries with a lower level of urbanization. Several scholars have provided empirical evidence of urbanization and localization economies. Many cities in South Asia notably Dhaka, Bangalore, Hyderabad, Mumbai, Karachi, Faisalabad, Colombo, Kathmandu and Male have become centres of new wealth generation, with the application of improved knowledge and technology, innovation and infrastructure performance. Many of the large metropolitan centres are important export hubs with large industrial and technology enterprise zones for multinational corporations.

A question that often surfaces in the context of South Asia is the extent to which the high economic growth and globalization have affected the link between urbanization and economic growth. As the following table shows, the South Asian countries have posted extraordinarily large increases in rates of economic growth. The question is: has it affected urban productivity? The relevant data are in Tables 4 and 5. A number of observations follow:

| | GDP average annual growth rate (%) | | Non-primary sector (% of GDP) | |
|---|---|---|---|---|
| | 1990-2000 | 2000-2007 | 2000 | 2009 |
| Afghanistan | - | 10.7 | - | 67 |
| Bangladesh | 4.8 | 5.7 | 74 | 81 |
| Bhutan | - | - | 72 | 82 |
| India | 5.9 | 7.8 | 77 | 82 |
| Iran | 3.1 | 5.9 | 86 | 90 |
| Maldives | - | - | 91 | 95 |
| Nepal | 4.9 | 3.4 | 59 | 66 |
| Pakistan | 3.8 | 5.6 | 74 | 78 |
| Sri Lanka | 5.3 | 5.3 | 80 | 87 |
| Turkey | 3.9 | 5.9 | 89 | 90 |

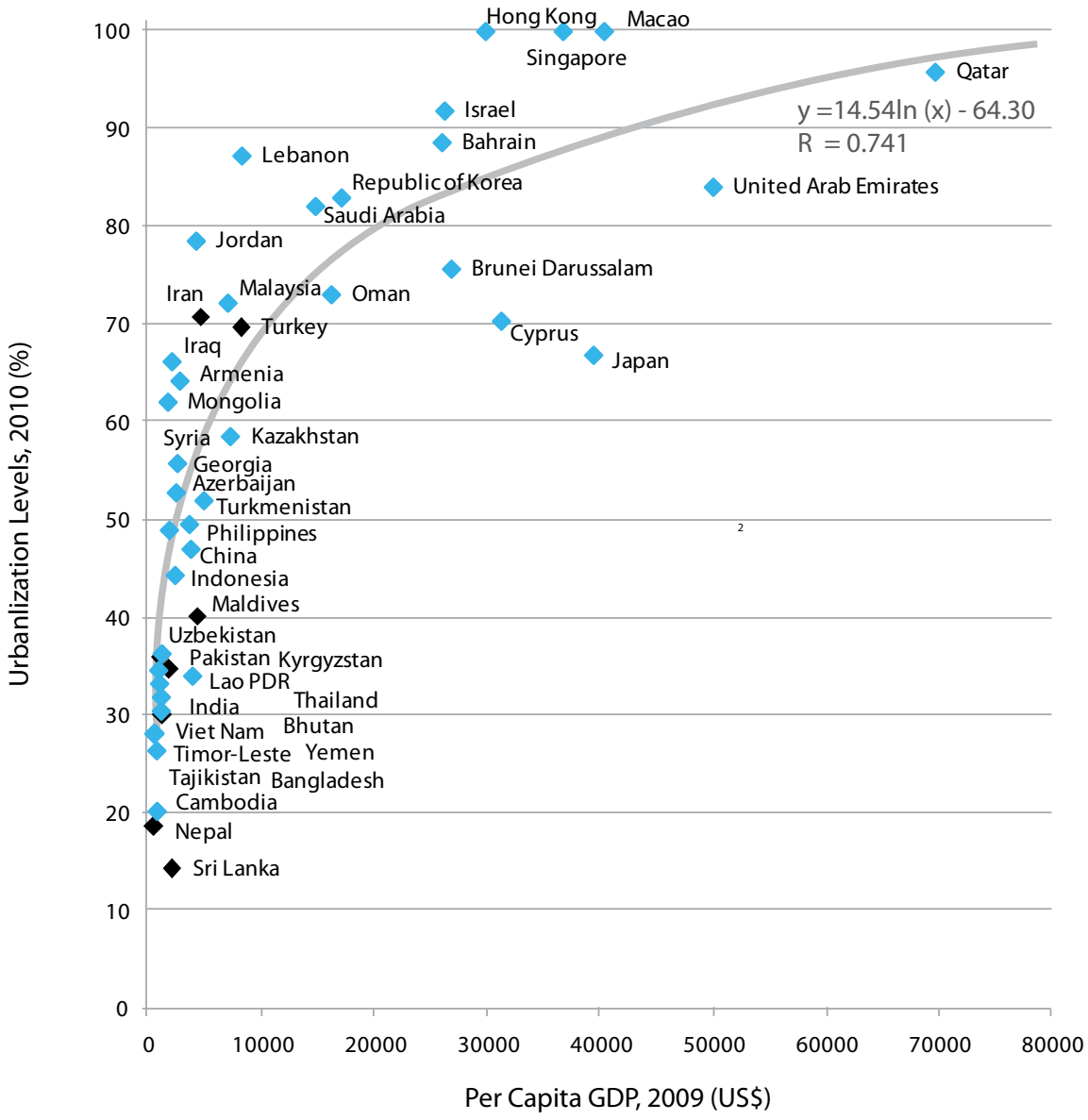
*Table 4: Economic Transformation in South Asian Economies. Source: World Bank Data Bank.*

| | Urbanization level 2010 (%) | GDP Per capita 2009 (US$) |
|---|---|---|
| Afghanistan | 22.60 | 486 |
| Bangladesh | 28.07 | 551 |
| Bhutan | 35.21 | 1,831 |
| India | 30.01 | 1,192 |
| Iran | 70.75 | 4,540 |
| Maldives | 41.38 | 4,760 |
| Nepal | 18.63 | 427 |
| Pakistan | 35.90 | 955 |
| Sri Lanka | 14.31 | 2,068 |
| Turkey | 69.65 | 9,712 |

*Table 5: Urbanization and GDP per capita linkages. Source: World Bank Data Bank, UN Population Division 2010.*

1. South Asia accounts for 2.9 per cent of the world's GDP. Compared to its population size, South Asia's share in the world's GDP is infinitesimal but over the period 2000-2009, the GDP of South Asia has registered an extraordinarily high increase of 179 per cent compared to 75 per cent increase in the world's GDP, displaying the economic strength that this region has acquired in recent years. South Asian countries have also experienced a major shift in the composition of their GDPs where the share of the non-primary sector has risen significantly over the 2000-2009 period. Much of this shift, as the evidence shows, is attributable to cities.
2. As in other parts of the world, there exists a positive correlation between per capita income and the level of urbanization in South Asia. This association, however, is far from close because of the large inter-country differences in size, economic geography, industrial structure, and the openness of the economy. The region comprises three land-locked countries (Afghanistan, Bhutan and Nepal) and two sea-locked countries (Maldives and Sri Lanka); besides, India's size overwhelms the region. Per capita incomes in South Asia range between US$ 427 and US$ 4,760, and external trade from 44 to 164 per cent of GDP. Accordingly, urbanization rates and patterns differ across countries.
3. Graph 4 examines the link between urbanization and GDP for Asian countries, and shows the relationship to be statistically significant (R2=0.741). It is important to note that the South Asian economies are in a "narrow band", characterized by low levels of urbanization and also low levels of income. While the link is positive, it does not display the robustness that other Asian countries seem to.

It is important to note that it was customary in the 1960s and 1970s to argue that South Asia was over-urbanized in relation to income levels. Bert Hoselitz, principal proponent of this position noted "urbanization in Asia (South) has probably run ahead of industrialization, and the development of administrative and other service occupations which are characteristically concentrated in cities". This pattern of development "emphasizes the disproportion (disconnect) between the cost of urban growth and the maintenance of proper facilities for urban dwellers and the earning capacity of people in cities" (Hoselitz 1957). Hoselitz claimed that whereas in the advanced countries cities developed because of the "pull" of urban facilities, in Asia, urban growth resulted from a "push" of poverty-stricken rural population. South Asia has come a long way since the 1960s, displaying very different trends and growth linkages with urban growth.




*Graph 4: Per Capita GDP and Urbanization Levels of Asian countries.*

## 4. South Asia's Urban Challenges of Infrastructure, Poverty, and Climate Change

### a. Infrastructure

There is extensive evidence (Asian Development Bank 2008; ESCAP 2011) that large-scale service deprivation characterizes South Asian cities and towns. According to the State of Asian Cities Report 2010/11 (UN-Habitat 2010), anywhere between 40-60 per cent of the population in South Asian cities and towns has no access to tap water and close to 40-50 per cent of urban households are without sanitary facilities. To quote from the report: "whereas in most of urban Asia, improved water distribution has been achieved through increases in individual piped connections, in South Asia the share of the population with this type of connection has been on the decline." This decline in the number of individual connections to water networks is particularly significant in India, South Asia's largest country. The assessment report of the WHO-UNICEF Joint Monitoring Programme specifically notes: "Unlike other subregions in Asia, South Asia shows a decline in access to higher service levels of individual

piped water connections", and then suggests that a lack of legal tenure makes it difficult for urban households to access piped water at home. Linking water connections to legal tenure provides a different dimension to the provision of urban infrastructure in South Asian cities with important policy implications.

Access to sanitation is one of the Millennium Development Goals (MDGs). South Asia has made slow progress in improved access to sanitation: 24 per cent of urban household lack access to safe sanitation and another 18 per cent rely on shared facilities. It also reports that slums account for 35 per cent of South Asia's urban population, with countries such as Afghanistan (89 per cent), Bangladesh (71 per cent), and Pakistan (47 per cent) reporting significantly higher proportions of urban population living in slums (see Table 6). The table on slum population shows that the slum population has declined, albeit marginally, in India and Sri Lanka, with other countries reporting an increase in absolute numbers and as a proportion of the total urban population. While the trends in relative numbers may look encouraging, the UN-Habitat's observation in this respect is significant: "Proportions (of slum dwellers) are declining but numbers are growing" (UN-Habitat 2010). What it may mean is that for all the recent favourable numbers, there can be no let up in South Asia's efforts in tackling slums. While urban infrastructural deficiencies and the high proportion of slum population in South Asian countries have long been known and documented, the figures referred to in the State of Asian Cities Report are significant.

| | Slum population (thousands) | | Proportion of slumdwellers to total population (%) | |
|---|---|---|---|---|
| | 1990 | 2005 | 1990 | 2005 |
| Afghanistan | 2,458 | 4,629 | 98.5 | 88.6 |
| Bangladesh | 19,552 | 27,860 | 87.3 | 70.8 |
| Bhutan | 61 | 70* | 70.0 | 44.1 |
| India | 120,746 | 113,223 | 54.9 | 34.8 |
| Iran | 17,094 | 14,581 | 51.9 | 30.5 |
| Nepal | 1,194 | 2,099 | 51.9 | 30.5 |
| Pakistan | 17,620 | 23,304 | 51.0 | 47.5 |
| Sri Lanka | 899 | 345 | 24.8 | 12.0 |
| Turkey | 7,947 | 7,610 | 23.4 | 14.1 |

*Table 6: South Asia's Slum Population. Source: UN-Habitat 2010. * Figure is for the year 2000.*

An in-depth examination of other urbanization studies points to several other challenges that are affecting the urban transition in South Asian economies. A few are noted below:

1. Stagnating and even declining public sector spending levels on urban infrastructure, even when the public sector is a principal provider of such infrastructural services;
2. Indifference on the part of the private sector to financing urban infrastructure on account of perceived high risks, unclear guidelines, and ambiguous policies towards instruments such as Build-Operate-Transfer (BoT) and public-private partnership (PPP);
3. Insufficient recognition of the consequences of inadequate and poor urban infrastructure in policy-making e.g., (a) the high cost of inadequate and poor quality infrastructure on growth, productivity, and competitiveness, and (b) the reduced welfare and quality of life impact of inadequate services;
4. Focus on new infrastructure rather than on improving the efficiency of the existing infrastructure;
5. Continuing with the same institutional network which has long held the responsibility for infrastructure and service provision. There exists an implicit assumption that the institutional framework, once created, can deal with service provision and delivery of any scale and complexity; and
6. Infrastructure and services continue to be seen in most South Asian countries in local contexts, when a significant proportion of infrastructure now demand now accrues from across the national borders.

These are setting new parameters for urban policymaking. The McKinsey Global Institute (2010) which recently put out a report on India's urban sector, points out that India, in addition to investing US $ 1.2 trillion in augmenting

urban infrastructure, will need to set right its system of governance, planning and sector policies in job creation, public transportation, affordable housing, and climate-change mitigation in order to sustain high economic growth, and achieve the other equally important goal of slum-free cities.

### b. Urban Poverty

South Asian countries measure poverty in terms of the monetary income required to meet the basic consumption needs of an individual or household. Countries such as India adjust the consumption-based poverty lines to take account of localized differences in the prices of food and non-food essentials. Measured, however, in terms of a poverty line that allows international comparisons, South Asia accounted for 37.6 per cent of the world's poor in 2002. Over the period 1993-2002, for which the World Bank provides the requisite data, South Asia has made steady progress in reducing consumption poverty. The headcount ratio of the poor has declined from 42.1 per cent in 1993 to 38.7 per cent in 2002. Of the total number of the poor which stood at 444.7 million in this year, 134.8 million or 30 per cent are counted as urban poor, suggesting that poverty in South Asia is concentrated in the rural areas.

In a recent paper on the New Evidence on the Urbanization of Global Poverty, Ravallion, Chen, and Snagraula (2007) note: "There is a seemingly widely-hold perception that poverty is urbanizing rapidly in the developing world; indeed some observers believe that poverty is now mainly an urban problem. This urbanization of poverty – by which is meant a rising share of the poor living in urban areas – has been viewed in very different ways by different observers. To some it has been seen as a positive force in economic development and transformation, as economic activity shifts out of agriculture to more remunerative activities, while to others it has been viewed in a less positive light – a largely unwelcome forbearer of new poverty problems".

| | Urban Poor (million) | Urban poor to number of total poor (%) | % of the World's poor | Head count index % | Poverty gap index % |
|---|---|---|---|---|---|
| **1993** | 113.8 | 22.8 | 47.1 | 37.4 | 10.54 |
| **1996** | 123.0 | 23.3 | 46.6 | 37.1 | 10.33 |
| **1999** | 128.4 | 23.8 | 45.5 | 35.7 | 10.07 |
| **2002** | 134.8 | 24.9 | 46.3 | 34.6 | 9.69 |

*Table 7: The Poor Living on Less than US$ 1.08/day in South Asia. Source: Yusuf 2007.*

The issue is: is poverty in South Asia urbanizing itself? Table 7 gives the relevant data for South Asia which, in this case, does not include Afghanistan, Bhutan and Maldives. The table shows that

1. The headcount ratio of the urban poor has declined over the 1993-2002 period;
2. There has been a reduction in the poverty gap during this period;
3. At the same time, the numbers of the urban poor have risen from 113 million in 1993 to 134.8 million in 2002, an increase of 19 per cent over a ten year period; and
4. The proportion of the urban to total poor shows an upward revision, pointing to what many urban scholars often assert, that poverty has begun to urbanize in South Asia. It throws in a major challenge: is growth not reaching out to the urban poor? Or, is it insufficient to affect the incidence of urban poverty? The Indian evidence in this respect as presented in a recent World Bank study (2011) is that growth has tended to reduce poverty; growth has not only reduced urban poverty but it has also helped to bring down rural poverty; and the pattern of growth matters for the pace of poverty reduction.

### c. Urban Environment

There is abundant evidence to suggest that environmental conditions in South Asian cities are poor – poorer in fact than those observed in other subregions of Asia. In a recent report, the Asian Development Bank (ADB) pointed out that the quality of potable water was a major issue in South Asian cities, with many cities unable to conform to the WHO norms and standards. In India, the Central Population Control Board reported that no more than one-third of Indian cities had proper sewerage lines with most others having to resort to open drainage systems for carrying refuse and liquid waste.

Increasing quantity of solid waste and lack of sanitation are another source of poor urban environmental conditions in South Asia. According to the available statistics, 13 per cent of urban households in South Asia do not have access to any kind of toilet facility. Open defecation is very high, especially in Indian cities; in other subregions of Asia, it has declined to about 6 per cent of urban households. Combined with the absence of proper management of solid wastes, these pose severe environmental problems in South Asian cities.

Per capita emissions ($CO_2$) in South Asian cities are also very high (see Table 8). Initiatives have been taken in recent years to reduce emissions. For instance, a recent study pointed out that New Delhi was one of the most populated and polluted cities in the world where the levels of total suspended particles (TSP) and respirable suspended particulates (RSP) exceeded standards at most monitoring sites in Delhi in 2003 and 2004. Particulate emissions come from motor vehicles, small scale industry, coal combustion, refuse burning and other domestic sources. As a result of the actions such as limits on vehicular emissions, switching to cleaner fuels, phasing out old vehicles, and closing and relocating industries taken to tackle the problem in Delhi, $SO_2$ and lead levels in outdoor air have decreased, although the particulates remain high.

| Per capita emissions | | | |
|---|---|---|---|
| Ahmedabad | 1.20 | Kolkata | 1.83 |
| Chennai | 0.91 | Matale | 0.15 |
| Colombo | 1.54 | Pune | 1.31 |
| Dhaka | 0.63 | Surat | 0.91 |
| Kathmandu | 0.12 | Thimpu | 0.33 |

*Table 8: $CO_2$ per Capita Emissions in South Asian Cities.. Tonnes per year 2007-2008. Source: ICLEI 2009.*

According to ESCAP, the relationship of cities and environment is a complex one; cities are locations for economic and domestic activities that pollute the environment, but people who benefit from the economic activities may not live in that city or may not live in an urban area at all. South Asia at the current GDP levels which are significantly lower compared to the global averages, are faced with difficult choices between accelerating economic growth on the one hand and maintaining environmental conditions on the other. How much of environmental degradation can be absorbed without losing growth targets? Can high economic growth be maintained without any deterioration in environment? The debate on these issues persists in South Asia.

### d. Climate Change

According to the State of Asian Cities 2010/11 (UN-Habitat 2010), cities in South Asia are the most exposed to the effects of climate change; due to size and geographical location, they are especially vulnerable to extreme weather events such as droughts, floods, cyclones, and heat waves. A study funded by the World Wildlife Fund (2009) which assessed vulnerability to climate change of 11 coastal cities in Asia found Dhaka to be the most vulnerable city in South Asia.

Estimates as to the contribution of the World's cities to greenhouse gas emissions however, vary. For South Asian countries, one of the issues South Asia is grappling with is 'climate change'. While there is some data showing that the incidence of $CO_2$ has risen, there appears to be no consensus if $CO_2$ and the rise in its level is all attributable to cities. Internationally too, views differ. In a recent paper, David Satterthwaite (2010) observes: "Cities are usually portrayed as problems in relation to climate change. The Clinton Climate Initiative has long claimed that cities produce 80 per cent of the world's greenhouse gas emissions and this is a figure that has become widely cited. But according to our calculations, drawing on the most recent figures from the Intergovernmental Panel on Climate Change (IPCC), cities produce between 30 and 40 per cent".

South Asia's $CO_2$ data, given in Table 9, show that firstly, this region accounts for close to 7 per cent of the total emissions, with India's share being 5.3 per cent, and secondly, these emissions have been consistently rising. The Maldives has registered the highest increase in $CO_2$ emissions over the 2000-2007 period, (a CAGR of 7.6 per cent), followed by Bangladesh (a CAGR of 5.80 per cent), and Pakistan (4.93 per cent). Other South Asian countries have also experienced an increase in $CO_2$ emissions.

| | $CO_2$ Emissions | | CAGR 2000-2007 |
|---|---|---|---|
| | Metric tons per capita | % share world's total | |
| Afghanistan | 0 | 0 | -1.10 |
| Bangladesh | 0.3 | 0.14 | 5.80 |
| Bhutan | 0.9 | - | 4.75 |
| India | 1.4 | 5.26 | 3.91 |
| Iran | 7.0 | 1.62 | - |
| Maldives | 3.0 | - | 7.64 |
| Nepal | 0.1 | 0.01 | 0.72 |
| Pakistan | 1.0 | 0.51 | 4.93 |
| Sri Lanka | 0.6 | 0.04 | 2.43 |
| Turkey | 4.0 | 0.94 | - |

*Table 9: $CO_2$ Emissions in South Asian Countries. Source: World Bank Data Bank.*

The implications of these figures for cities and urban development are far from evident and are often expounded on in terms of the strategies that are all-embracing: improve urban service delivery, infrastructure, and shelter; strengthen local government capacity and municipal environmental management, reduce urban air and water pollution, reduce industrial emissions and improve industrial efficiency, mitigation of greenhouse gas emissions from cities, and reduce vulnerability of cities to the effect of climate change and natural disasters (USAID 2001).

## 5. Urban Responses and Contemporary Thinking

South Asia has seen, in recent years, a dramatic shift in its response to urbanization and urban issues. Urban historians will note that from a stage when South Asian economies viewed urbanization in negative terms and even designed policies to slow down urban growth and curb the development of large cities, they now appreciate the contribution of the urban sector to growth and poverty reduction goals and the centrality of cities in macroeconomic management. Most countries of the region recognize that an urban system where a section of the urban population has no access to services and shelter, which consists of people that are well below the poverty line exposed to risks of various kinds, and which is loaded with economic and social costs imposed by the non-availability of infrastructure, can neither be inclusive nor sustainable in the long run. At the same time, South Asian countries are confronted with the challenges of improving the productivity of cities since they are the conduits for international trade, investment, and technological flows, and of absorbing the influx of population as structural transformation takes place. They are still at a modest stage of openness compared to other countries in Asia, with a potential for future urbanization of an unprecedented scale. The combination of global imperative and local pressures has put South Asian cities at a crossroads.

The purpose of this paper is not to produce a list of urban responses that the South Asian countries have taken in recent years to tackle the urban challenges. In any case, at this level of aggregation many of the responses e.g., augmentation of infrastructure and services would appear routine. Rather, this paper attempts to bring out the main assumptions and the thinking that underlie the various initiatives. Four such postulates stand out:

1. **Urban development is a multi-level responsibility**. Urban development is a complex phenomenon and no longer a simple outcome of rural-urban migration. The complexity of urbanization has risen phenomenally as a result of decentralization and globalization. Moreover, urbanization in South Asia is unfolding itself in a context that extends beyond the country-specific boundaries, imposing on them demands whose implications are from evident. At the same time, many urban observers contend that cities and urban areas must not be thought of just as places of commerce and industry, but also as hubs of human interaction of a vibrant and safe society and of culture.

2. **Decentralization is an effective instrument for inclusive and sustainable urbanization**. Contained in India's amendment to its Constitution in 1992 (Constitution 74th Amendment on Municipalities), Local Self-Governance Act, 1999 in Nepal, and the Local Governance Ordinance, 2001 in Pakistan, decentralization provides the Constitutional and statutory framework for municipalities to design urban and local development strategies that can meet local priorities and address local problems. The Nepal Local Self Governance Act 1999, for instance, aims at constituting local bodies for the development of a local self governance system in a manner that they are able to take decisions on matters affecting the day-to-day needs and lives of the people. The 2001 Local Governance Ordinance in Pakistan focuses on developing political power and decentralizing administrative and financial authority to accountable, local governments for good governance, effective service delivery and transparent decision-making through institutional participation of the people. The 74th Constitutional amendment of India, inter-alia, aims at expanding the functional and fiscal space for municipalities which represents a de-facto recognition of the increasing role of cities in the national and global economy.
3. **Urban poverty reduction strategies including slum improvement should form a part of the overall city development plans**. Indeed, it is contended that slum improvement and upgrading strategies are growth enhancing. If properly designed, slum improvement can be the new driver of economic growth and productivity. While there is no robust evidence, the anecdotes point towards large productivity differentials between an improved slum and secure tenure and access to basic services like water and sanitation and an unimproved slum. Indeed, it is argued that such differentials are significant. Designing discrete programmes for the urban poor and slums which ring fence them is sub-optimal and does not lead to integration of slums within overall city development.
4. **Redefine urban regulations in respect of land, housing, and infrastructure and services in ways that these are compatible with the contemporary urban policy requirements of inclusive and sustainable urbanization.** The current regulations are far too constraining for supply to match the fast expanding demands of urban population as a result of which land markets do not function, investment does not take place in urban infrastructure and services, and slums continue to proliferate. Most countries are experimenting with new and innovative ways, moving away from the nineteenth century statutes pertaining to lands and services and opening up these markets in the expectation that these steps will improve the accessibility of urban households to lands and services markets.

These postulates represent a major shift in thinking about urbanization and urban policies. The South Asia's experiment with this approach is in the early stages of implementation, and its results in this region's urban transition are neither evident nor certain. What is clear, however, is that the South Asian region faces today one of the most formidable of the challenges which has implications beyond its borders. Over the next twenty years South Asia will add approximately 345 million people to its cities and towns. That this addition will take place in a region whose per capita income is one-tenth of the global average adds enormously to its challenge.

## Post Script

The APUF-5 subregional focus group on South and South-West Asia noted its dissatisfaction with the way urbanization was unfolding itself in South Asia, disregarding its rich history, culture, family values and social fabric, disrupting peace and security, and measuring progress solely in terms of gross domestic product (GDP). It proposed the adoption of a new urban paradigm and a development model which was inclusive, resilient and which respected culture, family values, and social fabric, and which was energy and resource efficient. It called upon South Asian countries to establish a proper urban data base which allowed a better appreciation of the urban trends to make use of multi-sectoral and multi-stakeholders consultations in designing and implementing urban strategies, and to build appropriate capacities so as to be able to meet the upcoming urban challenge. The focus group recommended creation of a multi-sectoral, multi-stakeholder South Asia Urban Forum, requesting ESCAP to forward this recommendation to the SAARC secretariat and commending it to establish such a Forum.

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# Urban Challenges in North and Central Asia

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# 1. Introduction

Over the past fifty years, countries in North and Central Asia have undergone profound global economic, political and social change. This change has deeply influenced patterns of urbanization in the region. All countries of Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan), the South Caucasus (Armenia, Azerbaijan and Georgia) and the Russian Federation were part of the former Soviet Union and the effects of this shared history are still evident today. It was the government of the USSR which established the urban infrastructure (roads, buildings, life-support systems, communication systems, and so on) that still operates across the region. The population's high level of education (almost a hundred per cent literacy) is a direct result of USSR investments in human capital. Large parts of the Soviet Union's social security system (e.g. health care, education, social protection) still function. In addition, the fact that Russian is still the mother tongue for most people in this region greatly helps in the political, economic and social interaction between the citizens of the different countries, and provides an opportunity for further effective cooperation.

But there is a downside too. At present, many cities have to cope with deteriorating infrastructure that desperately needs investment. After the collapse of the Soviet system, there was a widespread reluctance amongst the population to actively participate in the process of transformation and there was a tendency to shift responsibility to the national and local authorities.

Central and North Asia differs from other subregions not only because of its shared history. The countries within this region also share certain geographic and demographic characteristics. One of the main features in common across the region is a low overall population density. Substantial parts of the territory are not suitable for human habitation in high densities: deserts, mountains, infertile areas or areas with a lack of potable water. Many countries in the region are landlocked and there are huge distances between cities, which greatly complicates and increases the cost of development. In most regions of Central and North Asia, urbanization has been slow. A significant part of the population in these countries continues to live in rural areas.

It must be acknowledged that there is a shortage of reliable statistical data and expert analysis, which makes it difficult to evaluate urbanization trends and develop appropriate responses to the emerging challenges. It would be unfair to say that there has been no research on urbanization in the region, but it should be noted that official figures on the region's economies contain many contradictions. Much of the data is subjective: it was intended to promote achievements of the governments or used to appeal to international organizations. Comparative analysis between this data and reliable figures from the United Nations, IMF, World Bank, EBRD and CIS is necessary.

| | % of population living in urban areas in 2010 | Projected rate of urbanization 2010-2015 |
|---|---|---|
| Russian Federation | 73% | -0,2% |
| Armenia | 64% | 0,5% |
| Kazakhstan | 59% | 1,3% |
| Georgia | 53% | -0,4% |
| Azerbaijan | 52% | 1,4% |
| Turkmenistan | 50% | 2,2% |
| Uzbekistan | 36% | 1,4% |
| Kyrgyzstan | 35% | 1,3% |
| Tajikistan | 26% | 2,2% |

*Table 1: Urban Population by Country. Source: Central Intelligence Agency.*

# 2. Overview of Sub-regional Urbanization Patterns in North And Central Asia

## a. Urbanization trends and levels

Nearly 50 per cent of the population of Central and North Asia live in urban areas (see table 1). Some countries are more urbanized than others, but comparing them is difficult, as countries use different definitions of urban areas. Moreover, many urban areas in the region extend beyond the official city boundaries; these population concentrations are functionally linked to cities but are often not taken into account in the statistics. Although Asia is known for its mega-cities, there are none within this subregion. The most significant agglomerations are located in the Russian Federation: Moscow, Saint Petersburg and Novosibirsk. As urban areas are growing and income disparities are rising in almost all the post-Soviet countries, urban improvement is increasingly important.

| | Major cities (capitals) | Population (million) 2010 | % Urban of total population 2010 | % Increase 2000-2010 |
|---|---|---|---|---|
| Armenia | Yerevan | 1.1 | 38% | 3% |
| Azerbaijan | Baku | 2.0 | 24% | 12% |
| Georgia | Tbilisi | 1.2 | 25% | 6% |
| Kazakhstan | Astana (capital) | 0.7 | 5% | 45% |
| | Almaty | 1.4 | 9% | 20% |
| Kyrgyzstan | Bishkek | 0.8 | 15% | 10% |
| Russian Federation | Moscow (capital) | 11.5 | 8% | 25% |
| | Saint-Petersburg | 4.6 | 3% | -1% |
| Tajikistan | Dushanbe | 0.7 | 14% | 20% |
| Turkmenistan | Ashgabat | 0.6 | 13% | 7% |
| Uzbekistan | Tashkent | 2.2 | 8% | 14% |

*Table 2: Urbanization Trends in North and Central Asia. Source: Central Intelligence Agency, National Statistics Agencies.*

### Natural population growth and migration

North and Central Asian cities differ widely in regards to natural growth and migration movements. The Russian Federation's population is decreasing, while Kyrgyzstan, Tajikistan and Turkmenistan show high natural growth rates (UNFPA 2010). Over the past decade, North and Central Asia has become one of the major human migration regions in the world, because of several reasons:

- In the mid 1990s, during the disintegration of the Soviet Union, the outflow of the non-ethnic population (people who do not belong to the "titular nation" of a country, like Armenians in Armenia and Kazakh in Kazakhstan) intensified, as people went back to their respective ethnic homelands to be reunited with their families. The main countries for emigration were Germany, Greece, Israel and the USA, but there were also returning migrants within the subregion, especially in Kazakhstan and the Russian Federation (Kazakhstan Ministry of Labour and Social Protection 2008; UNDP 2006).
- Labour migration became a major potential force for integration among the former Soviet republics and increased the number of informal urban residents. Most labour migrants are employed in the construction industry or in seasonal agricultural work, harvesting cotton and tobacco. The Russian Federation and Kazakhstan have benefitted from incoming migration; from 2000-2007, the Russian Federation hosted on average 12 million migrants, making up 8-9 per cent of its total population, while Kazakhstan there were 2.5-3 million immigrants which represents 16-19 per cent of its population during the same period. Kyrgyzstan, Tajikistan and Uzbekistan are the leading migrant-sending countries. Tajikistan has the world's highest proportion of remittances (36 per cent of its GDP in 2008), while Kyrgyzstan ranks fourth in the world (27 per cent of GDP) (Marat 2009).

- Environmental refugees are a new type of migrant in Central Asia. Every year, tens of thousands of people leave the area of the Aral environmental disaster. More than 300,000 people left areas located in the desert of Kazakhstan and more than 60,000 people migrated from Kyzylordynskaya Oblast, where the Baikonur Cosmodrome is located (IOM 2011).
- Regional conflicts have also caused population movements in the region. Military conflicts along the Armenia-Azerbaijan, Uzbek-Kyrgyz and Uzbek-Tajik borders have led to population displacement and refugees.

Migration is made easier by geographical proximity, a common language, an integrated transport infrastructure and a virtually visa-free regime (ESCAP 2007), but is not without its problems. Emigration countries have become remittance-dependent economies and, as a result, there has been little independent economic development. When men depart for work, female-headed households often suffer from poverty, unemployment and social vulnerability. Immigration countries have benefited from the flow of migrations, but lacked any motivation to create more attractive urban and rural conditions for the incoming migrants, as informal employment does not create tax revenue for the State. The absence of official registration makes it hard for migrants to find an appropriate job with employee benefits and social services (health, education, and social protection).

### b. Economic development

Since the demise of central planning, post-Soviet countries have found themselves operating in a radically different economic climate (Gentile 2004). Almost all countries in this region are industrial or agro-industrial States. The structure of their economies does not differ much from the economic structure of developed countries. However, at this stage, post-socialist countries are short on capital and investments, and most sectors (especially agriculture, light industry and trade) are using outdated equipment and technologies. Countries have been developing the modern organizational and management structure of the market economy, but there is a need for international expertise and administrative and economic reforms.

Like in most other regions, large cities in North and Central Asia are platforms for national economic growth. Over the past three years, investment activity in major cities increased dramatically, giving a big boost to the sustained development of urban economies. In the Russian Federation, Kazakhstan, Uzbekistan and Azerbaijan, there was a marked shift towards investing in the real economy, particularly in industry, whereas before the bulk of investment went into real estate. The growth of small and medium size enterprises is relatively steady; according to country reports, this sector now employs more than 30 per cent of the urban population and produces about 50-60 per cent of income tax in local budgets.

One of the region's economic features are the mono-cities: cities where most people live off the income derived from working in the city's main plant or factory, usually located in the country's industrial regions. After the collapse of the Soviet Union, many of these enterprises were privatized, and the standard of living in these cities became entirely dependent on the successful or unsuccessful management of these enterprises. The lack of economic diversity increases a city's vulnerability and reduces its ability to adapt to economic changes, thereby contributing to urban poverty.

## 3. Sub-Region Specific Critical and Emerging Urban Issues

### a. Rural-urban linkages

In the North and Central Asia region, poverty rates are higher in rural than in urban areas, but that does not mean urban poverty is non-existent (Dowling & Wignaraja 2006). The difference between urban and rural poverty is primarily explained by the income structures. In urban areas, the main source of income is wages, while agriculture is the primary (and often only) source of income for countryside households (Yemtsov 2001). In the 1990s, the agricultural economy was growing faster than the industrial sector, as land privatization provided uniform access to land for all rural households, but the privatization of industrial assets did not create similar conditions for urban households. Having moved to the city, many families continued to depend on their places of birth in the rural areas. In summer and autumn overcrowded buses carry agricultural products to families living in cities. They eat these products throughout the winter; for many it is the only way they can survive.

Rural-urban migrants in North and Central Asia often have difficulty obtaining the official status of city resident. It is quite common for migrants from the countryside to find a job in the informal urban service sector, particularly working in city markets, from which the employee gets an unofficial salary and no social benefits. Migrants do not often register in the place they actually live; some are registered in dormitories attached to the factory in which they work, or in a relative's apartment. As a result, there are often twice as many people registered in an apartment than the actual number of inhabitants. In the Russian Federation, Kazakhstan and Azerbaijan registration is a lucrative business, directly related to corruption in local authorities.

Cities do not just have an impact on migrants from the countryside; the cities are also influenced by the villagers, both physically and in regards to governance. For example, many migrants have livestock and poultry in the gardens around their city apartments. In the very beginning of the 1990s, cows often grazed on central boulevards of towns and even capital cities. Central districts of large cities are almost free from this now, but in the suburbs and medium and small cities these practices are still popular.

The effect of this cross-pollination of urban and rural attitudes has also strongly affected governance; it became a powerful medium for all kinds of tribalism and localism. Relationships between civil servants and city dwellers are similar to traditional clan relations, with rampant corruption and a general lack of transparency. The priority politicians give to ruling clans (Nakhichevans in Azerbaijan, Elder Zhuz in Kazakhstan) promotes increased confrontation between people from different origins.

The population of the region, with the Russian Federation perhaps being the exception, is highly conservative, values tradition, and is reluctant to let the outside world influence their way of life. Conservatism has helped these communities to protect their identity during the Soviet period. As different communities become physically closer to each other as they moved into the cities, ethnic tensions associated with the creation of the so-called 'nation-states' increased, especially in capital cities. Almost everywhere, migration led to rising ethnic tensions.

### b. Land, housing and communal services

Land use and land policy issues are at the heart of proper economic, social and physical development of the North and Central Asia subregion. Progress in many inter-related spheres, including economic development, social stability, investment in physical facilities, agricultural sustainability, environmental protection and urban growth and management requires a transparent legal and administrative system to be in place to regulate competing interests. All post-Soviet countries have had two decades of experience with private property and the development of a secondary land market. Each country has made progress in this sector in its own way: developing laws, policies, and practices for the registration of titles to property, using private property to achieve social, economic and physical development goals. The common goal of all these efforts is to establish private ownership of land and other real estate, based on free market principles.

A substantial part of the territories of modern Almaty, Tashkent, Baku, Ashgabat and Dushanbe are predominantly one or two-story houses built at the end of the Nineteenth century and the beginning of the Twentieth century, during the first waves of urbanization. This type of urban development is unplanned and the government does not register or control the illegally built constructions. Such quarters ('Mahalla' or 'Myahlya') are popular with arriving migrants as housing is cheap and the presence of familiar neighbours and relatives allows them to maintain their traditionally close relationships. The conditions in these neighborhoods are often very poor, with outside toilets, furnace heating and a lack of proper sanitation. During the Soviet period, most residents in slum houses were offered apartments in new buildings – which was thought to be a huge step forward for these people. But many preferred not to move, and continued to live in their old neighbourhoods.

As these areas are usually close to or in the city centre, they are now being actively bought up for the construction of skyscrapers. Sometimes this ends in violent conflicts, with project developers and local authorities ignoring the rights of the residents. Such incidences have led to the development of organized action within civil society, such as in the Almaty neighbourhood of Shanyrak, where inhabitants tried to prevent their homes from being bulldozed.

After the collapse of the USSR, all North and Central Asian States initiated modernization schemes for housing, infrastructure and communal services to improve living conditions. Under these programmes, condominiums were renovated and repaired, the length of transport and communication networks was extended, and the quality of public services improved. Investments were made in both the housing sector and the utility sector (heat, gas and electricity services). Maintenance of apartment buildings is usually managed by owners' associations, which serve both as customers and contractors of repair works and services. Since such companies enjoy a monopoly in the market, they do not strive to provide the best possible services. As apartment owners are often unwilling to engage with and contribute financially to the owner's association, maintenance is very low. Electric and gas networks are maintained poorly and apartments are often very energy-inefficient. As a result, city dwellers suffer from power outages each winter and these building have a large carbon footprint.

There is no common approach to urban housing in Central and North Asia, but there are common challenges: upgrading, maintenance, insulation, energy efficiency and rebuilding of condominiums; preparedness for, response to and recovery from natural disasters, including coordination and setting up of protocols; design of a strategy to deal with aging populations and rural-urban migration; providing affordable housing (especially for young people); and sustainable relief and reconstruction.

### c. Urban poverty

Although the region has shown progressive improvements in poverty reduction over the past decade (see Table 3), inequalities in some countries remain high (UNU Wider 2008). Achievements in reducing poverty are now being threatened by the long-term consequences of the financial and economic crisis. Many elements of the safety net – formerly provided by the government – have deteriorated sharply. The effect on the urban population has been stark: while poverty has decreased in rural areas, the urban poor are vulnerable to economic hardships (World Bank 2009).

| | 1997 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Armenia | | | 50,9 | 49,7 | 42.9 | 34,6 | 29,8 | 26,5 | 25 | 23,5 | |
| Azerbaijan | | | 49,6 | 46,7 | 44,7 | 40,2 | 29,3 | 20,8 | 15,8 | 13.2 | 11 |
| Georgia | 46,2 | 51,8 | 51,1 | 52,1 | 54,5 | 27* | | 31 | 31 | | |
| Kazakhstan | 38,3 | 31,8 | 28,4 | 24,2 | 19,8 | 16,1 | 31,6* | 18,2 | 12,7 | 12,1 | 8,2 |
| Kyrgyzstan | 43 | 62,6 | 56,4 | 54,8 | 49,9 | 45,9 | 43,1 | 39,9 | 35 | 31,7 | |
| Russian Federation | | 29 | | 19,6 | 20,3 | 17,6 | 17,7 | 15,2 | 13,3 | 13,5 | 13,1 |
| Tajikistan | | | | | 64 | 57 | | | | | 53 |
| Uzbekistan | | | 27,5 | 26,5 | 27,2 | 26,1 | 25,8 | | | 26 | |

*Table 3: Percentage of Population Living Below the National Poverty Line. *Break in series due to change in methodology. Source: UNECE 2010.*

Children under 5 and adults over 61 are more often exposed to poverty than others, both in urban and rural areas, as are female-headed households. There are many female-headed households, in Armenia they account for over 25 per cent of the total number of households (ADB 2006). As there are high levels of unemployment among women, they often find themselves in a desperate situation.

In the cities, employment is critical to overcome poverty. Except for the capitals and some major cities of the region, medium and small cities face very serious unemployment problems. The most disadvantaged countries in this context are Turkmenistan, Kyrgyzstan, Georgia and Armenia, where only half (or less) of urban households are economically active (though this figure does not take into account the informally employed population who are employed partially or do not receive a regular salary) (World Bank 2010).

### d. Access to water and sanitation

The key problem from a service delivery perspective is the lack of funding to create new infrastructure or repair and maintain existing systems. All countries have benefitted from Soviet infrastructure investment, but due to neglect over the past two decades, many of those systems are in disrepair. Almost without exception, cities have

practically no facilities for people with disabilities. Political appointees (and their patrons) have a strong influence over service organizations, and political intervention is overt. Political leaders frequently appoint directors of service delivery companies. Levels of tax collection are low and the loss of commodities high. Investment depends heavily on local governments' own resources, which are very low or even nonexistent. Financial management and openness of local governments to public scrutiny are major areas for improvement.

The common problem for almost all post-Soviet republics is that officials, financial and technical personnel often lack knowledge of construction, operation and management of small municipal and community basic service systems. Many have had Soviet-style training in management and technical skills, which may have been appropriate in former times, but is not sufficient to confront the range of technical problems communities are now facing. Organizational models are archaic and highly centralized; communal services remain for the most part State-run, meaning that local governments cannot respond quickly and effectively to on-the-ground conditions. In Tajikistan, local governments do not have any sound technical, financial and managerial working models of community water systems. Several local governments lack access to specialized tools, such as pipe or leak detection hydro-equipment, which would improve the rehabilitation and repair of pipe networks. Local governments often attempt to rehabilitate and repair systems in accordance with the former Soviet standards, but what was is really needed, is a systemic conceptual approach.

Another critical factor in the provision of good water and sanitation services is financing. Local governments do not have adequate authority to raise their own revenues, resulting in extremely limited capital investment resources and an inability to fund local water supply systems. In Tajikistan, these problems have become critical in the past few months, after the country was hit by rainstorms which caused flash floods, landslides and mudslides. Instructed to do so by the national government, local governments had to re-direct their meager financial resources to emergency relief and reconstruction. Consequently, many local governments are having difficulties in meeting their cost share of infrastructure projects. This could be solved by increasing the fund raising authority of local governments.

Part of the problem is caused by a growing demand and a reduced supply of water and energy. The supply of clean water is declining because of a range of factors, including hydrological variability, climate change, glacial melt, and environmental pollution (USAID 2009). A lack of potable water is a major problem in Tajikistan, Uzbekistan, Turkmenistan, the South of Kazakhstan and the South Caucasian republics. Sound water management and access to water is vital for community health, but also for the region's economic development. Economic activities ranging from agriculture and mining to industrial production require a dependable water supply. Uzbekistan's fisheries-related production is completely dependent on predictable and high-quality supply of fresh water.

The problem of increasing demand and the declining supply of water has been compounded by the failure of the region's States to work together, to come up with a viable regional approach to replace the legacy left by Soviet systems. Shared water resources, both surface and underground, are under increasing pressure from competing national needs. Kazakhstan depends upon Kyrgyzstan and Uzbekistan for its irrigation water, which, due to their geographical position upstream, can control timing and availability of water downstream, creating a potential conflict of interests (USAID 2009). In practice, Uzbekistan has generally respected Kazakh claims to summer water allocations in accordance with the annual barter agreements.

To improve this situation, water should be used more efficiently in the industrial, agricultural (including food security), energy (hydropower and thermal power plant cooling) and consumptive sectors. Pollution prevention programmes and programmes that reduce water loss and increase recycling should be supported.

### e. Urban environment

Many cities in North and Central Asia are facing huge environmental challenges. The majority of them have a considerable number of plants and factories, causing air and water pollution, and health problems.

Air quality is deteriorating rapidly in many major cities, due to the increased volume of motor vehicles, higher energy consumption and a growing industrial sector. Thermal power plants were usually built without devices to protect the environment, which were regarded as too expensive. Air pollution is even worse in cities surrounded

by mountain ranges that hinder natural ventilation; these suffer from petrochemical smog which often lasts for days, and puts public health in jeopardy.

Industrial cities also experience water pollution. A special case is the first and only Soviet nuclear test site, CIP Semipalatinsk in East Kazakhstan, which adversely affected the whole subregion. Environmental impacts of nuclear testing and related activities still affect agriculture and the economy of the region, and threaten the health of the population. Almost all rivers are exposed to nuclear contamination; 2009 data of the Russian Hydrometeorological Centre shows that there are more than 1.8 million cases of high or extremely high river pollution.

These high levels of air and water pollution have contributed to the spread of cardiovascular diseases, cancer, diseases of respiratory systems, infectious, gastrointestinal, and other serious health problems. Over the past ten years, the region has experienced an increase in respiratory tract infections by 25 per cent (WHO 2010; Zvyagelskaya 2001).

Cities also suffer from a lack of proper solid waste management, a lack of wastewater treatment facilities, polluting heating practices and energy inefficiency. Most solid waste is still placed in landfills. More than 50 per cent of these landfills do not meet international hygienic standards, resulting in more air pollution, the deterioration of sanitary conditions, groundwater contamination and uncontrolled emission of greenhouse gases.

In most cases, national governments do address environmental safety issues, but local governments are almost ineffective in tackling them, as they lack the high level of competence and professionalism needed. Moreover, local governments often do not have enough financial means.

### f. Climate change mitigation and adaptation

Climate change already has a pronounced impact on development in North and Central Asia**.** Increased temperatures, altered rainfall patterns, rising sea levels, melting glaciers, and more frequent extreme weather events pose serious threats to development gains in health, economic growth and resource management, and endanger stability, by increasing poverty and create potential conflict over resources (USAID 2011).

In Kyrgyzstan and Kazakhstan especially, large quantities of water are stored in mountain glaciers and any increase in precipitation intensity or temperature rises could have significant repercussions on water storage systems and flood management in the region. Extreme weather, like floods and droughts, are the most immediate and obvious risks–and projections indicate these events will become more intense and frequent. In Georgia, melting glaciers have been contributing to river pollution and erosion of old warehouses, mines and waste dumps (USAID 2011).

Better weather forecasting, climate modeling and early warning systems are necessary to minimize the risk of natural disasters and maximize the preparedness for these phenomena. Win-win opportunities exist that offer the potential to reduce current pressures on resources, improve the human welfare in the region and offer the potential to reduce their vulnerability to the adverse effects of climate change. Adaptation activities also include consideration of climate concerns in planning and implementation of activities in areas like health, infrastructure, water, and agriculture (USAID 2009).

National and international structures already address climate change adaptation issues. On the national level policies are being developed (investment incentives, financial structures for clean energy), on the regional level governments work on emissions reduction and adaptation of specific watersheds, and on municipal level the main topics are energy efficiency, disaster risk reduction and training of key stakeholders to improve management of natural resources to reduce carbon intensity of energy supply and displace use of carbon fuels (USAID 2011).

### g. Strengthening local government

Local governments in North and Central Asia have a tough job ahead of them. They need to repair roads and mass transport systems, modernize water and power supply, promote economic growth and improve municipal services. But local governments are more often than not unable to cope with these problems. All nine countries share the Soviet Union's legacy, with a tendency towards centralized decision-making and authoritarianism, if not autocracy. National governments still play a key role in regional development. There are strong vertical hierarchies where sub-national governments are accountable to their superior government entities only and not directly

to the people. As a result, there are limited incentives for sub-national governments to respond to constituent demand and very few mechanisms for constituents to engage in local governance issues. Although some form of elected local councils functions in almost all countries, in most cases they have limited authority and largely perform a ceremonial role. The result is a huge unmet demand for local service delivery.

One of the main issues for local governments is their approach to planning processes: work is frequently done without reference to the real situation, without preliminary analysis and without strategy. There is no systematic approach to urban development and management; each municipal department works independently, without coordinating with other agencies. A strategy describing the purpose of the local government's work is usually not in place, neither are monitoring and evaluation criteria to assess the results of a project. Most sub-national governments are very small and the lack of human resource capacity within these organizations is overwhelming.

Historically, civil society has played a very minor role in the region's social and political development. To this day, the hierarchical system of decision-making causes widespread unwillingness of citizens to participate in improvement programmes of local governments. The existing models should be modified substantially, providing citizens with the opportunity to influence the executive branch, strengthen government's representativeness and provide resource support. Public opinion should be respected, particularly during the planning stage of all public projects, when decisions are made on priorities and budgets.

To be able to take on this task, governments need to allow for more citizen participation, increased transparency, draft implementation rules and regulations, create political will to reform, adopt self-governance principles and empower sub-national elected councils to lead the local development agenda (GIZ 2010, USAID 2009). They need to create (possibly temporary) favourable environments for the legal registration of existing illegal constructions, so they can benefit from property and land tax revenue.

## 4. Conclusion and recommendations

One of the main priorities for urban stakeholders in North and Central Asia should be improvement of data collection on city-level: reliable quantitative and qualitative analyses, comprehensive surveys and studies of urban development issues. This would allow sub-national governments to introduce new strategies and mechanisms for efficient infrastructure upgrading and city planning, to improve the quality of public services and to develop financial resource mobilization schemes.

Another essential input to improved urban development in this region is capacity-building in local governments, for both politicians and civil servants. To reform service delivery, increased capacity is needed in policy analysis, administrative leadership, management, spatial planning, project planning and establishment of public-private partnerships. Budgeting, regional planning, and land management (especially in Tajikistan, Kyrgyzstan and Uzbekistan) are other critical areas.

The legal framework should be modernized in a holistic way, with special focus on legislation relating to environmental issues and local self-government, and improved mechanisms for effective implementation. A new pricing structure for services that reflects ecological costs, while taking into account affordability for poorer segments of society should be introduced. While it is important to pursue broader goals of institutional and legislative reform, it is equally important to ensure that the population experiences tangible change, such as improved water supply.

Sub-national governance reforms can only be successful if there is popular demand for it. The current apathy of citizens to sub-national governance issues needs to be replaced with a constructive process of citizen engagement. Citizens could be active in setting priorities for policies and projects, and should hold sub-national governments accountable for their actions. Awareness should be raised among the wide urban population about governance and environmental sustainability. The incentive for citizen involvement would be for citizens to gain the ability to improve service delivery in their communities. Through their involvement, they will help sub-national entities to develop and prioritize service improvements. This would initiate the development of collaborative mechanisms allowing local government authorities, experts and civil society to engage in joint urban planning and decision-making.

Barriers that impede private sector involvement in urban development should be removed, especially for small and medium size enterprises. Local and regional urban forums, and networks of various local actors would be good platforms to institutionalize, multi-stakeholder dialogue between city-level actors and provide city-to-city exchanges across regions to learn from good practices. These Forums would also provide the opportunity to develop advanced vocational training systems.

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# Urban Challenges in the Pacific

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## 1. Overview of subregional urbanization patterns

Pacific cities and towns are rapidly becoming 'hot spots' of social and environmental risk while at the same time contributing most to gross domestic product (GDP) and providing the best opportunities for Pacific people to gain employment and access to improved services. This tension is recognized in the development of national, city and town strategies to address the challenges created by urbanization in small island States.

The Pacific is made up of a diverse range of fourteen independent island countries and numerous territories situated in the world's largest geographical feature covering a third of the world's surface. In the North Pacific are the Micronesian islands of Palau, Federated States of Micronesia, and the Marshall Islands. The central south Pacific includes the Micronesian countries of Kiribati, Nauru and Tuvalu. To the South of the equator and West is the largest and most populous Pacific Island country, Papua New Guinea (current estimates of Papua New Guinea's population is more than six million people) part of the Melanesian cultural grouping of islands which also include Fiji, the Solomon Islands and Vanuatu. In the Central, South and East Pacific are the Polynesian islands of the Cook Islands, Niue, Samoa and Tonga.

While the Melanesian countries stand out as being the most populous islands of the Pacific, the Pacific island atoll countries of Kiribati, Republic of the Marshall Islands and Tuvalu are characterised by relatively small populations concentrated in a few densely populated areas, small economies and very limited land areas for urban development and waste disposal.

The United Nations Population Fund (UNFPA) notes that while mega-cities have received substantial public attention, most of the new growth worldwide over the next two decades will occur in smaller towns and cities which have fewer resources to respond to the magnitude of the change. This trend in urban growth is reflected in the Pacific where rapid expansion is occurring in its small urban centres and is expected to continue over the next few decades. In recent decades urban population growth has been outstripping national population growth.

The politics and traditions of land ownership together with severe constraints on available land, particularly in the atoll countries, play a dominant role in defining and influencing the way urban centres are developing in the Pacific and characterizes the way 'urban' is defined in the Pacific context. Cultural practices surrounding land use and occupation dictate a pressing need to tackle urban planning from within existing traditions and mores, as well as the national laws and institutional structures of Pacific Island countries themselves. Land throughout the Pacific is communally owned, usually through family lineages, often through the male members of the family, but sometimes through the female lineage. Land owners largely determine how the resource is used and are subject to few, if any constraints. Constraints on the availability of land for growing families in rural areas have been a 'push' factor for some families to migrate to urban areas. Political leadership throughout the Pacific has largely survived by ensuring that culturally-based land ownership arrangements and associated traditions are protected. Many municipal, city and town councils as well as central governments do not own land, but lease from traditional land owners. Furthermore, local and central government have generally been reluctant to limit what the traditional land owners can do on their land and more particularly the number of families that they allow to settle within squatter communities. Where central or local governments do own land, this is usually limited to parcels of land acquired during colonial administration days. Tonga is the exception to this otherwise Pacific-wide pattern as in Tonga the royal family largely determines how land is distributed.

Examined from a western urban planning perspective, 'urban' in the Pacific context can be difficult to recognize because 'urban areas' tend to be small both in terms of population size and land area. 'Urban' can thus refer to groups of connected villages stretching along the coastline (e.g. Apia in Samoa) or can include a number of connected villages on one island (e.g. Rarotonga in the Cook Islands, Tarawa in Kiribati, Nauru, Koror in Palau, Funafuti in Tuvalu, Majuro in the Marshall Islands). Ebye Atoll in the Marshall Islands stands out as an entire island which is 100 per cent urban and the most densely populated in the Pacific. In other Pacific Island countries there are distinct and significant urban centres on large islands (e.g Fiji, Vanuatu, Solomon Islands, Papua New Guinea, Tonga, and Federated States of Micronesia). These fledgling towns and cities of the Pacific are largely governed by traditional land owning arrangements which struggle to respond to the changing landscape of population distribution and density. In most Pacific Island countries there is a single primate city or urban centre.

Only in Papua New Guinea and Fiji are there a number of other smaller urban centres developed around tourism or commodities (e.g. mining, forestry or the sugar industry in Fiji). Vanuatu has one other small urban centre established to support mostly tourism enterprises.

### a. Urbanization trends and levels

Urbanization in the Pacific began with European colonization in the early to mid-nineteenth century. Colonial administrators developed centres for trade and the export of raw materials including minerals and timber creating a need for labour and the concomitant development of services in a few key towns. In Fiji for example, towns, populated by indentured labourers and related service industry workers, developed around the growth of the sugar industry from the late nineteenth and early twentieth centuries.

Migration to urban centres relieved social pressures and impact on natural habitats and biodiversity in rural areas. However, the scale, rapidity and lack of regulation of urban expansion has also led to serious environmental effects through erosion and pollution of waterways and has at the same time placed urban populations at increasing risk of disease and flooding, as a result of coastal erosion and settlement on flood-prone areas.

The development of urban-based government bureaucracies created job opportunities, further contributing to the expansion of urban centres including informal settlements. These jobs, incomes and services were not available in rural and outer islands areas. Economies of scale in urban areas meant improved and expanded services, including telecommunications connections to the wider world. The expanded range of services continue to attract migrants from rural and outer islands in search of jobs and access to improved education, health and other services. Urban centres have become the hub of economic activity accounting for much of national GDP and the only places where all essential services, in health and education in particular, are provided.

Urban areas act as a melting pot of culture, language and ethnicity as well as changing kinship and island allegiances. Although this has at times led to ethnic conflict, it also provides at the same time a concomitant impetus for social change. Empowering and redefining the role of women has been an important social development enhanced through educational, employment and income opportunities.

Until the late 1990s, the expansion of urban populations and the associated, environmental housing and other social and environmental management challenges have been largely ignored by Pacific post-colonial governments. For example, a progress report on the Papua New Guinea urbanization policy (Papua New Guinea 2004) notes that the historical response was on the whole a policy of 'do nothing'. Although Pacific towns and cities have been growing for many decades, governments within the Pacific subregion have only recently started to address national policy and planning to develop infrastructure and services to cater for increasing urban populations and manage the impact or urban growth.

### b. Growth and migration

In the Pacific, total national and urban populations may be small, but the land areas within which these populations are constrained to live have given rise, in some countries, to population densities comparable to highly populated countries in Asia. This is most pronounced in those countries with high birth rates, especially the Melanesian countries of Fiji, Papua New Guinea, Solomon Islands and Vanuatu and in some of the Micronesian countries, particularly Kiribati and the Republic of the Marshall Islands. Furthermore, in many countries urban populations are increasing at twice the rate of the national average. Even in those countries where national populations have remained static or are declining, the urban populations are still growing at the expense of the outer islands or rural areas.

Approximately 20 per cent of the Pacific population of 7.4 million people live in urban areas. If the population of Papua New Guinea (which at the last census in 2000 was 5.2 million people but which is currently estimated at over six million people) is excluded from the regional count, then over 36 per cent of Pacific people live in urban areas.

| | National population at last census | Urban population at last census (%) | Last intercensal annual growth rate (%) | |
|---|---|---|---|---|
| Cook Islands | 15,324 | 72 | 2.6 | -1.4 |
| Fiji Islands | 837,271 | 51 | 1.5 | -0.1 |
| Federated States of Micronesia | 102,624 | 22 | -2.2 | 1.0 |
| Kiribati | 92,533 | 44 | 1.9 | 1.8 |
| Marshall Islands | 50,840 | 56 | 1.6 | 1.3 |
| Nauru | 9,233 | 100 | -2.1 | - |
| Niue | 1,625 | 36 | -1.1 | -2.3 |
| Palau | 19,907 | 77 | 0.0 | 3.9 |
| Papua New Guinea | 5,190,786 | 13 | 2.8 | 2.7 |
| Samoa | 180,741 | 21 | -0.6 | 0.7 |
| Solomon Islands | 515,870 | 20 | 4.7 | 1.8 |
| Tonga | 101,991 | 23 | 0.5 | 0.4 |
| Tuvalu | 9,561 | 47 | 1.4 | -0.2 |
| Vanuatu | 234,023 | 24 | 3.5 | 1.9 |
| **Pacific Total** | **7,362,329** | **20** | | |

*Table 1: National and Urban Populations for Pacific Island Countries. Source: Secretariat of the Pacific Community Statistics for Development 2011.*

The caveat with respect to the official urban figures provided by census data, is that most urban growth is taking place in the peri-urban areas and nearby communities and villages generally outside the official municipal or city boundaries and therefore tend not to be included in the official urban population counts. It is therefore difficult to give an accurate estimate of total urban populations as they should also include both the peri-urban informal settlements as well as nearby 'dormitory villages.' In some countries this may double the official urban population count, particularly in the Melanesian countries which have experienced the most rapid recent urban growth especially in those peri-urban areas.

In Samoa, the Apia urban area was originally defined by one village. However, Apia has long outgrown these traditional boundaries: adding two administrative districts to the East and West of this core urban area gives a population of 60,872 or 35 per cent of the 2001 national population. If villages along the coast west of Apia are included, Apia increases to 52 per cent (2001) of the total population of Samoa (Sagapolutele et al, 2003). Much of this population commutes to the Apia commercial area each day to work, study or shop.

Since the 1980s, Port Vila, the capital city of Vanuatu, has more than trebled in size. Much of this growth comprises communities of sub-standard housing outside of the municipal boundaries. These under-serviced (ie. lacking in reticulated water, electricity and other infrastructure) informal settlements are often organized according to island of origin. A study of one squatter community in Port Vila (Mecartney 2000) noted that given it had been established for decades, much of the population increase could be attributed to natural growth rather than immigration. Many squatter communities throughout the Pacific now accommodate second and third generation inhabitants. In some countries the national urban growth rate is 'pulled down' by low growth in some other 'secondary' urban areas compared to growth in the capital e.g. intercensal growth in Port Vila is approximately 4.1 per cent compared to the national urban average of 3.5 per cent while total national intercensal annual population growth is approximately 2.3 per cent. Furthermore, Shefa Province within which Port Vila is located grew by 4.5 per cent in the same period which can be explained in part at least by recognizing that some peri-urban areas of Port Vila are included in the wider Provincial count and not in the official urban population. Mele Village, a few kilometres to the west of Port Vila, is the largest village in Shefa Province and acts largely as a dormitory suburb for Port Vila but is not defined as urban. Many Mele village residents commute to Port Vila daily for jobs and schools, but interestingly some school children residing in Port Vila commute to Mele Village to attend classes as Port Vila schools are full to capacity with no land area available to expand.

For the Suva metropolitan area, capital city of Fiji, the population living in urban informal settlements is estimated by Lingam (2009) at about 90,000 with more than 730 new households being added to informal settlements each year. Much of this growth of informal settlements is occurring in the peri-urban areas of towns and cities which have outgrown their formally defined local government boundaries. McKinnon (2007) notes that if the peri-urban settlements grow at 7 per cent, by 2020 42 per cent of the projected overall urban population of Fiji will be living in squatter settlements.

About 45 per cent of Port Moresby's (capital city of Papua New Guinea) total population live in informal or squatter settlements. UN-Habitat (2010) has noted that the growth of these settlements is the result of uncontrolled migration, population growth, and government's failure to provide affordable housing and land for development. Recent research suggests an annual urban population growth rate of approximately 7.8 per cent, which is about twice the national growth rate (Chand and Yala 2008). The population of Honiara, the capital city of Solomon Islands, has been growing at similar rates to Port Moresby (approximately 6 per cent) and the growth rate of informal settlement population was recorded at 26 per cent in the three years after 2003, which represented much of the returning population forced from Honiara following the June 2000 coup (Chand and Yala 2008).

Although fertility rates tend to be lower in urban than in rural areas throughout the world, the fact that large percentages of people in many developing Pacific countries are young, particularly in urban areas, means that rapid urban population growth will continue for many years to come. As this growth is associated with severe constraints on the availability of land for housing and the expansion of key services, this poses major challenges for central and local government's management of the urban physical and social environment in the Pacific as well as risks compromising future economic development.

### c. Urbanization and economic development

Most formal sector employment is found in the cities and towns of the Pacific. In Vanuatu approximately 75 per cent of all Foreign Direct Investment occurs in the capital Port Vila where over 70 per cent of GDP is produced largely through the (tertiary) services sector while primary production only represents about 16 per cent of GDP although it employs more than 60 per cent of the workforce. Similarly, in Fiji approximately 60 per cent of GDP is produced in urban areas. In this context, the choice to migrate from rural to urban areas in search of employment is entirely rational (Hayes 2011). The attraction of the city and large towns amongst the working age group, therefore, remains high.

Despite the greater number of formal sector jobs in urban areas, poverty is growing. Job creation is not keeping pace with the growth of urban populations. Unemployment rates in the formal cash sector of the economy of all Pacific Island countries are high (Rallu 2007, Alatoa, 2009) and many have suggested that there is a transfer of poverty between rural and urban areas (see also Jones 2011). Abbott and Pollard (2004) also suggest that the level of formal cash economy employment in Pacific Island countries is low and is a result of the limited development of the private sector and secondary industry. The lack of a well-paid formal sector means that people across the Pacific resort to informal sources of income such as subsistence farming, housework and so on, for their survival. The Solomon Islands' 'People's Survey' (ANU Enterprise 2011) found that 66 per cent of respondents generated income from selling at markets. In Honiara, capital city of the Solomon Islands, markets have grown in peri-urban areas in addition to the large main market of the central city.

A 1997 interpretation by the UNDP of the 1990-91 Fiji Household Income and Expenditure Survey (HIES) data indicated that 27.6 per cent of the urban households had incomes below the then poverty line of F$100 per urban household a week. An updated urban poverty line estimate of F$147 per urban household per week in 2002 meant that 29.3 per cent of urban households had incomes below this income level, according to the 2002-03 HIES urban income data (Norindr 1997). Thus, a sizeable and growing segment of the urban population is poor and living in sub-standard housing.

Significant proportions of urban areas in the Pacific, especially Melanesia, are made up of poor housing or slums, sometimes known as squatter or informal communities. In Papua New Guinea, most of Port Moresby's low income work force lives in settlements. However, the trend is changing with middle and high income earners moving

into settlements because of the limited access to formal housing. Almost all settlement dwellers live in self-help houses of varying standards (UN-Habitat 2010). The response at the national and local government levels to the lack of affordable housing throughout the Pacific has been patchy. In Fiji, the Ministry of Local Government, Housing, Squatter Settlement and Environment established a National Squatter Council soon after the approval of the squatter policy in 1994. The objective of the Council was to advise the Ministry for Housing on matters relating to the housing of squatters and to implement the government's squatter policies. This provided for upgrading in areas of concentrated squatter housing. Such areas were being designated as Residential Upgrading Areas for which upgrading schemes in the context of flexible application of planning and infrastructure standards were made by the Ministry of Local Government, Housing, Squatter Settlement and Environment. The Cabinet also approved the establishment of a National Squatter Council to tackle the growing squatter problem. However, financial constraints have limited the ability of the Government of Fiji to establish Residential Upgrading Areas at a sufficient rate to keep pace with the expansion of squatter communities. In a renewed effort to address rapid urbanization the government drafted a new housing policy in 2010. Importantly, the draft policy recognizes the significance of key factors such as land use planning, sanitation and water services as well as poverty and the significance of a coordinated policy implementation in these areas.

The combination of continued high urban population growth with the lack of land and affordable housing is likely to undermine the economic gains made through the growth of employment and services in urban centres. There are a range of critical and emerging urban management issues found across the Pacific.

## 2. Critical and emerging urban issues

### a. Demographic, economic, social, environmental issues

Urban growth in the Pacific is proceeding at a rapid pace largely in the peri-urban areas of towns and cities usually beyond the reach and services provided by local and central government. Where urban population growth is slowing as a result of the lack of land to accommodate more people, which is the case in many Micronesian atoll countries (Republic of Kiribati, the Republic of the Marshall Islands and Tuvalu), the pressing environmental and social issues continue to expand.

For example, the total land area of Jenrok Village on Majuro Atoll, the capital of the Republic of the Marshall Islands (RMI), is 0.65 square kilometres containing 215 households averaging 9.47 persons per household and occupying 95 per cent of the land. The estimated population of Jenrok Village is 1,847 persons with 65 per cent under the age of 25 years. Jenrok's population density is equivalent to approximately 33,950 persons per square kilometre. Less than half of the households are connected to a reticulated water supply, with reported high rates of water-borne diseases including diarrhoea and typhoid (Chutaro 2004). Ebeye Island, in Kwajalein Atoll, is the most densely populated island in the Marshall Islands, where 9,345 people live on only 0.23 square kilometres. The lack of land for the disposal of solid waste is a pressing issue on both atolls.

Similarly, Betio, the capital of Kiribati, on the atoll island of Tarawa, has a population of 12,509 people on 1.45 square kilometres. Approximately 40 per cent of households are connected to the sewerage system which pumps raw sewerage directly into the sea. Those not connected use either pit latrines, small septic tanks or the beach (Butcher-Gollach et al. 2007). A Kiribati Government report (2009) suggested that overcrowded living conditions increasingly expose children to a range of diseases, which in a rural or outer island context may be easily preventable. Infant and under five survival rates are already the lowest in the Pacific with some claiming that unofficial rates are as low as 957 and 931 (43 and 69 deaths) per thousand live births respectively (Donnelly and Jiwanji 2010).

In 1973, Funafuti, the capital island of Tuvalu, had 14.8 per cent of the total population and in 2002 it had approximately 47 per cent with a population density of approximately 1,606 people per square kilometre, while in 1973 there were less than 893 people per square kilometre (Funafuti is approximately 2.79 square kilometres). This is creating a considerable and clearly observable strain on land resources as Funafuti struggles to provide sufficient land for housing, dispose of waste and maintain infrastructure (UNICEF and Government of Tuvalu 1996).

Overcrowding in many urban centres is having health consequences with an increasing number of reports of gastrointestinal disease and Hepatitis, TB, Dengue fever and Malaria, Cholera and Typhoid (see Abbott and Pollard 2004, Chutaro 2004, Donnelly and Jiwanji 2010, Rallu 2007).

Furthermore, there is little acknowledgement by Pacific island local governments or communities that burning and air pollution generally has an effect on health. Exposure to smoke increases the risk of acute lower respiratory infections in children, chronic obstructive lung disease in adults and lung cancer (WHO 2000, p.8). Worldwide estimates of premature deaths due to wood smoke are 2.7 to 3 million, with respiratory illness being the largest killer of infants (WHO 1997, p. 242). Acute respiratory infections globally kill more than 3 million children under five every year. There has also been a direct link established between air quality affected by the burning of trash in confined urban settings, and the increased incidence of respiratory diseases, to which the children and the elderly are most vulnerable.

A dump fire was reported near Nuku'alofa, capital city of Tonga, on Christmas day 2003. Nearby residents complained of the thick and acrid smoke from burning tyres and other rubbish and many felt the effect on their health (Vava'u 2003). Similarly, burning at a local rubbish dump in Wewak, Papua New Guinea, affected the health of pupils at a nearby school (Website AusAID). When a fire started in one of the Pacific's largest city dumps in Lami, Fiji, in July 2005, local residents complained of "irritated throats and eyes", and they were warned to keep windows closed and not to inhale the toxic fumes. Most of Port Vila was covered in a thick haze of smoke in the days and weeks following cyclone Ivy in 2004 with most households, hotels and businesses burning cyclone debris. Air quality in all Pacific capital cities is poor because of uncontrolled burning.

Overpopulation and environmental impacts pose serious risks in all Pacific island countries. Much urban growth in the capital cities of the Melanesian countries (Fiji, Papua New Guinea, the Solomon Islands and Vanuatu) is taking place in low-lying and flood prone areas not only placing these populations at risk of flooding, including tidal surges and tsunamis, but also resulting in high levels of environmental pollution through lack of waste controls. Community studies of informal settlements (Chung and Hill 2002, ESCAP 2002, Mecartney 2000 and Naupa 2003) have found densely populated settlements with rudimentary water collection, limited or no waste collection, sanitation, and other services. Where households had access to water, sources were often contaminated and the quality and ease of access varied with some having 'informal' water connections to neighbouring houses, or purchased buckets or drums of water paying higher rates than through the publicly available supply. Nearby rivers tended to be polluted from rubbish, agricultural run-off and pit latrines near streams and rivers. Although such areas were managed by landowners, there was no legal obligation to protect the environment and fresh water resources or to ensure basic water and sanitation services were provided. Although most 'tenants' paid some form of informal rent most landlords did not address the provision of any of the basic services.

Despite serious environmental and health concerns, urban areas continue to attract migrants from rural areas and outer islands. A policy hiatus regarding the settlement of land and the provision of basic infrastructure and social services places both the community and environment at risk.

### b. Rural-urban linkages

In the past Pacific life has been viewed in terms of rural or outer island village life. However, the growth of large towns and cities, with over 20 per cent (36 per cent if Papua New Guinea is excluded) of the Pacific population living in urban areas is forcing governments and local governments to rethink this view (Wilkinson 2009). However, family ties between those living in rural areas to those in urban areas are strong for income purposes and to ensure access to key services, including health and education, particularly secondary and post-secondary education.

Improved communications with the advent of affordable mobile telephones has strengthened urban-rural linkages. For example, anecdotal evidence suggests that produce supplied to the market in Port Vila has improved with the ready availability of mobile telephones. Market vendors are now able to communicate with family members in the outer islands to make sure fresh produce is ready and transported in time to the urban market, thereby improving the returns for market vendors as well as rural producers. In this regard urban-rural linkages have been strengthened and rural producers who have had access to urban markets have benefited.

Some governments have actively discouraged rural-urban migration while others have developed schemes to try and reverse the flow of people to urban areas. The Government of Kiribati has developed a programme to encourage those living in overpopulated South Tarawa to migrate to remote Christmas Island with only limited success. Other governments including Tuvalu have tried to ensure that government services including secondary schools are developed on some remote atolls as an attempt to encourage people to stay on their 'home atoll'. Strategies have been largely unsuccessful in stemming the rural-urban population flow.

Although rural families and outer islanders rely on the urban economy for cash and access to important services, migration is at the same time redefining social relationships and undermining community cohesion. Outer islanders, with distinct cultures and speaking different languages have at times engaged in inter-ethnic conflicts in some Melanesian countries[17]. This must be seen alongside conflicts arising between traditional culture and modern urban lifestyles particularly with respect to land ownership, gender roles, sexuality, and observance of customs (Hezel 2001). The social disruption caused by the breakup of families following migration to the city, or as a result of the pressures of city life, is resulting in the loss of traditional 'safety nets' (ESCAP 1999; Rallu 2007). Pressures are created when rural or outer island families send children to stay with relatives in the cities to get a better education. On the other hand, maintaining traditional social obligations and responsibilities of the extended family is a heavy burden for young urban wage earning couples in the city (UNICEF Pacific 2005; Bryant-Tokalau 1995). In many family contexts throughout the Pacific the role of the 'urban family' has been defined in terms of a provider of essential services and resources to rural or outer island based members. For example, wage and salary earners in urban areas are sending cash and goods (including consumables such as kerosene, sugar and rice, etc.) to their rural or outer island families and children from rural areas or outer islands are sent to 'board' with urban families to attend school. Abbott and Pollard (2004) suggest that as a result of urbanization, rural safety nets are threatened (as they rely on cash income from their urban relatives) and that urban safety nets are non-existent. However, despite the apparent lack of services, high levels of unemployment and poor sanitary and living conditions, the perceived opportunities provided by the urban economy continues to attract rural and outer island migrants.

### c. Climate change mitigation and adaptation

Climate change for the Pacific presents Pacific Islands with many challenges including rising temperatures, rising sea levels and the contamination of freshwater resources with saltwater, coastal erosion, an increase in extreme weather events, coral bleaching, and ocean acidification. Three of the fourteen independent Pacific island countries are atoll (low) islands, with villages and urban centres only a few metres above the sea level which would appear to be most at risk of sea level rises and the effect of extreme weather conditions, are all already experiencing contamination of fresh water lenses. However, the Asian Development Bank has noted that "both low and high islands are equally vulnerable to a rise in sea level, due to the concentration of human activity in coastal areas and the difficulty in relocating to the interior of high islands. Population relocations sparked by high sea levels are already a reality, and with land in limited and dwindling supply, the issue could quickly reach critical stage in many countries." (2010, p. 5). Although the high islands may have greater land resources, the settled coastal zone is narrow in many countries, offering few inland settlement options.

The President of Nauru was recently quoted in the New York Times (Stephen 2011) saying "… Already, Nauru's coast, the only habitable area, is steadily eroding, and communities in Papua New Guinea and the Solomon Islands have been forced to flee their homes to escape record tides. The low-lying nations of Tuvalu, Kiribati and the Marshall Islands may vanish entirely within our grandchildren's lifetimes … The changes have already heightened competition over scarce resources, and could foreshadow life in a world where conflicts are increasingly driven by environmental catastrophes. … "

Recent UNDP research has also highlighted the risk of conflict resulting from climate change (UNDP 2009) as people are forced from the coastal areas. The fact that all of the Pacific's primate cities are coastal and that much of the urban squatter expansion in these cities is taking place on vulnerable low-lying and flood prone areas, makes

17 The Government of Papua New Guinea's Office of Urbanization (2004, pp. 2, 9), noted the escalation of ethnic tensions and that the squatting on both State and customary land is largely uncontrolled with resulting overcrowding, murder, rape and other crimes and found that law and order agencies had no responses.

them particularly vulnerable to sea level rise and extreme weather events. In many cases the development of informal settlements is adding to the risk not only because they are densely populated but also because they are contributing to coastal erosion and in some cases mining protective coastal sands for construction.

The Pacific Islands Framework for Action on Climate Change (PIFACC) 2006-2015 has established a series of principles on climate change for the region. These principles include implementing adaptation measures, governance and decision-making, improving understanding of climate change, education, training and awareness; contributing to global greenhouse gas reduction and partnerships and cooperation. National Adaptation Programmes of Action (NAPA) are being developed for Kiribati, Samoa, Tuvalu and Vanuatu through the Global Environment Facility (GEF) LDCs Fund, with the Solomon Islands NAPA nearing completion. In most cases these programmes of action include specific urban management measures recognizing the vulnerability of Pacific cities and towns to climate change.

In 2008, Pacific Leaders adopted the Niue Declaration on Climate Change (Pacific Island Forum Secretariat 2008) to highlight the serious impacts of and growing threat posed by climate change to the economic, social, cultural and environmental wellbeing and security of Pacific small island developing States (SIDS). Current and anticipated changes in the Pacific climate, coupled with the region's vulnerability, are expected to exacerbate existing challenges and lead to a significant impact on the environments of Pacific SIDS, their sustainable development and future survival of the people (ESCAP Pacific Office 2010).

The Australian Government's development assistance programme noted (2009, p. 6) that rapid urbanization and high population growth were two of the key development issues in climate change vulnerability and noted that densely populated urban areas are vulnerable to climate change. Clearly if cities are to be managed in a sustainable way then climate change, population and environment must be managed in an integrated way recognizing the cultural and land management practices. The starting point for addressing this is through National Sustainable Development Strategies where national development issues are prioritized and key challenges such as those facing urban development can be addressed across relevant sectors and within the different tiers of government (local, provincial and national).

## 3. Towards inclusive and sustainable cities in the Pacific

### a. Urban management and governance

Most Pacific island countries have some form of local urban governance through a municipal, city or town council and/or provincial government. In virtually all cases these institutions are under-resourced to be able to address the urban planning issues they face. In the larger Melanesian countries, most city or town councils are experiencing population growth rates twice that of the national population growth rate. Few employ urban planners or other specialist trained or experienced staff. Their revenue base tends to be limited and they receive little in the way of financial support from central governments.

The post-colonial administrative models for local and provincial governments throughout the Pacific have remained largely unchanged and appear to be failing. For example, the municipal councils of Port Vila, Luganville (Vanuatu), Honiara (Solomon Islands) and Suva (Fiji) have all been suspended and/or dissolved in recent years requiring the establishment of interim administrations. Similarly, the Majuro Atoll (Marshall Islands) local government was said to be "a dysfunctional entity which is currently financially insolvent and unable to pay its debts" (Marshall Islands Journal, 2007). In most other parts of the Pacific, local and provincial governments are under-resourced to tackle the needs of rapidly growing towns. In Fiji the national interim administration dissolved all town councils and replaced them with government appointed administrators.

Few local governance institutions closest to communities consult and listen to communities. They do not address the most basic planning and social development needs. The physical planning models, roads, footpaths, drains, overhead wires, schools, clinics and shopping centres are, to all intents and purposes, based on 'developed world models' and delivered in western European ways with little regard to Pacific village and community physical and social arrangements, cultures and lifestyles. In short, there is an urban policy and management void exacerbated by a complex array of institutions addressing needs in a largely uncoordinated manner. For example, with respect

to housing, Dr. Donovan Storey (2006) noted not only a lack of community consultation but that a panoply of initiatives existed divided amongst ministries with limited knowledge and interaction between them. In Port Vila (Vanuatu), urban planning involves the municipality and at least five national and provincial departments. In Fiji, responsibility for greater Suva is shared by three local governments and five national and municipal agencies. In South Tarawa (Kiribati), urban services are provided by seven different ministries and departments. In recent years the Commonwealth Local Government Forum Pacific office has developed a programme strengthening local governments. However, despite their crucial role in planning and coordination, central governments show little interest in strengthening management and planning at the local level exacerbated by few according urban management a priority within their National Sustainable Development Strategy.

In recent years various Pacific Island countries have developed a range of new policy initiatives and institutional structures to address urban planning and management issues. This has been in response to the emergence of pressing housing shortages, environmental degradation, security concerns and poverty. Samoa established the Planning and Urban Management Authority (PUMA) in 2002 as part of the Ministry of Natural Resources and Environment to address the pressing urban and coastal management issues in and around Apia in particular, but also nationally. In Papua New Guinea the government established the Consultative Committee on Urbanization in 2002 to formulate a national policy. The Committee noted that the government has to deal with the issues of squatters, settlement and overcrowding as well as an escalation of ethnic tensions and crime (2004). The 2004 progress report noted that the policy will address spatial planning issues as well as population, transport, land, housing and social issues, law and order and governance. The policy, which takes a broad approach to urban management was finalized in 2010. Similarly the first national urban policy workshop held in Vanuatu in 2009 noted the need to take a broad approach including addressing economic development, employment, living conditions, climate change and governance. A new model for urban management is evolving in the Pacific stemming from the Pacific experience. The key to addressing the pressing concerns of urban growth and management is to ensure that the Pacific experience and various voices are clearly articulated in policy documents and not those of hired experts from developed countries.

Narayan et al. (2000, p. 232) noted that "poor people's experiences call out for the reform of all institutions engaged in serving them … In an era of rapid decentralization, poor people's low ratings of local government in urban and rural areas should give pause."

### b. Recommendations for further action and issues for discussion at the subregional focus group.

In 1999, the Pacific Islands Forum Economic Ministers called for the Global Habitat Agenda to be applied in the Pacific context. Since then a regional consensus on urban management in the Pacific has been building. In 2003 the Pacific Urban Agenda (PUA) was developed as a concerted regional approach to raise awareness of urban development issues and to encourage local and national governments to adopt effective urban planning practices.

The Economic and Social Commission for Asia and the Pacific passed resolutions in 2004 and 2010 on the PUA particularly focusing on institutional frameworks, urban shelter, the urban environment and urban quality of life. When Pacific leaders endorsed the Pacific Plan at the 2005 Pacific Islands Forum meeting they endorsed the PUA and noted the need to develop national urban policies and plans, to address these challenges. The PUA was also discussed at a Pacific meeting in 2007 supported by the Government of Australia and the United Nations Human Settlements Programme which called for a priority focus on such areas as policy, regulatory and legislative frameworks as well as improved coordination amongst government agencies in cooperation with development partners to build greater capacity in planning and relevant professional groups.

Over recent years the PUA has brought together a coalition of regional agencies to address urban issues including the Pacific Islands Forum Secretariat, Secretariat of the Pacific Community, the Commonwealth Local Government Forum, the United Nations Economic and Social Commission for Asia and the Pacific, the United Nations Human Settlements Programme as well as contributed to greater engagement of bilateral donors, including Australia and New Zealand.

A broad national and regional approach to urban issues is vital in the Pacific context. As the World Bank notes, urbanization is too important to be left to cities alone; "it requires national attention to critical policy areas, such as land and housing markets, that fall beyond the purview of a single city administration." (World Bank 2009, p.3).

Some countries have taken initiatives to develop urban planning policies and frameworks including Fiji, Papua New Guinea, Palau, Samoa, Solomon Islands and more recently Tuvalu and Vanuatu are starting the process of policy development to set priorities and guide planning. In the context of the atoll countries the response has been driven by over-population on one island with very limited available land and in other countries the response has been driven by the expansion of squatter communities in peri-urban areas and the difficulty of delivering essential services to such communities.

Pacific countries should accord priority to the Pacific Urban Agenda and mobilize domestic and international resources to address priority urban planning issues and develop and implement national policy.

Pacific island countries need to develop consultation mechanisms and awareness raising on urban management and planning concerns with traditional land owners and develop mechanisms to engage traditional land owners in planning for communities as well as providing secure housing and services.

There is a need to maintain a regional dialogue on urban development issues in the Pacific. ESCAP along with its partner UN-Habitat and other regional partners should convene further subregional meetings to build political commitment and refine and develop the Pacific Urban Agenda recognising the unique challenges facing Pacific island countries as well as cultural understandings of community and geography.

The PUA's Regional Action Plan (RAP) identified the following ten priority areas for future action at the regional and national level:

Institutional Framework - Urban Policy Development

1. Establish and strengthen institutions to develop and implement effective urban policy, regulatory and legislative frameworks linked to national planning and budgetary processes.
2. Adopt participatory approaches to develop strategic plans guiding urban policy development and implementation.
3. Establish effective coordination between all levels of government, across sectoral agencies, and with development partners, to guide implementation of urban policy and plans.

Building Capacity

4. Build capacity in planning and related agencies and professional groups.
5. Improve information and data systems to support policy formulation and decision making.

Advocacy and Political Commitment

6. Communicate the rationale for the importance of urban issues to governments and communities.
7. Improve access to land with secure tenure.
8. Improve provision of affordable housing and urban settlements.

Infrastructure and Services

9. Maintain and enhance urban infrastructure and services through improved partnerships with key stakeholders, including the private sector.

Quality of Life – Environment, Health, Sustainable Livelihoods

10. Manage the urban environment to deliver quality of life outcomes through climate resilient communities.

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