HABITAT III REGIONAL REPORT

ASIA AND
THE PACIFIC

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"Transformative
urbanization
for a resilient Asia-Pacific"

HABITAT III - 2016

Cover: Urban pattern of Jakarta, Indonesia

Foreword

The Asian and Pacific region has been at the forefront of the dramatic global urban transformation that has become evident in the 20 years since the second United Nations Conference on Human Settlements (Habitat II). In that relatively short period, the region has added almost one billion people to its cities and now stands on the cusp of having more people living in cities than in rural areas, for the first time in its history.

The Asia and the Pacific Regional Report for United Nations Conference on Housing and Sustainable Urban Development (Habitat III), entitled *Transformative Urbanization for a Resilient Asia-Pacific,* addresses the region's key urban trends, and serves to highlight some of the challenges and opportunities in capitalising on the region's current and future urbanization in support of sustainable, inclusive, and resilient development.

In drawing upon national reports submitted for Habitat III, expert meetings and the collective resources of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the Regional Office for Asia and the Pacific of the United Nations Human Settlements Programme (UN-Habitat), the report provides a rich summary of the key urban trends and prospects facing the region's 62 member and associate member States.

The report highlights how the region's cities have become powerhouses of the global economy, and the significant improvements in the quality of life that have been achieved over the past twenty years. It also notes the opportunity for global urban transformation to emerge from urban innovation and creativity in the region. Just as Asia and the Pacific have shaped urban transformations through their growth and dynamism over the period since Habitat II, their experience offers lessons for a better urban future for us all.

In addition, this report examines how much more can be achieved through rethinking current development models in meeting the needs of the future, including harnessing urban change to support the 2030 Agenda for Sustainable Development, the Paris Agreement and the New Urban Agenda. This includes addressing growing inequalities in the region's cities, and more effectively capitalising on the demographic dividend as well as the challenges of ageing urban populations. It includes the need to create more decent work, especially for youth and women, and to support local economic development. Many cities also require huge investments in infrastructure, and to do this requires stronger fiscal tools and more effective and reliable access to finance.

The Asian and Pacific region's cities are some of the most vulnerable in the world, facing a multitude of hazards. Development which is more resilient, especially to the impacts of climate change and disasters, must be key in the region's urban agenda. Global political commitments made in Sendai and Paris must be converted into local action.

To support such necessary change, especially in the context of decentred and sprawling urban areas, we must also rethink our governance frameworks. The report highlights the need to embrace more open, transparent, and multi-level governance to manage the scale and complexity of urban growth. To support this, there must be active engagement and partnership involving the private sector, civil society, and all levels of government, as highlighted also in the Jakarta Call for Action, adopted at the sixth Asia-Pacific Urban Forum.

The programmes, fund and agencies of the United Nations share the common goal of supporting member States and key stakeholders in advancing the implementation of the 2030 Agenda for Sustainable Development by forging strong and broad-based partnerships at regional, national, and local levels. We are committed to implement the New Urban Agenda, in collaboration with the programmes, funds, and agencies of the United Nations, and will support countries in the region to fulfil their potential and achieve sustainable urban development.

Dr. Joan Clos
Secretary-General of the United Nations Conference on
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Acknowledgements

Contents

List of Boxes...

List of Figures..

List of Tables...

Acronyms

ADB	Asian Development Bank
CO_2	Carbon Dioxide
CODI	Community Organizations Development Institute
EGM	Expert Group Meeting
ESCAP	Economic and Social Commission for Asia and the Pacific
GCF	Green Climate Fund
GDP	Gross Domestic Product
GIZ	Gesellschaft für Internationale Zusammenarbeit
ICLEI	International Council for Local Environmental
ICT	Information and Communication Technology
INDC	Intended Nationally Determined Contribution
IPCC	Intergovernmental Panel on Climate Change
ISOCARP	International Society of City and Regional Planners
IT	Information Technology
LGBT	Lesbian, Gay, Bisexual, Trans, and/or Intersex
MDGs	Millennium Development Goals
NGOs	Non-Governmental Organizations
OECD	Organisation for Economic Cooperation and Development
UCLG	United Cities and Local Governments
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UN-Habitat	United Nations Human Settlements Programme
UNV	United Nations Volunteers programme
UPPR	Urban Partnerships for Poverty Reduction
WHO	World Health Organisation

Executive summary

The urban population in Asia and the Pacific has reached approximately 2.1 billion, representing over 60 per cent of the world's urban population.[1] A vast system of cities has emerged as a result of extraordinary economic growth and demographic transition over the past 20 years. Due to their scale, the region's cities are increasingly at the forefront of global sustainable development agendas, in which its urban areas will play a critical role.

The region is now dominated by 18 megacities of over 10 million people. Megacity growth rates are generally decelerating, especially in their core areas, but given the absolute population numbers and the projected growth of more megacities in the near future, the growth and impact of megacities and their regions will be an extremely significant trend for the region.

Meanwhile, half of all urban households live in cities of fewer than 500,000 inhabitants. That accounts for over 1 billion people. The role of secondary and medium-sized cities in the region's future urban development is important and their transition will therefore be critical in the implementation of the New Urban Agenda.

The drivers of urban growth are also changing. While at the time of the second United Nations Conference on Human Settlements (Habitat II) migration was a key measure of growth, on the eve of the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) migration to cities in Asia and the Pacific has largely peaked at about 50 million people per year, with reclassification and natural growth now accounting for an equal contributing share to urbanization. Current projections are that the annual increase through migration will again decline, to 25 million per year, by 2050.[2] By then, two out of three people in Asia and the Pacific will be living in urban areas.[3]

Over the past 20 years, urbanization has contributed positively to the national economic development of many countries in the region. The economic success and national contributions of cities from Sydney, Australia, to Singapore City and Shanghai, China, and from Moscow to Tokyo to Hong Kong, China, and Seoul have been convincingly demonstrated. A number of cities in the region now have a gross domestic product (GDP) equivalent to, or greater than, many countries.

The quality of life of many urban residents has improved in the period following Habitat II. The number of those estimated to be "middle class" in the region will reach 3.2 billion by 2030. That will represent 80 per cent of the world's total middle class population. The percentage of urban residents living in slums in East Asia went down significantly, from an estimated 41 per cent to 26 per cent, from 1995 to 2014 while in South-East Asia it went from 45 to 28 per cent and in South Asia from 51 to 31 per cent.[4] Ending extreme urban poverty and providing access to urban basic services are becoming achievable aims in Asia and the Pacific. Empowered urban poor communities in many Asian and Pacific countries have been recognized for their rich social capital as a basis of development and can provide a foundation for building resilience at the local level.

Many countries in the region have become, or aspire to be, globally competitive economies in which urban services, infrastructure and logistics play key roles. The national policies of a number of countries increasingly now depend on urbanization as the basis for future national economic growth and social prosperity. The Asian and Pacific region can still further capitalize on continued urban growth and its demographic dividend and transition as an engine for inclusive prosperity and innovation.

1   For the purposes of the present report, the member States and associate members of the ESCAP are used to define the Asia and the Pacific region. Please refer to http://www.unescap.org/about/member-states

2   Cecilia Tacoli, Gordon McGranahan and David Satterthwaite, "Urbanisation, rural–urban migration and urban poverty", IIED Working Paper, (London, International Institute for Environment and Development, 2015). Available from http://pubs.iied.org/pdfs/10725IIED.pdf. The paper refers to statistics published in 2014 by the United Nations Department of Economic and Social Affairs, Population Division.

3   For a more comprehensive discussion on urban demographic change in the region, see UN-Habitat and ESCAP, *The State of Asian and Pacific Cities 2015* (UN-Habitat and ESCAP, 2015), chapter 1.

4   UN-Habitat, *World Cities Report 2016. Urbanization and Development: Emerging Futures.* (UN-Habitat, 2016). Statistical Annex, Table B.2.

Nevertheless, as recognized in *The State of Asian and Pacific Cities 2015*,[5] in the Jakarta Declaration[6a] of the Habitat III Regional Meeting for Asia and the Pacific and at the Jakarta Call for Action[6b] of the sixth Asia Pacific Urban Forum, there is an urgent need to rethink the development models of the past, however successful, in meeting the challenges of the future.

Much of the growth of the past few decades in the most underdeveloped areas of Asia and the Pacific has been unplanned. In a number of countries, land speculation has contributed to urban sprawl, by which urbanizing areas transcend municipal administrative boundaries and spread into other municipal and rural areas, spatially and economically blurring the urban-rural divide. Many countries lack the legal and practical tools and the resources required to act on comprehensive land-use planning, exacerbating the sprawl and failing to respond to the emergence of urbanizing corridors. Given this expansion, an understanding of urban-rural linkages and complexities is crucial to ensuring that the growth is managed effectively for all people engaged in urban and peri-urban areas, regardless of their area of residence.

The region's cities face significant financing gaps to meet current and future infrastructure and other needs. Adequate investment is lacking in terms of funding and policies to ensure a dynamic and inclusive future for cities. This requires commitment over a longer time frame than short-term political cycles. For example housing capacity and affordable access in East Asia is not a contemporary phenomenon but has been built up over many decades. In contrast, in South Asia, where housing and land policy has been much weaker, one in four urban dwellers continue to live in slums.

Asian and Pacific cities thrive and depend upon a robust and diverse private sector. From informal micro-enterprises to global companies, they all rely on the underpinnings of efficient cities and integrated networks of cities and continuous investment. Resources, however, need not be seen as limited to fiscal transfers from higher levels of government or from international sectors. Much can be mobilized at the local level, although the capacity to raise and collect revenue at the city level requires greater attention.

The magnitude and range of the regulatory and fiscal tools available to local governments are insufficient to support the region's urban growth. Fiscal transfers, property taxation, institutional arrangements for land-value

sharing in the public interest and effective public-private partnerships are proving inadequate to meet the needs, although the potential is there. National economic policies combined with city planning and infrastructure investment are critical. Maintaining and enhancing linkages between urban and rural areas to link markets, people and finance have a key role to play in balanced national development.

Urbanization in Asia and the Pacific has resulted in unprecedented diversity and social change. Yet while progress has been made in reducing poverty over the past two decades, the key to addressing urban poverty and inequality in all its forms is recognizing the barriers to social inclusion and equity that prevent the ending of extreme poverty. While the proportion of those living in slum conditions has fallen, the overall numbers remain unacceptably high and, in some subregions, those numbers continue to rise. Currently, over half a billion slum dwellers live in the region, which constitutes over half of the world's total slum population. Health remains a major development issue in the region, despite some gains, most notably with better access to health care in many urban areas. Local economic development and the education of a skilled workforce need support. Institutional inequalities in regard to housing, basic services, access to land and participation in governance, and structural inequalities, including on the basis of gender, age, ethnicity and origin, are barriers to achieving the Sustainable Development Goals and basic human rights for all.

It is now widely recognized that rapid urban development and growth over recent decades have resulted in environmental degradation, exposure to pollution and disasters and vulnerability to climate change, which require urgent integrated responses and political action. People and economic assets in expanding urban areas are increasingly exposed to multiple hazards. Nineteen of the 20 most air-polluted cities are in Asia and the Pacific, almost all in South Asia. By 2025, the waste generated in the region will have more than doubled compared to 1999. In too many countries, wastewater treatment levels have not yet exceeded 20 per cent, with no treatment being common in smaller cities, including all the urban areas of many Pacific island countries.

Efforts to build resilience need to focus on interventions that yield multiple co-benefits and target the most vulnerable communities. Transforming the development trajectory for a low-carbon, resource-efficient and resilient future requires concrete and coordinated national and municipal policies

[5]   UN-Habitat and ESCAP, The State of Asian and Pacific Cities 2015 (see footnote 3).

[6a] A/CONF.226/PC.3/5. Available from http://habitat3.org/wp-content/uploads/Jakarta-Declaration-E.pdf

[6b] A/CONF.226/PC.3/5. Available from https://www.unescap.org/sites/default/files/APUF6-Call-for-Action-(final).pdf

and financing. It also requires the mobilization of urban communities and key stakeholders, including the private sector.

Throughout the region, persistent gaps exist between policies and plans for urbanization and their actual implementation at the national and local levels. Institutions have not kept pace with urbanization and, in the main, governance frameworks are yet to adapt to new social, economic and technological complexities. Multi-level governance has yet to be developed and, too often, cities and urban development policy remain fragmented across local, provincial and national government lines and responsibilities. Especially in the region's secondary cities, governance modalities, legal frameworks and institutional capacity are insufficient. Greater attention needs to be paid to more transparent and communicative governance, including through the use of e-government tools and social media. In the

period following Habitat II, formal urban planning has taken a back seat and the planning profession in many countries has too often been ineffective, with insufficient public participation and political support.

Urbanization in Asia and the Pacific in the two decades following Habitat II has transformed both the region and the world. In too many countries, however, such urbanization has not followed any national urban agenda or policy. By 2050, the total population in the region living in urban areas will exceed 3.2 billion and account for two out of every three people. Investment and other decisions taken now will shape the future of cities for decades to come. In turn, how Asia and the Pacific continues to urbanize will have a great impact on the sustainability of the planet as a whole. The development of the region's cities needs to be guided by a commitment to an urban agenda with inclusiveness, resilience and sustainability at its core.

View of Yichang building in Hong Kong, China © By Richie Chan / Shutterstock.com
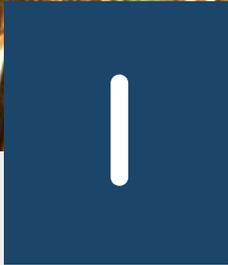
A group of Orang Asli in a house on in Berdut, Malaysia © De Visu / Shutterstock.com

INTRODUCTION:
ABOUT THE REGION

In the last twenty years, since 1996, cities in the Asia and the Pacific region have emerged to become global centres of innovation and prosperity. It is no exaggeration to suggest that the dynamism and significance of the region is now such that the prospects for a new urban agenda will largely rest on how Asia and the Pacific continues to urbanize over the next 20 years. The urban transformation that the region has experienced over the past two decades has enhanced regional economic development and improved the lives of many urban residents. However, it can be said that the legacy of the urban transition is incomplete and remains fundamentally unsustainable. In spite of growing economies providing greater opportunities, the needs in basic living conditions still remain unmet for millions of people in the region's cities and the environmental consequences are increasingly severe. Coupled with the future challenges of climate change and the region's vulnerability to disasters, the risks of development gains being rolled back are many.

The present report provides analysis of how urbanization has taken shape in the Asia and the Pacific region, taking stock of what has worked, where problems remain and what issues will form the challenges for the 20-year period beyond Habitat III. In line with all the regional reports, the present report is structured around five key areas with respect to urbanization: development, economy, social equity, environment and governance. While the overall structure of the report is standardized, the key messages and focus areas of each section are brought out to highlight region-specific circumstances and priorities.

Habitat III also takes place following a number of critical global agreements, on sustainable development, disaster risk reduction, climate change and finance for development, all of which are extremely relevant for cities in Asia and the Pacific and, therefore, for the New Urban Agenda. The Sustainable Development Goals explicitly refer to the importance of sustainable cities and human settlements through Goal 11, while all recent global agreements acknowledge in varying degrees the importance of urban areas to development. Habitat III provides an opportunity to build on those agreements as part of the New Urban Agenda.

The present report also draws on recent regional reports and multi-stakeholder and intergovernmental processes. Principally, it utilizes the recently completed The State of the Asian and Pacific Cities 2015 report by the United Nations Human Settlements Programme (UN-Habitat) and the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) on trends and the current situation of cities throughout the region. As much as possible, and where available, the present report utilizes the Habitat III national reports submitted by countries in the region. The primary sources for demographic data are *World Urbanization Prospects: The 2014 Revision* and the ESCAP *Statistical Yearbook for Asia and the Pacific* (both the 2014 and 2015 editions), unless otherwise noted. Global and regional reports from the World Bank, the Asian Development Bank, United Nations agencies and the Intergovernmental Panel on Climate Change also served as sources for the report. The present report benefitted from the outcomes of key regional events, such as the Jakarta Declaration of the Habitat III Regional Meeting for Asia and the Pacific, the sixth Asia-Pacific Urban Forum and the Asia-Pacific Urban Youth Assembly. Finally, the report greatly benefitted from a meeting of regional experts held in Bangkok in January 2016, during which participants provided invaluable insight and resources for the report.

Construction sites in Busan, Republic of Korea © Kibae Park / ESCAP
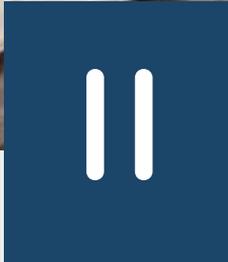
URBANIZATION AND DEVELOPMENT:
KEY TRENDS 1996–2016

A. Introduction

- Achievement of the global Sustainable Development Goals will greatly depend on how the Asia-Pacific region urbanizes over the next generation.

- The Asia-Pacific region can capitalize on both its demographic dividend and transition as an engine for inclusive prosperity and innovation.

The urban population in Asia and the Pacific has reached approximately 2.1 billion. Due to their scale, the region and especially its cities are on the front line of global sustainable development agendas, in which cities will play a critical role.

Over the past 20 years, urbanization has contributed positively to the national economic development of many countries in the region. The quality of life of many urban residents has improved. Many countries in the region have become, or aspire to be, globally competitive economies in which urban services and logistics play key roles. A number of countries in the region have recently tied their urbanization strategies to their national development strategies, in recognition of the central role that cities play.

The region as a whole needs to move towards models of development based on investment in social, environmental and economic policy and away from exploitation and low-cost models. The national report of China sums up the challenge as follows: "The pattern relying on cheap labour force supply, inefficient consumption of resources, such as land, and unequal basic public services which lower the cost of rapid growth of urbanization can hardly continue".[6]

B. Urbanization trends

The urban population of the Asian and Pacific region has increased considerably since 1976, when the first United Nations Conference on Human Settlements (Habitat I) was convened, and will continue its urban transformation for a number of decades to come. The total population in the region living in urban areas is expected to reach 50 per cent by 2018. The region is today already home to 60 per cent of the world's urban population. Thirty-three of the 58 countries and territories in the region were more urban than rural in 2015, compared to 27 in 1995.

Natural population growth, rural-urban migration and reclassification have contributed to that urban growth. The data for urban populations rely on national definitions categorized in some countries by administrative boundaries, so the reported numbers may not be fully comparable nor reflect the actual urban growth in cities and at the national level. Boundaries or definitions can change, causing sometimes significant, one-off changes in the urban population. The reclassification of rural to urban areas is playing a much greater role in redefining urban spatial and population dynamics.

Overall, about 50 million people per year are being added to Asia's urban population, compared to an estimated 35 million per year in the mid-

FIGURE 1: URBAN POPULATION AT MID-YEAR, 1950–2050 (THOUSANDS)
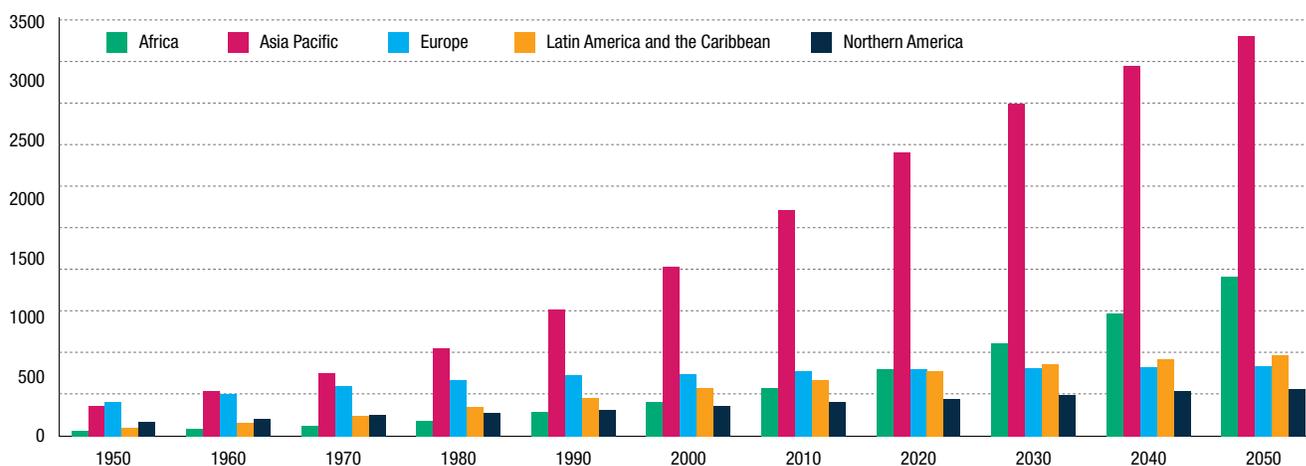
Source: World Urbanization Prospects: The 2014 Revision, UNDESA

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[6] National report of China for Habitat III, p. 18. Available from http://habitat3.org/wp-content/uploads/China-National-Report.pdf.

TABLE 1: URBAN POPULATION, MID-YEAR, 1950-2025 (THOUSANDS)

Sub-region	1950	1995	2000	2025
East and North-East Asia	117,478	273,629	613,070	1,131,080
Pacific	3,906	15,450	22,013	31,090
North and Central Asia	54,274	112,692	139,778	141,065
South-East Asia	26,066	34,035	199,681	170,921
South and South-West Asia	84,212	196,186	461,584	451,263
Total Asia-Pacific	**289,468**	**669,995**	**1,439,528**	**2,537,720**

Source: World Urbanization Prospects. The 2014 Revision, UN DESA

1990s and 20 million per year in the mid-1970s at the time, respectively, of Habitat I and Habitat II. Current projections are that the annual increase due to migration may have now peaked for Asia and the Pacific and will decline to 25 million per year by 2050.[7] This is predominantly expected as rural-to-urban migration, in absolute numbers, starts to slow down.[8] Nonetheless, urbanization will continue to increase, even though some urban centres may shrink due to shifts in employment opportunities, industrial decline, ageing populations and/or suburbanization. By 2050, two out of three people in the Asia and the Pacific region will be living in urban areas.

The East and North-East Asia subregions continue to have the largest number of urban dwellers, with almost 1 billion today, up from 500 million in 1995. The significant change in the region between 1995 and 2015 was the level of urbanization in China, which went from 31 per cent in 1995 to 57 per cent in 2015. Percentages only tell part of the story for China, however. What it meant in numerical terms was that in 2010, an estimated 211 million additional people were living in China's cities than ten years previously, while, between 2010 and 2013 alone, the increase was a further 60 million. The numbers involved are historically unprecedented and reflect policies that have sought to encourage urbanization to support national development goals.[9]

The South and South-West Asia subregions have historically had much lower proportions of people living in cities, although urban populations are increasing across all countries. Those subregions have the second largest urban population in the region, estimated at 680 million.

The South-East Asia subregion experienced an increase in urbanization between 1995 and 2015. Although more urbanized than South and South-West Asia, and even given the increased urbanization over the past 20 years, the majority of the countries in the subregion are still less than 50 per cent urbanized.

Furthermore, in 2015 the countries in the Pacific subregion had urban populations ranging from 13 to 100 per cent. With a few exceptions, such as Vanuatu and the Solomon Islands, there had been no significant change in urbanization between 1995 and 2015, at least in the light of official data.

In the North and Central Asia subregions, most countries are predominantly urbanized, with a slight decline in the percentage of people living in urban areas in six of the nine countries in those subregions.

All in all, this variety of data demonstrates the diversity of subregional and national urbanization contexts in Asia and the Pacific. Yet caution should be exercised in relying upon urban data given the relatively blurred lines of urban growth. Additionally, statistics for urban populations, while important for understanding growth and decline, do not always accurately reflect the experience of residing in cities or the quality of life. Urban data gaps and their policy implications are a critical future challenge for the region.

The urban population of many cities in the region is generally young, with the region hosting more than 60 per cent of the world's youth population.[10] More significantly, the proportion of the economically active age group (15-64 years) has been increasing and, in 2014, was about 68 per cent or nearly 3 billion people. Many countries in the region have a significant demographic dividend ahead of them in the next 20 years and this working population is generally better educated and healthier than the generation before. Nevertheless, the population of elderly people has almost doubled since 1990, to more than 330 million, with ageing in East and North-East Asia increasingly evident.

[7]   Tacoli and others "Urbanisation, rural–urban migration and urban poverty" (see footnote 2).

[8]   Food and Agriculture Organization of the United Nations, "Global agriculture towards 2050". Issues brief for the high-level forum, "How to Feed the World in 2050", 12–13 Oct. 2009. Available from http://www.fao.org/fileadmin/templates/wsfs/docs/Issues_papers/HLEF2050_Global_Agriculture.pdf

[9]   The current plan is the National New-type Urbanization Plan (2014–2020). See the National report of China for Habitat III , pp. 8 and 9.

[10]   See "Regional Overview: Youth in Asia and the Pacific", a fact sheet prepared by ESCAP as part of a collaborative effort of the United Nations Inter-Agency Network on Youth Development. Available from http://www.un.org/esa/socdev/documents/youth/fact-sheets/youth-regional-escap.pdf

The migration of women and girls to urban areas for education and economic opportunities has been well noted in many countries, such as Bangladesh and China in recent decades. As elsewhere in the world, urbanization and economic prosperity have contributed to declining fertility rates, a trend that will also have an impact on the future. Furthermore, sex ratio imbalances, favouring males, are among the highest in the world and have worsened in recent decades.

In 2013, the number of international migrants in the Asia-Pacific region rose to 59.4 million, which accounts for roughly one quarter of the world's total population of migrants. In comparison with the rest of the world, the number of migrants in the region has risen slowly since 1990. Over 3 million Asian workers seek employment abroad every year, with some remaining in the region but many venturing to the Middle East and Europe. The majority of Asians working abroad take up urban jobs elsewhere, in construction and the service sectors. Governments across the region recognize the economic importance of labour migration and have set up a range of policies and programmes for the better protection of low-skilled labourers and against undocumented migration and human trafficking. Furthermore, young migrants from Asia account for one third of the world's young migrant population seeking opportunities for education, employment, marriage, family reunification as well as protection from conflict and persecution.[11] Migration continues to be critically important for the Pacific subregion, with remittances accounting for a large proportion of GDP in Samoa and Tonga.[12]

Over the past two decades the diversity of urban populations has increased. Greater regional connectivity, globalization and the profusion of international airports in the region have all contributed to a shift away from mono-ethnic, monocultural, urban centres where once they might have existed. The movement of people from traditional minority groups, refugees and internally displaced persons to urban areas has also added to the ethnic and cultural mix in the region. According to a recent poll, the Asia-Pacific region had the highest level of religious diversity in the world and, while the survey did not distinguish between urban and rural areas, the city-state of Singapore is ranked as the most diverse worldwide.[13] Port Moresby,

the capital of Papua New Guinea, is very likely the most ethnically diverse city in the region, it being a meeting place for the nation's 800 linguistic groups. In the final analysis, the Asia-Pacific region has always had a rich legacy of indigenous gender identities beyond male and female. Alongside local identities, there are also communities concentrated mainly in urban areas whose identities correspond more closely with Western subcultures, such as that of lesbian, gay, bisexual and transgender people.[14] One of the key trends in recent decades has been the increasing social diversity in the region's cities and the greater policy recognition of the need to meet the needs and priorities of more diverse urban communities.

C. Places: urban form and land

A vast system of cities has emerged in Asia and the Pacific as a result of the phenomenal economic growth of the past 20 years. The region is now dominated by 18 megacities of over 10 million people. Tokyo is still the largest city in the world, as at the time of Habitat II.[15] Yet in the majority of countries in the region the urban landscape is made up of small and medium-sized cities. Greater recognition of the role and importance of emerging and secondary cities and towns in the region is an important policy imperative, and this has been recognized through several of the national reports prepared for Habitat III.

In small island developing States, Bhutan and Brunei-Darussalam, cities have not grown beyond 300,000 inhabitants. The proportion of urban households living in cities of under 500,000 has seen a decrease, from 56 to 48 per cent, yet such cities still account for over 1 billion people. Six out of ten urban households now live in cities with fewer than 1 million inhabitants.

Globally there are now 27 megacities, twice as many as in 1995. Of the 13 megacities added to the global ranks in the past 20 years, 11 are in the Asia and the Pacific region. Twenty years ago China had only one megacity, Shanghai, but now it has the most megacities not only in the region but also in the entire world, with six.

[11] *World Youth Report: Youth and Migration* (United Nations publication, Sales No. E.12.IV.6).

[12] Asia-Pacific Regional Coordination Mechanism Thematic Working Group on International Migration including Human Trafficking, *Asia-Pacific Migration Report 2015: Migrants' Contributions to Development* (ST/ESCAP/2738). Available from http://www.unescap.org/resources/asia-pacific-migration-report-2015

[13] Pew Research Center, "Global Religious Diversity", April 2014. Appendix 1. Available from http://www.pewforum.org/files/2014/04/Religious-Diversity-appendix-1.pdf. The full report is available from http://www.pewforum.org/2014/04/04/global-religious-diversity/

[14] United Nations Development Programme, *Leave no one behind: Advancing social, economic, cultural and political inclusion of LGBTI people in Asia and the Pacific* – Summary (Bangkok, UNDP, 2015). Available from http://www.asia-pacific.undp.org/content/rbap/en/home/library/democratic_governance/hiv_aids/leave-no-one-behind--advancing-social--economic--cultural-and-po.html

[15] In Tokyo, which is recognized as the most populous city in the world, multi-urban clusters are gaining greater attention as unique new forms of urban settlement.

TABLE 2: WORLD'S LARGEST URBAN AGGLOMERATIONS, 2014 (THOUSANDS)

Rank	Agglomeration	Country	2014 Population
1	Tokyo	Japan	37,833
2	Delhi	India	24,953
3	Shanghai	China	22,991
4	Mexico City	Mexico	20,843
5	Sao Paulo	Brazil	20,831
6	Mumbai	India	20,741
7	Kinki (Osaka)	Japan	20,123
8	Beijing	China	19,520
9	New York	United States of America	18,591
10	Cairo	Egypt	18,419
11	Dhaka	Bangladesh	16,982
12	Karachi	Pakistan	16,126
13	Buenos Aires	Argentina	15,024
14	Kolkata	India	14,766
15	Istanbul	Turkey	13,954
16	Chongqing	China	12,916
17	Rio de Janeiro	Brazil	12,825
18	Metro Manila	Philippines	12,764
19	Lagos	Nigeria	12,614
20	Los Angeles	United States of America	12,308
21	Moscow	Russia Federation	12,063
22	Guangzhou, Guangdong	China	11,843
23	Kinshasa	D.R.Congo	11,116
24	Tianjin	China	10,860
25	Paris	France	10,764
26	Shenzhen	China	10,680
27	London	United Kingdom	10,189
28	Jakarta	Indonesia	10,176

Source: World Urbanization Prospects. The 2014 revision, Highlights, UN DESA 2014

BOX 1: MEGA - REGIONS AND URBAN CORRIDORS

The rapid expansion of Asian and Pacific megacities and the merging of urban areas are generating new urban forms: mega-regions that encompass cities, towns, villages and rural areas, with some crossing national boundaries in the form of planned or unplanned urban corridors. With populations exceeding the tens of millions and being dispersed across large geographical areas, these urban forms pose new challenges for planning and administration authorities.

Examples of mega-urban regions and urban corridors include the South Johor Economic Region linking Singapore and Malaysia; the Indonesia-Malaysia-Singapore Growth Triangle; the Tokyo-Yokohama-Nagoya-Osaka-Kobe-Kyoto Shinkansen mega-urban region; the Pearl River Delta region in China, which includes the cities of Guangzhou, Shenzhen, Foshan and Dongguan and Guangdong province, as well as Macao, China, and Hong Kong, China.

Even with evidence of slowing growth in some urban cores, mega-urban regions and urban corridors in the Asia and the Pacific region have experienced accelerated growth in recent years and this is likely to continue. Many of the existing megacities in the region are likely to evolve into urban corridors and/or mega-regions, building on the advantages of their multimodal transport networks, market scale, agglomeration economies, location and the increasing concentration of talented workers. Such growth is also however, largely unplanned, as are its consequences.

The governance of Asian and Pacific urban corridors and mega-regions tends to be very fragmented, extending across municipal and sometimes national boundaries. Thus new modes of metropolitan governance and multilevel, collaborative, governance systems will be required to better manage those urban areas. The strategies can include a consolidation of authority, the strengthening of local municipalities and building of bilateral relations and the development of comprehensive development plans that transcend administrative borders, such as the Pan-Pearl River Delta Regional Cooperation Framework Agreement, which has guided regional cooperation in the Pearl River Delta region.

TABLE 3: URBAN POPULATION AND DISTRIBUTION BY CITY-SIZE CLASS, 2000 AND 2015

City Size Class	Population (thousands)		Share of urban population (%)		Average annual rate of change (%)
	2000	2015	2000	2015	2000 - 2015
10+ million	152,710	305,626	10.6	14.4	4.7
5 - 10 million	129,327	182,736	9.0	8.6	2.3
1 - 5 million	281,239	421,681	19.5	19.9	2.7
0.5 - 1 million	125,266	202,812	8.7	9.6	3.3
<0.5 million	750,797	1,002,872	52.2	47.4	1.9
Total urban	1,439,528	2,115,913	100.0	100.0	2.6
Total rural	2,327,243	2,266,077	-	-	-0.2
Total Asia-Pacific	3,766,771	4,381,990	-	-	1.0

Source: World Urbanization Prospects. The 2014 revision.

> **BOX 2: URBAN SPRAWL AND DENSITY**
>
> The patterns of growth of Asian and Pacific cities increasingly defy traditional urban planning concepts, and dichotomous definitions of "rural" versus "urban" and "core" versus "periphery" are proving inadequate at capturing the complexities of the region's urban areas. Through their geographical expansion and rural-urban social and economic linkages, Asian and Pacific cities are becoming increasingly unbounded. At the intra-city level, the notion of a hermetic city comprised of a dense core contrasted with a sprawling periphery is being dispelled. Linkages and interactions between core and periphery areas are increasing and hybrid forms of density are emerging.
>
> Density takes many forms across the Asia-Pacific region and subregional patterns of growth have not been uniform. For example, cities in South Asia have experienced marginally higher density and continuing urban sprawl, with a strong tendency for urban areas to extend beyond administrative areas. Meanwhile, most cities in East Asia are maintaining or increasing their density yet still exhibiting sprawl. In the Pacific islands, urban densities vary from dense, geographically constrained, cities to low-density urban areas with large tracts of peri-urban development. In most Asian and Pacific cities density has yet to be equated with inclusive and sustainable urban outcomes.
>
> Across the region, the trends of increasingly interconnected urban areas and emerging hybrid forms of density are presenting new challenges for urban planners. Thus there is a need for urban planning solutions that seek to better connect the functioning cores with essential peripheries rather than aim for density alone.

Megacity growth rates are generally decelerating, especially in their core areas. However, given the absolute population numbers and the projected growth of more megacities in the near future, the growth and impact of megacities and the regions around them will be extremely significant in the Asia-Pacific region. In some cases, such as the Pearl River Delta region, urban growth is resulting in the merging of urban areas into a megalopolis of several cities. The Pearl River Delta comprises two megacities – Guangzhou and Shenzhen – as well as Dongguan and Foshan and, with over 40 million people, is considered to be the largest urban area in the world by many accounts. In the case of China such urban clusters, incorporating large, medium and small cities and towns, are now encouraged as part of national urban policy.[16]

Urban growth has not been uniform with regard to land-use patterns, with some subregions continuing to experience urban sprawl and low-density growth (e.g. South-East Asia), and others maintaining or increasing in density (East Asia). A recent study of the South Asia subregion utilized night lights to show the spatial growth of cities, concluding that cities have grown in land area about twice as fast as they have in population size, indicating a strong tendency for the growth to cross administrative boundaries.[17] Conversely, another study on urban growth in the past decade in East Asia, which included not only East but also North-East and South-East Asia, has found that East Asia has among the densest cities in the world and that while cities have expanded, they have maintained relatively high levels of population density – a phenomenon known as "dense sprawl".[18] Density

levels in East Asia have, however, become difficult to judge in recent years. China's urban area, for example, more than doubled between 1996 and 2013, to 47,900 square kilometres.[19] Yet this boom has given rise to large amounts of vacant/undeveloped land and numbers of vacant properties. According to the *Wall Street Journal* of 11 June 2014, the number of vacant residential homes in urban areas in China reached 49 million in 2013.

In many cities across the region, land speculation has also resulted in increased property values, low levels of infill development and vacant lots waiting to be sold for a higher value. In a number of countries, this has contributed to urban sprawl in which urbanizing areas transcend municipal administrative boundaries and spread into other municipal and rural areas, spatially and economically blurring the urban-rural divide. This is having increasing consequences for the agricultural lands and ecosystems, which are converted into urban and peri-urban areas. Many countries lack the legal and practical tools and resources required for comprehensive land-use planning, exacerbating the development of sprawl in the vicinity of existing or new city-region transport corridors. Given this expansion, an understanding of urban-rural linkages and complexities is crucial to ensure that the growth is managed effectively for all people in urban and peri-urban areas, regardless of their area of residence.

In fact, much of the growth in the past few decades in the most underdeveloped areas of Asia and the Pacific has been unplanned. The proliferation of low-income and under-serviced informal settlements and,

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[16] National report of China for Habitat III, p. 9.

[17]   Peter Ellis and Mark Roberts, *Leveraging Urbanization in South Asia: Managing Spatial Transformation for Prosperity and Livability*, (Washington, D.C., World Bank, 2015)

[18]   World Bank, *East Asia's changing urban landscape: measuring a decade of spatial growth*, Urban Development Series (Washington, D.C., World Bank, 2015). Available from https://openknowledge. worldbank.org/handle/10986/22549

[19]   National report of China for Habitat III , p. 34.

Women in the city, Uzbekistan © Donovan Storey / ESCAP

increasingly, low-to-middle income sprawl is distorting the development of urban areas. Diffuse patterns of growth result from many factors, including the outdated, ineffective or conflicting policies governing land use, planning and building; the lack of macroeconomic and industrial policies promoting affordable mass housing and microeconomic policies favouring piecemeal, low-density, land and housing development. The cost of doing business and costs of corruption perpetuate this situation, limiting large-scale building to the commercial property and high-end residential sectors, pricing most households out to the periphery and to high commuting costs. Overall, planning continues to be ad hoc and weakly linked to long-term objectives.

Urban renewal is an increasingly relevant agenda in the region. The wholesale eviction of urban slum dwellers by developers or city governments has become more difficult and contested in many countries in Asia and the Pacific, especially in the period since Habitat II. Urban renewal has been understood as being the planned renewal of urban neighbourhoods driven by new low-income housing, or upgrading, for the urban poor. Yet infill development and the re-densification of inner cities still bring gentrification and the eviction of low-income households. Stand-alone, high-rise condominiums for the new middle-classes continue to be built without much planning or concern for services in many cities.

Some recent urban renewal and regeneration projects in East Asia have involved the large-scale overhaul of the dilapidated or outdated affordable housing estates and urban centres rapidly developed 20 to 40 years ago in line with modernist planning principles. Such areas have opportunities for infill development, re-densification and the creation of new public spaces, while the housing can often be adapted to a greater range of ages and social needs and developed to account for mixed uses, such as commercial activities, service centres or food courts on the ground floor. Adding smart technologies to such renewal projects also adds to their attraction. The Republic of Korea, in dealing with rapid urbanization, is carrying out urban regeneration policies that focus on revitalizing existing downtown areas and improving the quality of life through housing that meets a broader range of needs.[20] Such initiatives have been evident as well in Japan, Singapore and Hong Kong, China, and Australia has also sought in recent years to revitalize its city centres through integrated planning approaches.[21] Well-planned and integrated urban regeneration and urban renewal, including for poor and middle-class households, has the capacity to draw populations back to urban cores over the next two decades, thus contributing to better quality density and more integrated and inclusive cities.

[20] National Report of the Republic of Korea for Habitat III, p. 9.

[21] Australia, Department of Infrastructure and Regional Development, *State of Australian Cities 2014–15* (Canberra, 2015). Available from https://infrastructure.gov.au/infrastructure/pab/soac/

Vietnamese street vendor in Hanoi, Viet Nam © Kang Khoon Seang / Shutterstock

URBANIZATION AND **ECONOMY**

A. Introduction

- Asian and Pacific national economies will predominantly grow through urbanization and infrastructure investment in the next two decades, which requires national and local policies for sustainable and equitable growth.

- Many urban informal livelihoods and small and medium-sized enterprises in Asia and the Pacific are thriving. Future growth, employment and development will depend strongly on local economic development.

- Investment in local economic development and the education of a skilled workforce are needed to support dynamic urban economies in the region.

- The magnitude and range of the regulatory and fiscal tools available to local governments will require significant expansion to support the region's urban growth.

Cities are central to national economies and urbanization has played a vital role in economic development across the region. As economies in the region continue to shift more towards industry and services and away from agriculture, economic growth is even more intertwined with urban development. Consequently, the functioning of cities is crucial to sustaining economic development as these are now critical assets of national economies. However, national economic planning does not always recognize the importance of cities and their role as a foundation for sustainable and inclusive economic growth. As a result, adequate investment is lacking in terms of funding and policies to ensure a dynamic and inclusive future for cities.

National economic policies, combined with city planning and governance, need to cultivate the economic potential of cities to harness the benefits of agglomeration. Cities in the Asian and Pacific region contain robust informal sectors, with micro-enterprises and global multinational private sector companies, which all rely on the underpinnings of a functioning city. Maintaining and enhancing the linkages between urban and rural areas to connect markets, people and finance is key to ensuring balanced national development.

National and local governments have many competing priorities and national circumstances vary across the region, but there are a few critical entry points that are beneficial for long-term sustainable urban development. This section of the present report focuses on the economic policy challenges that hold true for much of the region: national challenges for more infrastructure investment and its financing; the need for more local economic development and the significant potential of housing; and the persistent challenge of nurturing the informal sector, skills development and small and medium-sized enterprises in cities.

FIGURE 2: SIZE OF WORLD'S MIDDLE CLASSES (GLOBAL PERCENTAGE SHARE)
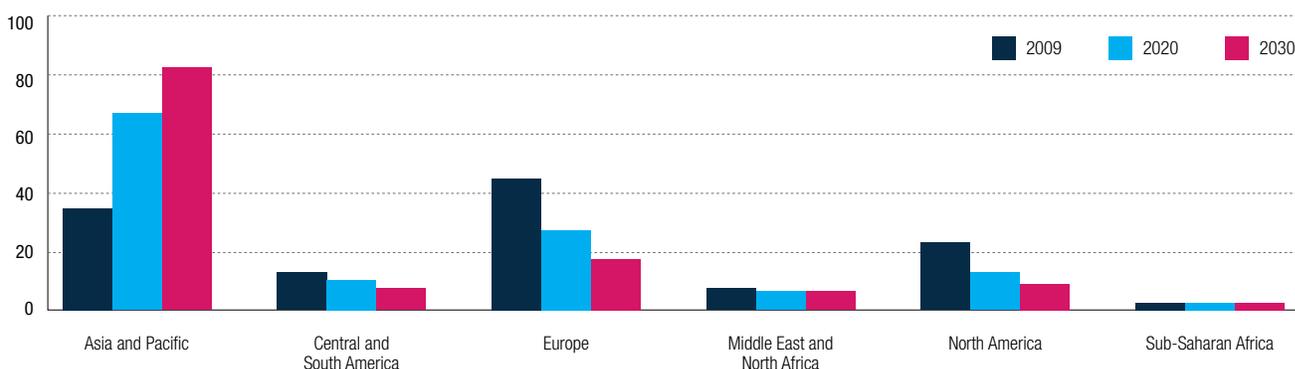
Source: Kharas and Gerts, 2010:5

FIGURE 3: SHARE OF THE URBAN POOR IN THE URBAN POPULATION IN SELECTED COUNTRIES
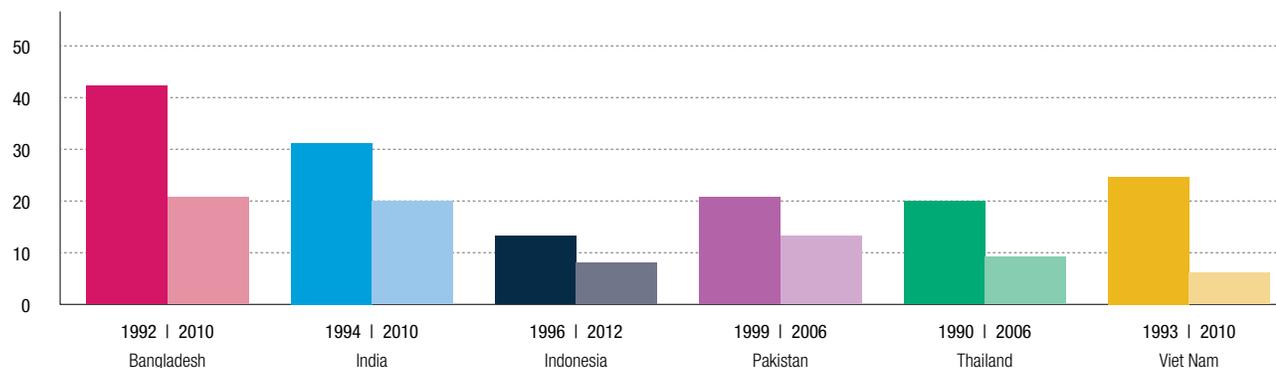
Source: UNStats: 2013

B. Economic development trends

Increased annual GDP growth has been strongly correlated with increases in overall prosperity. One of the major achievements of the Millennium Development Goals globally was poverty reduction across much of Asia.[22] The region's middle classes have also grown rapidly over the past few decades, and now comprise approximately half of the world's total, the vast majority of whom live in urban areas.[23] Statistically, there is a strong correlation between urbanization and prosperity among nations. Edward Glaeser's observation that, "[A]s a country's urban population rises by 10 percent, the country's per capita output increases by 30 percent" reverberates in Asia and the Pacific.[24] The Asia-Pacific population will increase from 4.4 billion to 5.1 billion by 2050 but urbanization will increase from below 50 per cent to 70 per cent.[25] The per capita output of this increasingly urban population should further increase accordingly. The region's share of global GDP was around 25 per cent in 1995, is near to 40 per cent currently and is expected to be over 50 per cent by 2050.[26]

Nevertheless, the Asia and the Pacific region is highly differentiated in terms of wealth creation and distribution and it is often the cities that are at the heart of the imbalances. While a significant proportion of the economic growth is harnessed in the cities, it is unevenly spread across countries. For example, the ratio of city GDP per capita compared to national GDP per capita was found to be 1.9 for Metro Manila, the Philippines, 2.5 for Kolkata, India, 3.5 for Bangkok, Thailand, and 3.7 for Shanghai, China.[27]

The private sector, ranging from large multinational corporations to the small-scale entrepreneurs of the informal sector, has been a major force in the development of the region's cities over the past 20 years. Indeed, the importance of the private sector, in both the formal and informal sectors, in shaping Asian and Pacific cities cannot be overstated. The private sector has literally changed the landscape of many cities in the region, with the development of multistorey office buildings, large shopping malls, high-end condominiums and billboards advertising the latest products.

Increases in labour productivity have not always translated into commensurate increases in real wages in the region, to the extent that the share of wage income in output has declined in recent years for the region as a whole.[28] The rapid creation of employment opportunities has to be qualified by the quality of that change. In 2013, Asia and the Pacific maintained the lowest unemployment rate of any region, at 4.6 per cent. Yet economic progress has not created enough decent work. The informal sector continues to provide a major source of employment for many in the region. The vast majority of workers in South Asia, especially women, still depend, unacceptably, on informal sector work without legal status, with limited social protection and working for an income little above the poverty line. There is a large disparity in the region between female and male employment-to-population ratios. In South and South-West Asia, female labour force participation relative to that of males is the lowest, at 47 to 75 per cent. Women are also more likely than men to be in vulnerable employment in the informal sector and have lower earnings. Furthermore,

22 United Nations, *The Millennium Development Goals Report 2015* (United Nations, 2015), ISBN 978-92-1-101320-7. Available from http://www.un.org/millenniumgoals/reports.shtml

23 For a fuller discussion of the growth of the urban middle classes in the region, see chapter three of UN-Habitat and ESCAP, *The State of Asian and Pacific Cities 2015* (see footnote 3).

24 Edward Glaeser, "Triumph of the PPP", Handshake, Issue 4, Jan. 2012, pp. 31–34. Available from http://www.ifc.org/wps/wcm/connect/ae63aa004a17f270b6ebffdd29332b51/Handshake4_WEB.pdf?MOD=AJPERES

25 United Nations, Department of Economic and Social Affairs, Population Division, *World Population Prospects: The 2015 Revision, Key Findings and Advance Tables*, Working Paper No. ESA/P/WP.241 (Department of Economic and Social Affairs, 2015). Available from: http://esa.un.org/unpd/wpp/publications/files/key_findings_wpp_2015.pdf

26 The Economist Intelligence Unit, *Long-term macroeconomic forecasts: Key trends to 2050* (EIU, 2015). Check site: http://espas.eu/orbis/sites/default/files/generated/document/en/Long-termMacroeconomicForecasts_KeyTrends.pdf

27 Bindu N. Lohani, "The Growth of Asian Cities", *Ethos*, World Cities Summit Issue (June 2008). Available from https://www.cscollege.gov.sg/Knowledge/Ethos/Lists/issues/Attachments/34/ETHOS_WCS.pdf

28 ESCAP, *Economic and Social Survey of Asia and the Pacific 2015: Year-End Update* (United Nations publication, ST/ESCAP/2743). Check the link: http://www.unescap.org/sites/default/files/publications/2015%20Year-End%20Update_0.pdf

FIGURE 4: FEMALE LABOUR PARTICIPATION BY SECTOR AND BY SUBREGION
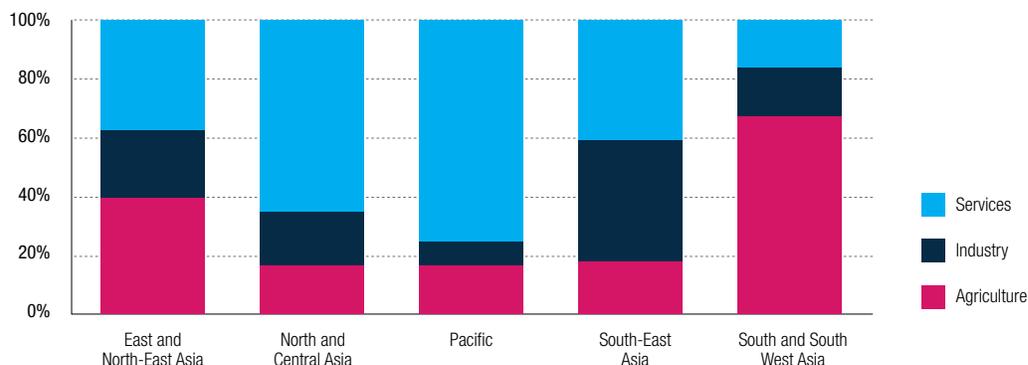
Source: UNStats: 2013

A working woman at a traditional market in Phnom, Penh, Cambodia © Kibae Park/ESCAP

Factory workers returning home at the end of their shift in Phnom Penh, Cambodia © Kibae Park/ESCAP

recent trends show decreasing labour force participation especially among women and youth.[29] Youth unemployment is also much higher, at 11 per cent, than average unemployment. Central Asia and the Pacific small island developing countries have particularly high rates of youth unemployment. Even when in employment, youth suffer disproportionately from low incomes and poor working conditions. In 2014, 14.2 per cent of employed youth in Asia and the Pacific were deemed to be living in extreme poverty (an estimated 38 million people), compared to 9.9 per cent of adults.[30]

The projections are that Asia and the Pacific will remain the world's most economically dynamic and fastest-growing region.[31] While economic growth in Asia and the Pacific still remains higher than any other region in the world, it has been considerably lower than the average before the financial crisis of 2008. Economic growth in the period 2012–2014 averaged 5.2 per cent annually, whereas the average in the period 2005–2007 was 9.4 per cent. ESCAP projections indicate that the growth rate of developing economies in the region for 2016 will be 5 per cent, marking an increase compared to the 4.5 per cent projected for 2015.[32] In fact, almost all the larger economies, except China, are expected to experience a moderate increase in economic growth in 2016. The gradual economic slowdown in China, which is largely a reflection of the country's ongoing efforts to rebalance the economy towards domestic consumption, is expected to continue in 2016; the country's growth rate is projected to drop to 6.5 per cent in 2016 from an estimated 6.9 per cent in 2015.[33]

[29]   *World Economic Situation and Prospects 2016* (United Nations publication, Sales No. E.16.II.C.2)

[30]   Asia-Pacific Regional Coordination Mechanism/United Nations Development Group Thematic Working Group on Youth, *Switched On: Youth at the Heart of Sustainable Development in Asia and the Pacific* (United Nations publication, ST/ESCAP/2744), p. 24.

[31]   *World Economic Situation and Prospects 2016* (see footnote 29).

[32]   ESCAP, *Economic and Social Survey of Asia and the Pacific 2015* (see footnote 28).

[33]   Ibid.

The recognition of regional and global cooperation and the impact of regional and global economic fluctuations on national economies have been apparent in the past 20 years. Regional cooperation frameworks have grown in the region, for example the Association of South-East Asian Nations, the South Asian Association for Regional Cooperation, the Eurasian Economic Union and the Shanghai Cooperation Organization, while other frameworks promote transnational connectivity and coordination, such as the Indonesia-Malaysia-Singapore Growth Triangle or the Mekong River Commission and the Intergovernmental Agreement on Dry Ports.[34] Recently, China has promoted the "One Belt, One Road" initiative to reinvigorate the land-based Silk Road Economic Belt and create a "maritime Silk Road". Urban areas are central to this increased connectivity and, as regional cooperation continues, cities will play a key role and, in turn, be transformed through increased regional connectivity.

C. Infrastructure: the case for urban infrastructure development strategies

Quality infrastructure is at the core of economic development and human well-being, and the great potential for co-benefits and positive externalities of getting the infrastructure right in cities emphasizes the need to prioritize that in Asia and the Pacific.[35] The economic success of cities in East Asia and Oceania, from Sydney, Australia, to Singapore to Shanghai, China, and from Tokyo, Japan, to Hong Kong, China, to Seoul, Republic of Korea, has often gone hand-in-hand with investment in globally competitive infrastructure.

Japan is a strong case in point. Its experience in the 1960s of high economic growth, rapid urbanization and subsequent challenges, such as housing shortages, uncontrolled development and inadequate infrastructure, resulted in seasonal water shortages and floods, water pollution, traffic jams and overcrowded public transport and waste disposal challenges. In order to address those issues, Japan set in place a sustained 40-year approach to comprehensive national spatial planning, with the successive city-region strategies developed for national territorial development balancing industrialization and urbanization.

Fukuoka, Japan, was one of the cities that developed a compact city plan early on. While it still experienced water shortages in the 1980s and urban floods in the 1990s, the many years of consistency in city and public

City interchange overpass in Wuhan,China © YichaoMA / Shutterstock.com

transit development have given it now a reputation as one of the most liveable cities in Japan. Recognizing the importance of the interventions in Japan's cities and building on the experience and expertise cultivated, the Japanese Government and affiliated organizations are now promoting Japan's knowledge abroad by promoting integrated, greener quality, infrastructure on the merits of delivering better planning, reduced life-cycle costs, improved environmental and social safeguards and risk reduction, and augmented opportunities for local investment.[36]

Similarly, China has ambitious targets in support of the development of low-carbon "eco-cities" and to support their uptake through "demonstration cities for low-carbon and eco-oriented growth".[37] In future years it is likely that the region will lead global innovations in green city concepts and practices, including for emerging economies. In China, economic growth had exceeded 9 per cent per annum for almost 10 years until recently, driven to a large extent by industrial and urban capital investments. Nonetheless, such investments have to a large extent neglected the environmental dimensions, resulting in severe air pollution and high emissions. Given the projections of further urbanization in the region, much of the infrastructure that will support the additional urban development is currently being built or will be built in the next several years. This provides an entry point and opportunity for planning and quality to ensure that Asian and Pacific cities are not locked into unsustainable urbanization by inefficient or ineffective infrastructure.

34 See ESCAP resolution 69/7, on the Intergovernmental Agreement on Dry Ports. Available from http://www.unescap.org/ttdw/common/Meetings/dry_ports/Dry-ports-Busan2013/E69-7-Resolution-on%20Dry-Ports.pdf

35 World Bank, *Inclusive Green Growth: The Pathway to Sustainable Development* (Washington, D.C., World Bank, 2012).

36 Daikichi Momma, "Partnership for quality infrastructure" (2016). Presentation delivered at the International Conference on Sustainable Development through Quality Infrastructure Investment, Tokyo, 20–21 Jan. Presentation material available from http://pubdocs.worldbank.org/pubdocs/publicdoc/2016/1/939471453879336734/012016-qii-s1-daikichi-momma-en.pdf

37 National report of China for Habitat III, pp. 27 and 28.

Commuters at rush hour in Kolkata, India © Kibae Park/ESCAP

South Asia and South-East Asia have still a great unmet need for investment in sustainable infrastructure to increase competitiveness and efficiency. The current economic development plans of India and Indonesia expressly acknowledge their infrastructure deficits over the full range of roads, sea and airports, rail networks (intercity and commuter), energy, water resource management, flood protection and ICT.

In Indonesia, the current Government has recently introduced a "maritime strategy" for nation-building across the archipelago, with a strong focus on improved ports and shipping services between its many coastal cities and a new, larger-scale, interpretation of what it takes to promote rural-urban linkages. Meanwhile, the plan for the first high-speed rail link on the main island of Java, between Jakarta and Bandung, is modest in its initial scope and lacks national government loan guarantees. The investment risks are partly covered by land value capture, mirroring the trend of what many Chinese cities are endeavouring to do with many new high-speed railway stations.

Research suggests that an improvement in South Asia's infrastructure to approximately 50 per cent of the level in East Asia would yield an additional 60 per cent in intraregional trade.[38] In India the current Government, while acknowledging the country-wide urban and rural public health and sanitation deficit addressed by the Clean India Mission,[39] has also launched a Smart Cities Mission and an agreement with Japan to develop a high-speed, inter-city rail network. Improving urban-rural linkages will remain an imperative in the coming decades and is reflected as a key concern of member States in the 2030 Agenda for Sustainable Development.

D. Sector-specific investments

Motor vehicle ownership in cities has been on the rise throughout the region and places where ownership is still low, such as Kabul, Tehran and Yangon, China, are catching up quickly. The national report of the Islamic Republic of Iran highlights the challenges of investing in public transportation in order to deal with the urban congestion brought about by increasing dependence on private motor vehicles.[40] Some cities have also kept pace with public transportation development — Taipei, Taiwan Province of China, and Shanghai, China, for example — resulting in more transit-oriented cities. However, traffic-saturated, low-mobility, cities remain a problem across the region, where transportation infrastructure has not been commensurate with the needs of either the poor or the rising middle classes. The productivity losses due to poor transportation have been a significant drag on the economies of many Asian countries.

[38] John S. Wilson, Catherine L. Mann and Tsunehiro Otsuki, "Assessing the benefits of trade facilitation: A global perspective", *The World Economy*, vol. 28, No. 6 (June 2005), pp. 841–871.

[39] Also known as Swachh Bharat Abhiyan, the Clean India Mission, which covers 4,041 cities and towns, was launched on 2 October 2014.

[40] National Report of the Islamic Republic of Iran for Habitat III, pp. 22 and 23.

BOX 3: CHINA'S ROADMAP TO BUILD BETTER CITIES

In February 2016, the State Council of China published a new urbanization policy, with guidelines mostly for the Ministry of Housing and Urban-Rural Development. The policy is now referred to as the "Guideline for urban development planning, construction and management".

The introduction is candid: " […] urban planning and construction management have made significant progress [but] in many instances urban planning methodologies are not forward-looking enough, and construction and development projects, while oftentimes grandiose in scope are not integrated enough and fail to deliver against much needed city-wide energy efficiency standards. Higher attention needs to be placed on cultural heritage sites that need to be better preserved in an age of [a] blind pursuit of large-scale expansion. Urban governance remains inadequate in most provinces with high ratios of illegal construction plaguing numerous cities, in addition to [a] lack of public goods and services, and sometimes alarming levels of environmental pollution and traffic congestion prevail".

China has long considered urbanization to be as important as industrialization or agricultural development. Strategies and policies have come in quick succession over the past 20 years. Urban expansion was never questioned but issues were added as they came up, such as balanced territorial development, environmental protection, social services and public transportation. For instance, the National Development and Reform Commission, China's development planning agency, which is also under the State Council, issued an ambitious urbanization strategy for 2014–2020.

This national plan aims for a city-system of city clusters, supported by integrated transport networks and filled in with more qualitative, people-oriented and sustainable urban development. It acknowledges that providing rural migrants with residency status and full access to services in China's cities is to be accomplished and that rural territorial development, including reform of the land market, is needed. Those measures would strengthen the urban economy and, especially, spending on more consumption compared to merely on investment.

Meanwhile, the 2016 guideline stresses that cities require intense capacity-building within city governments and professional bodies to firmly control urban development. As such, it confirms the "new normal" of less primary investment. It sets requirements not only for stricter planning controls but also for more participation and, in general, seeks to stop unbridled city expansion. Other requirements cover stopping the building of gated communities, increasing the street density of blocks, intensifying public transportation and undertaking a whole range of interventions to make cities greener.

Those interventions should contribute to a better-balanced urban economy within an environment of integrated, connected and more compact cities that are also better prepared for a changing demography as ageing advances. Undoubtedly, the amount of new capital investment required to make urban development more sustainable and people-centred is still very large. Planning does not become more public and consultative overnight. At the same time, home prices have remained very volatile in several Chinese coastal cities, making controls challenging at best. A swift transition to more urban non-capital spending to drive the economy is not a simple task.

Transportation infrastructure is an excellent example of how targeted investment can shape a city. In order to ease congestion and increase efficiency, a recent analysis of transportation in the region has suggested that policymakers should concentrate on three key aims: create cities in which all key destinations are easily reached without a car; provide a rich array of mobility options so that private cars are not a necessity; and establish a space-efficient transport system so that mobility for all can support inclusive, low-carbon, cities for present and future generations.[41]

In the Republic of Korea road expansion was previously provided as the solution for traffic congestion but recently, the Government has realized that the encouragement of public transportation options is preferable.

The Republic of Korea has made this transition without having to build additional, expensive, infrastructure and instead has adapted bus-only lanes and imposed congestion fees. This approach demonstrates how changing policies, while utilizing existing infrastructure, can work to improve the functioning of cities within existing resources.[42]

Besides transportation, infrastructure upgrades and maintenance in the areas of energy and telecommunications are crucial to the competitiveness of urban economies in the Asia-Pacific region. Unreliable and sporadic power supply has a negative impact on the operating capacity of industries and also reduces the potential for maximizing the many agricultural supply chains that are reliant on continuous power supply for refrigeration.

41 Paul Barter, "Achieving Sustainable Mobility", in *The State of Asian and Pacific Cities 2015* (see footnote 3), pp. 80–87.

42 National Report of the Republic of Korea for Habitat III, p. 24.

Low-cost housing in Dhaka, Bangladesh © Kibae Park / ESCAP

Cities without adequate telecommunications connections cannot compete with those that have high-speed Internet access and reliable connectivity services. This can especially be an issue for small island developing States and landlocked developing countries. As a result, their cities suffer from isolation and a lack of connectivity.

Infrastructure also has a role to play in improving linkages between urban and rural areas. Pakistan, which has many remote urban centres, has cited enhancing connectivity and developing modern infrastructure as critical for harnessing the potential of rural and urban areas in its national report. Indonesia's national report for Habitat III has also highlighted network infrastructure as crucial to rural-urban economic linkages and the need for access to information, which could be enhanced through ICT infrastructure development.

Although many cities in the region seem to be in perpetual states of building or re-building, the challenge for many national and local governments is to ensure that infrastructure investments are strategic and meet the needs of all urban populations. In addition to the challenge of inclusive infrastructure, new growth also needs to be both resilient in the face of hazards and cognizant of the carbon emission impacts of infrastructure design in order to move the region's cities towards a low-carbon future.

E. Housing

Adequate housing is not just about ensuring a decent standard of living for people. There is an obvious correlation between household poverty, low GDP and the prevalence of slums.[43] The relationship between housing and the economy also includes the direct and multiplier effects of the construction industry as a contribution to the economy. The construction industry employs many different types of labourers, from unskilled and low-paid workers to highly paid professionals. The Asian Development Bank has estimated that the construction sector accounted for around 8 to 12 per cent of total employment in Indonesia, Macao, China, the Philippines and the Republic of Korea annually in the period 2001–2008. Nonetheless, meeting the housing demand, especially for low and middle-income urban residents, has remained a challenge if not an outright failure in many countries in the region. The drivers for low housing affordability are well known: land and property costs have escalated in many Asian and Pacific cities and the cost of building has increased, while wages have increased insufficiently. Furthermore, uncertain or insufficient growth and crisis shocks have frequently dented the economic stability needed for housing and housing finance policies.[44]

The exception has clearly been East Asia and a few countries in South-East Asia. The affordable housing capacity in East Asia is not a contemporary phenomenon but has been built up over many decades. Japan established the Government Housing Loan Corporation in 1950 and the Japan Housing Corporation in 1955 to address the housing shortage of 4.2 million units after World War II. The institutions currently still exist as the Japan Housing Finance Agency and the Urban Renaissance Agency, marking more than 60 years of continued impact.[45] Singapore's Housing Development Board was founded in 1959 and became a benchmark institution in the region. The Hong Kong Housing Authority was established as a statutory body in 1973.

China reported that the number of households classified as ill-housed, whether crowded or inconvenient, had decreased from 34 to 15 per cent already from 1982 to 1988.[46]

The Republic of Korea's experience over the last 50 years speaks of the harnessing of capacity for transformation. In the wake of the country's rapid industrial growth, housing shortages were addressed by mass production and price controls. Before the Asian financial crisis of 1997, the Republic of Korea was able to set out the first new towns and instituted agencies for funding expansion, such as the National Housing Fund and the Housing Credit Guarantee Fund. The problems, from shortages and overheating to evictions, were many. In the past 15 years, the Republic of Korea has deregulated and re-regulated and set up new institutional arrangements incrementally, focusing on enhancing housing welfare and steering the housing market. Institutional change has continued, with land and housing, for instance, brought together under the Housing and Land Corporation in 2009 with the aim of having one public institution for large-scale public housing developments. Furthermore, older housing complexes are being renovated, the rental market is being made more responsive to diverse demands and arrangements have been made for very low-income groups.[47]

The East Asian experience has demonstrated that addressing housing shortages and investing in infrastructure are interdependent interventions that support urban and, ultimately, national economies. Currently, there is renewed interest in the region to promote affordable housing again as national industrial policy, both in public sector institutions and in the private sector. Especially promising are those policy frameworks with a less macroeconomic emphasis that aim for more effective land use and planning within the local urban economic development context.[48] Nonetheless, more effective housing production with regard to standards, quality, technology and affordability remains as relevant as ever.

[43] John Doling, Paul Vandenberg and Jade Tolentino, "Housing and housing finance: A review of the links to economic development and poverty reduction", ADB Economic Working Paper Series, No. 362 (Metro Manila, Asian Development Bank, 2013). Available from https://www.adb.org/sites/default/files/publication/30348/ewp-362.pdf

[44] Asian Development Bank-Asian Development Bank expert group meeting "Housing Policies for Emerging Asia", Tokyo, 17 December 2014.

[45] Masahiro Kobayashi, "The Housing Market and Housing Policies in Japan" (2016). ADBI Working Papers 558. (Tokyo: Asian Development Bank). Available from: https://www.adb.org/publications/housing-market-and-housing-policies-japan

[46] ESCAP, *State of Urbanization in Asia and the Pacific 1993* (New York, United Nations, 1993), pp. 2–42.

[47] Kyung-Hwan Kim and Miseon Park, "Housing Policy in the Republic of Korea" (2016). ADBI Working Paper 570. (Tokyo: Asian Development Bank Institute). Available from http://www.adb.org/publications/housing-policy-republic-korea/

[48] Asian Development Bank-Asian Development Bank expert group meeting "Housing Policies for Emerging Asia" (see footnote 44).

F. Local economic development: inclusive economic spaces

Local economic development is an approach to economic development that focuses on the local level to enhance inclusive and sustainable growth while also enhancing the competitiveness of local municipalities. The approach benefits from being cross-cutting and engaging across sectors while building on the comparative advantages of the local area, both at the city and neighbourhood levels, to tailor economic growth strategies. One successful example of this from the region is Naga City in the Camarines Sur province of the Philippines, as it has circumvented what it lacks in natural resources and location by developing a strategy to improve the city through focusing on economic growth combined with pro-poor initiatives to build prosperity, partnerships with both private sector and civil society, and enhancing community participation in government decision-making. The programme has been extremely successful as the city is now one of the fastest growing urban economies in the country.[49]

The Naga City example also highlights the importance of the participatory approach of local economic development for engaging stakeholders, including local governments, businesses, associations, labour and trade unions, universities and research institutions, financial institutions and non-governmental and community organizations, as it provides a pathway for engaging to meet the needs of both employers and employees, as well as broader constituencies. In that regard, local economic development is also an opportunity to address the Sustainable Development Goals at the local level and to ensure that marginalized communities are well engaged. For example, strategies for local economic development can explore how migrants can make important contributions to local economies or how the work of female entrepreneurs can be better supported.

Informal businesses and jobs and small-scale enterprises will remain pivotal to the economic prosperity of cities in the Asia-Pacific region for many decades to come. The informal economy encompasses a wide variety of businesses and enterprises including, but not limited to, street food vendors and waste disposal, pedicab and domestic services. Experience in the region has indicated that it is better to engage with the informal sector by supporting enterprises, protecting workers and engaging entrepreneurs to increase productivity than to try to eradicate it. It is also important to engage with informal sector employees and employers to ensure that local economic development plans are supportive of livelihoods. For example, the upgrading of physical infrastructure provides an opportunity to improve the health and safety of workers and access to markets, with better roads and market spaces.

Local authorities should be mindful that the creation of the right economic space for the informal sector and small-scale enterprises remains difficult and requires a broad range of city-wide and community policies and interventions addressing access to land, space, credit, markets, information and professional education. For instance, informal vendors have remained a longstanding feature of Indonesian street life, their presence tending to increase during times of economic stagnation and hardship. In recent years, local governments have entered into dialogue and negotiations with the vendors in an effort to transfer them off the streets and into purpose-built public markets; many such efforts have been successful in removing vendors in a conflict-free manner.[50]

Such signs indicate that Indonesian local governments are learning to better engage with the informal sector and to provide solutions to longstanding issues over public spaces and economic empowerment. When upgrading takes into account the needs of informal entrepreneurs and workers it tends to be more successful. Upgrades in Indonesia's second largest city of Surabaya have included furnishing informal sector sites with free Wi-Fi for customers, which addresses the ICT needs highlighted in subsection 3, on infrastructure, as well as supporting local economic development.[51] In Pakistan, the national labour policy of 2010 has included the provision of benefits to workers in the informal economy, including domestic workers, to improve the safety and health arrangements for them.[52]

With the expanding middle-classes in the region's cities, businesses and enterprises aiming to improve the quality of life of urban residents are strongly on the rise. Social enterprises in sectors such as childcare, elderly care and cooperative housing should be an important focus for local economic development because, beyond their business function, they provide basic services that are needed by many impoverished urban communities. Local economic development interventions that targeted social economy enterprises would yield multiple benefits and address some critical sustainable development issues. Likewise, innovative local enterprises that have an environmental focus, such as providing renewable energy at the local level, can be instrumental in enhancing environmental sustainability. Local and national governments can encourage those enterprises with policies that support a transitioning to low-carbon pathways.

There are a few central tools or approaches for enhancing local economic development. Strategic planning for cities and neighbourhoods, including asset mapping of a community's strengths and resources, is important to determine which interventions are most appropriate. One approach more popular in North America and Europe is the business improvement districts approach, in which a collection of business owners in a defined

[49] United Cities and Local Governments, Working Group on Local Economic Development, *Policy Paper on Local Economic Development* (forthcoming).

[50] John Taylor and Lily Song, "Return to the streets". Paper presented at the "Contesting the streets: Vending and public space in global cities" symposium, University of Southern California, 2 and 3 Oct. 2015.

[51] National report of Indonesia for Habitat III, p. 88.

[52] National report of Pakistan for Habitat III, p. 49.

area pay an additional tax or levy to support projects within the district, for example financing security guards or signage to promote the district. Business clusters and incubators have become more popular in the region. Bangalore in India is a commonly cited information technology business cluster and Japan, which recently implemented a plan for industrial clusters to encourage the formation of networks across local businesses, research institutions and universities, has been successful in establishing 80,000 new businesses in the eight years of the programme.[53]

G. Human capital

People are the most valuable assets of any city and it makes sense, therefore, that the development of their knowledge and skills adds value to the community. Although education trends have been positive in the region in terms of increased access, there are still transition gaps between school and work that limit participation in the labour market. It is critical for youth to have access to the skills and information required to engage in urban workforces and to support youth entrepreneurship.[54]

With education, employment and wage gaps for women common throughout the region, improving investment in skills development and education for women is an important area for attaining more inclusive socioeconomic development. Appropriate investment in youth development is also critical for capitalizing on the demographic dividend. Indonesia has stressed the importance of enhancing the skills and capacity of youth to cultivate their participation in the labour market in its national report for Habitat III.

It is critical to ensure that people in urban areas have the skills to work in emerging fields and to foster innovation. In this regard, investment in skills and training is fundamental to nurturing innovation. This is captured in a recent report from the Asian Development Bank that highlights the need in the region "to scale up skills development to successfully manage its economic transformation and achieve a more prosperous and smarter future. Toward this goal, the region should make greater efforts to enhance the quality of education, while continuing to broaden access, to ensure its workforce has the full complement of skills – cognitive, non-cognitive and technical – needed for high growth".[55]

Hanoi city skyline view by twilight period, Pham Hung street, Hanoi, Viet Nam © Hanoi Photography / Shutterstock.com

53   National report of Japan for Habitat III, p. 47.

54   Thematic Working Group on Youth, *Switched On: Youth at the Heart of Sustainable Development in Asia and the Pacific* (see footnote 30).

55   Asian Development Bank, *Key Indicators for Asia and the Pacific 2015* (Mandayulong City, Philippines, Asian Development Bank, 2015).

H. Financing the future growth of cities

How to finance urban transformations and the future of cities is a critical question for achieving the goal of sustainable and inclusive cities. With so many competing priorities, investments need to be targeted and to draw on diverse funding and financing streams. Economic policies and governance systems are needed to support investment for economic development, as well as for building resilience and addressing social inclusion issues.

National economic planning in most countries in the region has recognized that efficient infrastructure, service delivery, markets and financial governance are critical assets for national economies. However, beyond East Asian countries as well as Malaysia and Singapore , economic planning has often been unable to leverage sufficient investment financing to ensure a dynamic future for cities. By and large, East Asia has managed to mobilize the required financing for state-planned – if not state-controlled – investments in infrastructure and planned urbanization. Domestic finance streams are robust in some countries and territories of the region, with Japan and Hong Kong, China, leading in domestic credit as a percentage of GDP. Several other East and South-East Asian countries – China, Malaysia, the Republic of Korea and Thailand – also have domestic credit as more than 100 per cent of GDP. However, many countries in South Asia, Central Asia and the Pacific do not have domestic credit of even half the GDP.[56]

Diversifying funding streams and mobilizing financial resources from multiple sources are important elements for sourcing enough financing. As a recent report by the Asian Development Bank has highlighted, it is important to find the balance between smart public investment and efforts to ensure that it does not have a negative impact on private finance streams. Public financing should be aimed at high societal reforms without crowding out present-day private investments.[57] With reference to the pressing agendas of cities in Asia and the Pacific, as captured well by Sustainable Development Goal 11, on sustainable cities and communities, namely slum reduction, basic services, safety, public transport, pollution reduction, risk reduction and the overall improvement of public spaces, public financing policies must increasingly be focused on growth through transformational changes in urbanization with regard to greener, more compact and more effectively connected cities and communities.

Expenditure reforms need to improve the efficiency and transparency of public spending. While there has been a broad recognition of the merits of transparency in national and local government spending, there is often a significant transparency deficit in regard to the financing and financial performance of infrastructure and utilities, especially in small and medium-sized cities. This makes oversight and benchmarking for new investments difficult and often lacking in sufficient public controls. Advances in transparency should become easier, with the decreasing cost of access to data and information, as part of a drive towards smarter cities.

Housing finance is another important piece of the national economy. It is an indicator of economic stability because of the relationship between housing finance and the wider financial market. Developed countries in Asia already have large housing finance markets similar to those of the developed countries in other regions, with a ratio of mortgage debt to GDP of over 50 per cent. While China, Hong Kong, China, and Singapore are now approaching a ratio of 45 per cent, most countries in the region have a ratio of less than 20 per cent.[58] The development of secondary mortgage markets was stunted by both the 1997 and 2008 financial crises. Nonetheless, in 2012 the India Mortgage Guarantee Corporation was founded, with shareholdings from the National Housing Bank, the Asian Development Bank, the International Finance Corporation and the private sector. In Indonesia, the Government set up a dedicated secondary mortgage facility institution in 2005 that should reach full functionality by 2018.[59]

56   World Bank, World Development Indicators. Available from http://data.worldbank.org/data-catalog/world-development-indicators

57   Ibid.

58   John Doling and others, "Housing and housing finance" (see footnote 43).

59   Additional information is available from http://www.smf-indonesia.co.id/?lang=en

I. Municipal finance

Currently, municipal revenue sources are insufficient to meet long-term financing needs for infrastructure and innovation, as municipal budgets in many cities in the region are already struggling to finance basic expenditures, such as essential services and salaries. Fiscal deficits and public debt levels are high in many countries in the region, including India, Mongolia, Pakistan, Papua New Guinea, and Viet Nam.[60]

Although the decentralization of responsibilities from central to local governments has occurred in much of the region over the past 20 years, it has not been accompanied by a commensurate decentralization of funding. As a result, revenues are predominantly collected by central government and redistributed to the municipalities. But in many cases, especially for smaller urban areas, the transfers of funding are uncertain and insufficient. In Central Asia, for example, smaller cities and towns do not have any budgets of their own and are completely dependent on transfers from higher levels of government.[61]

Intergovernmental fiscal transfers should be made more effective by increasing the proportion going to local governments and structuring the transfers to foster better service and revenue performance and innovation. The range of buoyant, robust, local revenue sources should be expanded and better institutions are needed for property-based finance and effective public-private partnerships and community partnerships. Municipal and regional investment bonds are just some options for expanding revenue sources.

The key issues for unlocking the finance are addressed at the local level, however, whether through the mainstreaming of property taxation or through innovative, regulated, land value sharing mechanisms between infrastructure builders and communities. In general, the weight and range of regulatory and fiscal tools must be significantly expanded to support comprehensive planning and development by cities and city clusters. These regulatory and fiscal tools must support better urban and territorial planning and accommodate investments in compact urban expansion.

Throughout the region, tax revenues are low and expenditure efficiency is weak. In general, property-based taxation remains significantly underutilized in Asia and the Pacific. Several Indian cities link their property tax records to databases linked to geographic information system-based maps, resulting in improved property tax information. In Afghanistan, where municipalities do not receive any funding from central government (with the exception of Kabul) and databases are not updated with accurate property information, the use of digitized satellite images is facilitating the registration of properties for tax collection.[62]

In addition to tax revenues, city authorities have land, fixed assets and infrastructure that have the potential to be used for generating finance. One model utilized successfully in India involves properly assessing the fixed assets as collateral for loans. Another way to leverage those fixed assets, which has been done successfully in China, is to lease publicly owned land for private development. However, that latter strategy is not without its drawbacks, as it has helped to meet economic targets but with social and environmental costs.

Afghanistan, where municipalities are the only subnational government entities that can raise and spend own-source revenues, has emphasized the potential to move towards greater operational self-reliance through pilot revenue-generating initiatives based on the regularization of informal property.[63] There is also interest in region, for instance in Indonesia, in seeking new public-private financing approaches at the local level, such as regulatory frameworks to encourage local communities and companies to set up public-private partnerships. Financial and fiscal capacity-building for local governments would also facilitate the improvement of budgeting and financial administration in many city government administrations, as well as at the national level.[64]

In the next two decades, Asian and Pacific economies will predominantly grow through urbanization and infrastructure investment. In order to drive sustained and long-term prosperity, however, urban development will need to be guided by policy: future growth, employment and development will depend strongly on local economic development; municipal finance will require reform; and investments in human capital will need to be stepped up. The New Urban Agenda should provide a framework to guide the required shifts in policy.

[60] World Bank Group, *Global Economic Prospects, January 2016: Spillovers amid Weak Growth* (Washington, D.C., World Bank, 2016). Available from https://www.worldbank.org/content/dam/Worldbank/GEP/GEP2016a/Global-Economic-Prospects-January-2016-Spillovers-amid-weak-growth.pdf

[61] Center for Economic Research, *Urbanization in Central Asia: Challenges, Issues and Prospects* (Tashkent, Center for Economic Research, 2013). Available from http://www.unescap.org/resources/urbanization-central-asia-challenges-issues-and-prospects

[62] Afghanistan, Ministry of Urban Development Affairs, Independent Directorate of Local Governance and Kabul Municipality, *State of Afghan Cities 2015* (Kabul, 2015). Available from http://unhabitat.org/books/soac2015/ (accessed 6 December 2016).

[63] National report of Afghanistan for Habitat III, pp. 24 and 25.

[64] For further discussion on financing future urban development in the region, see Michael Lindfield, "Financing our urban future", in *The State of Asian and Pacific Cities 2015* (see footnote 3).

IV

Urban slum opposite a residential area in Dhaka, Bangladesh © Kibae Park/ESCAP)

URBANIZATION AND **SOCIAL EQUITY**

A. Introduction

- Ending extreme poverty and providing universal access to basic services is within reach in the Asia and the Pacific region.

- Embracing diversity and culture is key to making cities more inclusive and accessible and to addressing social inequalities.

- Empowered urban poor communities in many Asia-Pacific countries have become a source of social capital and development and can provide a foundation for building resilience at the local level.

Urbanization in the Asia and the Pacific region has brought unprecedented diversity and social change to the region's cities. While progress has been made in reducing poverty over the past two decades, the key to addressing urban poverty and inequality in all its forms is to recognize the barriers to social inclusion and equity that prevent the achievement of ending extreme poverty. Both institutional inequalities, such as in regard to housing, basic services, rights and participation in governance, and structural inequalities, including gender, age, ethnicity and national origin-related, are barriers to achieving the Sustainable Development Goals and basic human rights for all. The Sustainable Development Goals reflect this comprehensive approach to poverty reduction and cities in the region must accept the challenges to ensure that the inequalities between cities and city dwellers do not grow.

B. Social development trends

Urban population growth in the region has not been matched by a growth in housing units or equitable access to land, resulting in housing shortages and the persistence and growth of slums.[65] However, there have been many successful examples in the Asian and Pacific region in relation to slums since Habitat II.[66] The percentage of the urban population living in slums in East Asia went down significantly, from an estimated 41 to 26 per cent, from 1995 to 2014, falling in South-East Asia from 45 to 28 per cent and in South Asia from 51 to 31 per cent.[67] China alone constructed 38 million housing units between 2008 and 2013 in order to rehouse slum communities, newly-employed workers and rural-urban migrants.[68] In terms of access to electricity, over half of the countries in the region have 90 per cent or better coverage in urban areas, except for several Pacific small island developing States where the urban residential coverage is only 50 per cent.[69]

While the proportion of those living in slum conditions has fallen, however, the overall numbers remain unacceptably high and, in some subregions, are continuing to rise. Currently, there are over half a billion slum dwellers living in the region, which constitutes over half of the world's total slum population. Health remains a major development issue in the region despite some gains, most notably the better access to health care in many urban areas. Access to improved water sources and improved sanitation in the region, especially in urban areas, has increased and is identified as being at 97 and 75 per cent for water and sanitation respectively.[70] Despite these gains however there are still over 55 million urban dwellers lacking access to improved drinking water and over 480 million urban dwellers in the region lacking access to improved sanitation facilities.

Child and maternal health, HIV/AIDS and sexually transmitted infections and water and vector-borne diseases, including dengue fever, remain significant challenges. In addition, rapid urbanization has resulted in a "triple threat" to health in urban areas: infectious diseases, noncommunicable

Slum dwellers queuing for water © Kibae Park / ESCAP)

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[65] UN-Habitat defines a "slum household" as consisting of a group of individuals living under the same roof in an urban area and lacking one or more of the following five amenities: durable housing; sufficient living space; access to safe water; access to adequate sanitation; and security of tenure.

[66] UN-Habitat, *State of the World's Cities 2010/2011 - Cities for All: Bridging the Urban Divide* (UN-Habitat, 2010)

[67] UN-Habitat, *World Cities Report 2016* (see footnote 4).

[68] National report of China for Habitat III, p. 3.

[69] ESCAP, Asia Pacific Energy Portal. Available from http://www.asiapacificenergy.org/

[70] ESCAP, *Statistical Yearbook for Asia and the Pacific 2014* (United Nations publication, ST/ESCAP/2704). Available from http://www.unescap.org/sites/default/files/ESCAP-SYB2014.pdf

Young Buddhist monk reading outdoors, sitting outside a monastery in Myanmar. © Szefei / Shutterstock.com

diseases, which are exacerbated by unhealthy lifestyles, and the injuries and violence that stem from dangerous road traffic and unsafe working and living conditions.[71]

The issue of unsafe cities is also increasingly on the agenda in the region. Although the region has very low homicide rates, urban safety and security is becoming a major issue for the new urban middle classes, most obviously in the urban areas of conflict and post-conflict countries. Terrorist attacks in urban areas have been another source of particular concern in recent years. The issue of violence against women and girls is prevalent in both the public and private spheres. In urban areas in the region, that issue manifests itself in terms of access to water and sanitation, as discussed below. However, it also impacts on employment opportunities. There is evidence that women's livelihood opportunities are shaped by their experience of unsafe cities, which affect travel, hours of work and types of employment.[72] The problems of intimate partner violence against women

and girls, as well as non-partner rape, have been prevalent in a range of traditional rural areas and continue in urban areas across the region.[73]

The region as a whole has made significant progress in the field of education, with increases in the rates of both males and females completing a full course of primary schooling. Despite those gains, one out of every four children in Asia and the Pacific who has started school is unlikely to reach the last grade of primary education. There have also been improvements in gender parity, especially where female disadvantage was more prominent in the past, such as in South and South-West Asia, but girls still face barriers to schooling in many places, including in the Pacific. Adult literacy rates have increased in the region, especially in South and South-West Asia and China but women are consistently overrepresented in the illiterate population in the region (and world-wide), representing almost 65 per cent of the region's adult illiterate population.

[71]   World Health Organization (WHO) and UN-Habitat, *Hidden cities: unmasking and overcoming health inequities in urban settings* (WHO and UN-Habitat, 2010). Available from http://www.who.int/kobe_centre/publications/hidden_cities2010/en/

[72]   UN-Habitat and ESCAP, Urban safety and poverty in Asia and the Pacific (Nairobi, UN-Habitat, 2009).

[73]   Emma Fulu, Xian Warner, Stephanie Miedema, Rachel Jewkes, Tim Roselli and James Lang, J, *Why Do Some Men Use Violence Against Women and How Can We Prevent it? Quantitative Findings from the United Nations Multi-country Study on Men and Violence in Asia and the Pacific* (Bangkok, United Nations Development Programme, United Nations Population Fund, United Nations Entity for Gender Equality and the Empowerment of Women, World Bank and United Nations Volunteer Programme, 2013).

Perhaps the most notable development and change in the region and around the world since Habitat II have been in the field of ICTs. At the convening of Habitat II, personal computers, the Internet and cell phones were largely confined to the developed world and wealthier individuals, and even there they were not widespread. On the cusp of Habitat III, even the most remote and poorest countries have some level of Internet access and cell phone use is ubiquitous, with smart phones providing instant access to information. Capturing the benefits of such connectivity, including through greater information-sharing and connectivity among urban citizens and between citizens and local government, provides great opportunities for cities in the future. More transparent e-governance systems can also be developed and provide a basis for stronger, more effective and responsive urban institutions and thus support the outcomes of Habitat III.

C. Equitable access and prosperity

Ending extreme poverty and improving access to services is within reach in the cities of Asia and the Pacific, but it requires efforts to address the root causes of poverty and to implement responses that are coordinated and consistent. Employment and education are fundamental needs. Housing, land tenure and access to basic services are complex yet also essential components in addressing poverty and inequality in the region. One assessment undertaken by urban poor community leaders in the region found that insecure land tenure and housing were "what most clearly [separate] the poor from the non-poor" in Asia and the Pacific.[74] They also highlighted the very poor living conditions associated with the lack of basic services in informal settlements.

Despite notable improvements in slum reduction and service provision, the daily reality of many excluded, marginalized and impoverished urban residents has not changed. Too many people in the region continue to face inadequate housing, a lack of basic services and insecure land tenure. Interviews with slum dwellers in Mumbai and Pune, India, in 2002 and 2003 outlined their daily struggles for reliable access to clean water, which remain as pertinent today, such as the distance to water taps; water quality that is sufficient for washing but not for drinking; the high cost; and sanitation systems that are woefully inadequate, with overcrowded and dirty latrines located too far away for use. Survey interviewees living

near railroad tracks have talked about using the tracks as toilets and the inherent dangers of doing so, and the women have recounted some of the harassment faced both in filling water and accessing distant latrines.[75]

The availability of adequate housing to meet the needs of different economic classes, from the very poor to the middle class, has certainly not been fully accommodated through the private housing market and, as indicated in the previous section of the present report, the gap for access to affordable housing through the formal market is still increasing.[76] This is a challenge for the region's emerging middle classes, which may not be able to afford the private-sector housing or rental market. That would force them into the informal market, squeezing out the poor and extreme poor.

The two largest countries in the region have demonstrated successful pathways to slum reduction that have also involved more holistic approaches. China's persistent reduction in slums and inadequate housing, as already indicated in the previous section of the present report, was achieved through replacing dilapidated urban neighbourhoods and a large-scale commitment to new housing. China's income inequality has grown with economic growth but Chinese cities remain more equitable than most in the region and the country has improved living conditions through pro-growth, pro-poor, targeted economic reforms and modernization policies in urban areas.[77]

India, meanwhile, has pursued urban slum reduction with four priorities for slum improvement and poverty alleviation: "enhancing the productivity of the urban poor by building skills and providing access to micro-credit; […] improving the living conditions of the poor through provision of basic services and *in-situ* development of slum settlements; […] providing security of tenure to poor families living in unauthorized settlements and improving their access to serviced low-cost housing and subsidized housing finance; and […] empowering the urban poor through community development and encouraging their participation in decision-making".[78]

Indonesia has had a long-standing reputation for government-supported, community-based, upgrading of slums. The Kampung Improvement Programme of the 1970s is recognized as a predecessor of many contemporary government-organized but community-driven settlement upgrading programmes. In the 1990s, the World Bank and the Government

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74   Somsook Boonyabancha and Thomas Kerr, "How urban poor community leaders define and measure poverty", *Environment and Urbanization*, vol. 27, No. 2 (Oct. 2015), pp. 637–656. Available from http://journals.sagepub.com/doi/abs/10.1177/0956247815600945

75   Meera Bapat and Indu Agarwal, "Our needs, our priorities; women and men from the slums in Mumbai and Pune talk about their needs for water and sanitation", *Environment and Urbanization*, vol. 15, No. 2 (Oct.

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        2003), pp. 71–86. Available from http://journals.sagepub.com/doi/abs/10.1177/095624780301500221

76   Jonathan Woetzel, Sangeeth Ram, Jan Mischke, Nicklas Garemo and Shirish Sankhe, *A blueprint for addressing the global affordable housing challenge* (McKinsey Global Institute, 2014). Available from http://www.mckinsey.com/global-themes/urbanization/tackling-the-worlds-affordable-housing-challenge.

77   UN-Habitat, *State of the World's Cities 2010/2011* (see footnote 66).

78   Ibid.

of Indonesia introduced the cash-based conditional grant approach, where the poorest communities were assisted to organize their own priorities and plans and to take procurement and implementation into their own hands. The approach has gone through several generations, taking on extreme poverty alleviation by putting cash directly into the poorest communities, ensuring disbursements to the lowest level or accelerating recovery and reconstruction through community empowerment after the Indian Ocean tsunami of 2004 and the Central Java earthquake of 2006. The approach has since been scaled up as a national programme – the largest community-based settlement upgrading programme in the world. More recently, this has included integrated area planning and public-private investments at the local level. Indonesia's current Master Plan on Accelerating and Expanding on Poverty prioritizes urban slum upgrading, with a view to the absence of slums by 2019, as well as 100 per cent access to clean water and provision of basic sanitation, under the so-called "100-0-100" programme.[79]

In Bangladesh, the Urban Partnerships for Poverty Reduction (2008–2015) programme also promoted an integrated, holistic, approach to improving conditions in poor urban communities. Building on the legacy of the micro-credit and community savings initiatives carried out by the Grameen Bank and the Bangladesh Rural Advancement Committee, the programme supported communities in establishing partnerships with development actors, government institutions and the private sector to improve access to basic services and employment, 98 per cent of the members of the community groups being women. The programme demonstrated a measurable impact on poverty reduction, infrastructure improvement and improved basic services. An impact study in 2014 found that 23 per cent of the surveyed population were multidimensionally poor, down from 33 per cent in the 2013 study. In comparing the scores for water, sanitation and infrastructure from 2010 to 2014, 51 per cent of the settlements involved in the community development committees reported significant improvements in the conditions.[80] The work of Urban Partnerships for Poverty Reduction has highlighted the importance of community development to address poverty alleviation and impact analysis to record positive change.

In the case of Urban Partnerships for Poverty Reduction, many communities were living on public land or the land of large landowners, with little or no security of tenure. A lack of access to land and insecurity of tenure

remain very significant impediments for poor and lower-middle class households in the region. Even well-supported government initiatives, such as the community mortgage programme in the Philippines, have faced significant difficulties in appropriating land, for which the communities collectively repay small instalments, simply because of escalating costs and affordability issues.

Community leaders from poor urban communities have highlighted secure land and decent housing as being fundamental for, once those are secured, then other aspects such as health, income and education tend to improve; but what "even the most active, well-organized, community cannot address [is] its poverty without land security".[81] They have also emphasized the lack of a political voice and the power to change, determine or demand anything as an obstacle to escaping poverty. Inadequate protection of rights and limited power in political systems aggravating urban poverty has also been cited in academic papers.[82] Consequently, resolving issues of rights, participation and, fundamentally, land tenure to enhance security and sustainability is crucial to ensuring increased social equity in cities.

A recent study on land tenure in the region has also found that "insecurity of tenure, poor quality shelter, high risk of hazard and a lack infrastructure and services for slum dwellers was a concern in most of the countries reviewed".[83] The obstacles to legal tenure are greater for women, especially widows and single mothers, in many countries since men are regularly considered the heads of the household and, therefore, land and housing titles are not registered in the women's name.[84] A growing number of renters in informal settlements face specific problems, including ineligibility for compensation under eviction and relocation programmes.

The success of government-sanctioned and government-organized, community-based settlement upgrading programmes was a significant human settlement policy feature in the region following Habitat II. In recent decades, the Asia-Pacific region has set out on a different policy course when compared with Latin America and the Caribbean and Africa.[85] Nonetheless, it should be underscored that most community-based programmes, even those undertaken with government support, have often focused on basic services only and have not created substantial progress in terms of security of tenure. The assumption that housing will improve significantly as a result of a trickle-down effect is a contentious one,

79   National Report of Indonesia for Habitat III, p. 94.

80   Urban Partnerships for Poverty Reduction, *Annual Report* 2014 (UPPR, 2014). Available from http://www.evidenceondemand.info/annual-review-urban-partnerships-for-poverty-reduction-uppr

81   Boonyabancha and Kerr, "How urban poor community leaders define and measure poverty" (see footnote 74).

82   See, for example, Cecilia Tacoli, "Urbanization, gender and urban poverty: paid work and unpaid carework in the city", Urbanization and Population Issues, Working Paper 7 (International Institute for Environment and Development and United Nations Population Fund, 2012). Available from https://www.unfpa.org/sites/default/files/resource-pdf/UEPI%207%20Tacoli%20Mar%202012.pdf

83   UN-Habitat *Land Tenure in Asia and the Pacific: Challenges, Opportunities and Way Forward* (Nairobi, UN-Habitat, 2015). See http://www.gltn.net/index.php/publications/publications/send/2-gltn-documents/2219-land-tenure-in-asia-and-the-pacific-challenges-opportunities-and-way-forward

84   Cecilia Tacoli, "Urbanization, gender and urban poverty" (see footnote 82).

85   Jan Bredenoord, Paul van Lindert and Peer Smets, eds., *Affordable Housing in the Urban Global South: Seeking Sustainable Solutions* (Abingdon, Oxon., and New York, Routledge, 2014).

Water pollution Jakarta, Indonesia. © Donovan Storey / ESCAP

especially in the context of persistent low density, the lack of basic services and the absence of security of tenure. One lesson has been that the legacy of community-based programmes is uncertain when citywide, participatory and community-based strategies are insufficiently strong or supportive.

Spatial inequality has been another barrier, with urban growth increasing the land pressure in cities that not only accounts for housing shortages and rising land costs but also forces people onto unsuitable and unsafe land. Evictions, which result from increased pressure from urbanization for large-scale building projects, infrastructure or market-rate housing, generate further poverty in the poor communities that are removed and lose their main asset: their residence.[86] Nearly half of all forced evictions in the world between 2001 and 2005 occurred in Bangladesh, China, India and Indonesia, which are the four most populous countries in the region.[87]

In the Pacific subregion, informal settlements have grown as a result of significant rural-to-urban migration and a lack of access to affordable formal housing. Much of the population growth that has occurred in Pacific region urban areas has thus taken place in peri-urban communities and on customary land. While one common view has been that these informal settlements are temporary and that the migrants will return to their customary lands in time, the reality is that a number of the settlements have become relatively permanent.[88] Consequently, many people live intergenerationally under informal arrangements, with poor security of tenure and inadequate infrastructure.

In Vanuatu, as in many other countries, much of the urban growth has occurred outside the administrative boundary of the capital city, Vila, extending into the surrounding peri-urban and customary lands where

86   David Mitchell and others, *Land Tenure in Asia and the Pacific* (see footnote 83).

87   UN-Habitat and ESCAP, *The State of Asian Cities 2010/2011* (Fukuoka, UN-Habitat, 2010). Available from http://www.unescap.org/sites/default/files/SoACR.pdf

88   Australia, Australian Agency for International Development, *Making land work. Vol. 1: Reconciling customary land and development in the Pacific* (Canberra, 2008).

the local government lacks the jurisdiction to undertake improvements.[89] Some countries, such as Fiji, have made efforts to overcome such barriers in order to improve basic infrastructure and services and have sought to recognize informal tenure.[90] Given these circumstances in the Pacific, effective solutions for land tenure and informal settlements need to extend beyond urban boundaries in order to develop more comprehensive approaches.

D. Barriers to equality: empowering women and youth

Women are not a homogenous group so the way that they experience the city differs according to income, education, age, marital status and ethnicity, among other things. While urbanization is associated with greater access to employment opportunities, lower fertility rates and increased independence,[91] this is far from the case for all women. For many women, cities pose challenges to their health and safety and the lack of family and other support systems there can make setbacks insurmountable. In many countries, there is a higher incidence of female-headed households in urban than rural areas. Policies to improve gender equality and social inclusion for women therefore need to understand these different elements of exclusion and inequality to appropriately address them. Recognizing that many women suffer from unequal economic opportunities and a limited ability to ensure the safety and long-term security of themselves and their families is therefore essential.

According to *The Global Gender Gap Report 2015* of the World Economic Forum, eight of the 24 analysed countries in Asia and the Pacific[92] have closed over 70 per cent of the gender gap, with the Philippines, New Zealand and Australia performing well. At the bottom end of the rankings, two countries from the region – the Islamic Republic of Iran and Pakistan – have closed less than 60 per cent of the gender gap. In comparison to other regions, the average for countries in Asia and the Pacific is the worst for health and survival but the highest for political empowerment. Despite this, of the ministers responsible for housing and urban affairs in the region in early 2016, only three were women.

In terms of the economic divide, multiple studies in the region have shown that women of all ages are not remunerated as well as men for similar work. Women also still remain disproportionately represented in occupations and sectors with a lower earning potential. Owing to gender norms around the division of labour, women work longer hours without remuneration within the household. In some parts of the region, in the non-agricultural sector, it has also been noted that female-operated enterprises tend to be smaller and in less profitable sectors than male-run enterprises.[93]

South Asia has a serious gender pay gap, which is wider in urban areas than rural, with urban women earning 42 per cent less than men whereas in rural areas the difference is 28 per cent.[94] Evidence from India shows that labour participation gaps might actually be worse in urban areas with, in New Delhi, 52 per cent of men employed in 2006 and only 9.4 per cent of women.[95] The vast majority of women in South Asian cities continue to rely on informal sector employment, the figures having barely dropped despite the relatively high economic growth rates of the past decade. Central Asia provides an illustration of how legal restrictions can limit women's economic potential. A recent World Bank report found that countries in Central Asia had some of the highest barriers to employment for women.[96]

East Asia provides interesting insight into how income growth alone does not eliminate gender inequalities. Evidence from this subregion demonstrates that social, political and cultural factors are as important as economic development with regard to gender wage gaps and economic opportunities.[97] Some policies have aimed at welfare, childcare and tax reforms and women's movements have helped to narrow the gender differences for economic opportunities in high-income countries.[98]

Improving labour force participation and wages for female workers can have a subsequent impact in empowering women and supporting more prosperous and inclusive cities. Both Bangladesh and China provide examples of how labour force participation, including women's migration to cities to join the industrial work force, has resulted in increased status within their families, giving them the leverage of a voice in family matters and reducing their dependence on parents and spouses, in some cases even reversing that dependence.

89   David Mitchell and others, *Land Tenure in Asia and the Pacific* (see footnote 83).

90   Ibid.

91   Cecilia Tacoli, *"Urbanization, gender and urban poverty"* (see footnote 82).

92   Central Asia was considered as part of Europe for the study, so the aggregate regional data does not include countries in that subregion.

93   World Bank, *Toward Gender Equality in East Asia and the Pacific: A Companion to the World Development Report. World Bank East Asia and Pacific Regional Report* (Washington, D.C., World Bank, 2012). Available from https://openknowledge.worldbank.org/handle/10986/12598

94   UN Women (2015) South Asia Factsheet.

95   UN-Habitat, *State of the World's Cities 2010/2011* (see footnote 66).

96   World Bank Group, *Women, Business and the Law 2016: Getting to Equal* (Washington, D.C., World Bank, 2015). Available from https://openknowledge.worldbank.org/handle/10986/22546

97   World Bank, *Toward Gender Equality in East Asia and the Pacific* (see footnote 93).

98   Ibid.

E. Creating cities for all generations

Age can also be a factor in access to opportunities and in issues of equity in urban areas in Asia and the Pacific. The urban population of many cities in the region is generally young and, despite some declines in fertility, many urban areas will continue to have a predominantly youthful society in the 20 years beyond Habitat III. Capitalizing on that demographic dividend will be critical for the region's cities in the coming decades but requires urgent and substantial investment in education and jobs creation.

Too many children continue to miss out on the opportunities that cities provide. Research suggests that children's work and income contribute between 25 and 45 per cent of the income of poor urban households, which is crucial to the family's survival.[99] Much of the child labour is invisible and difficult to address, and solutions must be found to help the children without hindering– livelihoods, their own or that of the family. To do so, it is clear that the interventions should involve the perspectives of children in those situations and to understand their priorities and needs. While recently attention has been paid to the needs of urban youth and effective youth policies in the region, much more must be done to understand the needs of youth and to harness their potential.

Many young people aged 15-24 years in urban areas face barriers to inclusivity as the result of high unemployment. In all of the subregions youth unemployment is significantly higher than overall unemployment and, with the exception of North and Central Asia, which have two of the highest rates of unemployment for youth, has grown between 1995 and 2010. North and Central Asia remains with the highest rate, at 17 per cent, followed by South-East Asia and the Pacific with 14 per cent. Unemployment rates for female youth are almost always higher than for males.[100] Many factors contribute to these high rates of youth unemployment, including the mismatch between the skills possessed by those in the workforce and those that are in demand, a mismatch that could be addressed with investment in skills and education-to-employment transitions.

While many cities have predominately young populations, some cities in the region are facing the challenges of a rapidly ageing population. In Hong Kong, China, for example, it is projected that, by 2036, people aged 60 years and over will account for at least one third of the population. This presents challenges for housing, services and health care, which will in part be met through family support structures but will also require the attention of Governments.

It is well established that concerns over the ageing population are central to Japan's policies in all aspects of policy, whether health care, housing, pensions or social security-related. Being a highly urbanized country, the challenges posed by ageing in Japan are closely related to urban development issues. Of the many initiatives that the Government is undertaking to extend the healthy lifespan of elderly people, government agencies and other organizations are promoting the dissemination of information about living and working in the countryside.[101] In the Republic of Korea, the percentage of people aged 65 years and over nearly doubled from 6 per cent in 1995 to 11 per cent in 2010, and it is estimated that the country will be have a highly-aged society by 2026, with those aged 65 years and over representing 20 per cent or more of the national population. The region will need to find new and innovative ways of harnessing ageing populations that encompass and meet economic and social needs, and providing employment. One example can be found in Seoul, which has initiated a programme, under its wider Sharing City Seoul project, in which elderly residents share apartments with young students. The programme helps to reduce housing costs and other pressures for both of those groups while also building a mixed social fabric, thereby addressing many of the key challenges highlighted in this section of the report.

Another issue for older persons, as well as for persons with disabilities, is that of access to public spaces and mobility. This is a particular challenge for rapidly aging middle-income cities. Nevertheless, there are some policy frameworks in place from which much could be learned. The city of Surabaya in Indonesia has launched an "elderly friendly movement" to become an age-friendly city.

The national report of Indonesia for Habitat III outlines the elements of that movement that have a strong focus on accessibility: improvements in life expectancy for male and female elderly people; assistance and training and the creation of a *karang wreda*, or "elderly association", in each ward; the designing of open parks with age-friendly facilities; the promotion of elderly-friendly infrastructure, such as toilets and pedestrian pathways; the promotion of elderly-friendly public transport, with low-floor buses; the establishment of a local commission for elderly welfare; the integration of development programmes among government institutions, such Social Section, Public Works Section, Clean and Parks Section, Health Section and other Sections.[102]

99   Om Prakash Mathur (2013) *Urban Poverty in Asia*. Asian Development Bank. Available from https://www.adb.org/sites/default/files/project-document/81002/urban-poverty-asia.pdfv

100   Thematic Working Group on Youth, *Switched On: Youth at the Heart of Sustainable Development in Asia and the Pacific* (see footnote 30)

101   National report of Japan for Habitat III, p. 11.

102   National report of Indonesia for Habitat III, p. 28.

F. Ethnic diversity and migration

Urbanization in Asia and the Pacific has increasingly drawn together diverse populations with a rich cultural heritage, resulting in vibrant, multicultural, cities. Increasingly, and in part facilitated by regional agreements that allow for some labour mobility, such as the Association of South-East Asian Nations, international migrants are adding to domestic diversity. In Singapore, 40 per cent of marriages of Singaporean citizens in 2010 were to non-citizens.[103] But while cities have created new opportunities for many, there remain.

Barriers to integration and full participation. Cultivating the diversity and rich cultural traditions in the region results in more socially inclusive and equitable cities, with the space for future prosperity. The centrality of culture as a means to improving social inclusion is highlighted in the recently adopted "Culture 21: Actions" agenda, which states that "[a]ccess to cultural services and active participation in cultural processes are essential to enable people who are marginalized, impoverished, or in otherwise disadvantaged situations to overcome their difficulties and actively participate in their own inclusion in society".[104]

Many migrants and people from ethnic minority groups in cities may also struggle to find employment in the formal sector and experience higher rates of poverty in the city. Migrants are disproportionately engaged in the informal sector and many are forced to find homes in informal settlements. That, combined with discrimination by local governments, results in many migrants living in poverty.[105] In some cases, migrants, refugees and internally displaced persons also have difficulty in accessing health and education services and have limited opportunities to participate in political processes. This exclusion limits their ability to integrate into the socioeconomic fabric of the city and to positively contribute to the urban dynamics for their own betterment and that of the city, broadly.

Indigenous peoples also face difficulties in finding employment and accessing credit, housing and basic services, which contributes to poverty and social exclusion.[106] Comprehensive statistics are limited but data from India, for example, demonstrate that while poverty in the wider population is declining, the poverty rates are higher for certain groups, such as the Adivasi (or 'tribal) people, the Dalits and the Muslims. However, it is important to note that the same groups in rural areas face even greater poverty rates.[107]

G. Communities as a foundation

The importance of the community has a long tradition in the Asia-Pacific region. In Thailand, community organizations have been instrumental in supporting community development and resilience. The Community Organizations Development Institute, set up in 2000 as an independent Thai public organization, is a national government agency bringing community development institutions under one roof, such as the Urban Community Development Office, which is a multi-stakeholder organization set up to provide revolving loans to urban poor communities. In partnership with those communities, the Urban Community Development Office has initiated long-term change and empowerment. In 2011, when there was major flooding in the country, the community of Wat Kao in Nakhon Sawan Province was well organized and able to mobilize a quick response to the rising floodwaters. In the rebuilding efforts, the community ensured the fair distribution of supplies and compensation and collectively constructed new housing, on stilts and in line with the new by-laws.[108]

Communities have often been a resource for urban development, especially for vulnerable communities. In several countries in the Asia-Pacific region, such as Cambodia, Nepal, the Philippines, Sri Lanka and Thailand, urban poor federations have been formed by people living in informal settlements and impoverished communities from community savings groups and engage in community-driven initiatives to upgrade slums, develop new low-income housing options and improve the provision of infrastructure and services. The federations have also worked with city governments on larger-scale projects to improve the quality of life in those communities. At the household level, the federations' community savings groups can disburse small emergency loans. Women have been particularly active in these groups, providing an opportunity for them to engage in community activities.[109]

In Afghanistan, community development councils have been developed in many cities. The councils, which operate at the neighbourhood level in major cities throughout the country, such as Kabul, Herat, Mazar-e-Sharif, and Jalalabad, have coordinated and implemented projects for the betterment of the community, such as building roads and drainage ditches, sponsoring computer literacy courses for women and waste removal. The community development councils have also helped to facilitate engagement between local communities and the municipalities so that they work together to prioritize the issues needing to be addressed.

103 Singapore, National Population and Talent Division, Composition of Singapore's Total Population (2012) Available from http://population.sg/resources/population-composition/#.VuqfCPl96M8.

104 Culture 21: Actions agenda adopted by United Cities and Local Governments at the first Culture Summit. Additional information available from http://iccliverpool.ac.uk/wp-content/uploads/2016/01/Culture-21-Actions.pdf

105 International Organization for Migration, *World Migration Report 2015. Migrants and Cities: New Partnerships to Manage Mobility* (Geneva, International Organization for Migration, 2015). Available from https://www.iom.int/world-migration-report-2015

106 *State of the World's Indigenous Peoples*. Vol. 2: Indigenous People's Access to Health Services (United Nations publication).

107 Omar Khan, "Ethnic inequality is widespread and a drag on the global economy", *The Guardian*, 20 Jan. 2015. Available from https://www.theguardian.com/public-leaders-network/2015/jan/20/ethnic-inequality-widespread-global-economy

108 UN-Habitat and ESCAP, Quick Guide for Policy Makers: Pro-Poor Urban Climate Resilience in Asia and the Pacific (Nairobi and Bangkok, UN-Habitat and ESCAP, 2014). Available from https://unhabitat.org/books/quick-guide-for-policy-makers-on-pro-poor-urban-climate-resilience-in-asia-and-the-pacific/

109 Celine d'Cruz and David Satterthwaite, "Building homes, changing official approaches: The work of Urban Poor Organizations and their Federations and their contributions to meeting the Millennium Development Goals in urban areas", Human Settlements Working Paper Series: Poverty Reduction in Urban Areas, No. 16 (London, International Institute for Environment and Development, 2005). Available from http://pubs.iied.org/9547IIED/

BOX 4: THE BAAN MANKONG COMMUNITY UPGRADING PROGRAMME

The Baan Mankong community upgrading programme was launched by the Government of Thailand in 2003 to address the land, tenure and housing challenges faced by the urban poor in an innovative way. The more conventional approach of various Governments and other actors in the region has been to build houses "for the poor". This has often resulted in mismatched needs in terms of housing design, quality or location, financial possibilities and beneficiary allocation.

The Community Organizations Development Institute, which is the government agency implementing the Baan Mankong programme, chose a different path by supporting communities through a people-led process. Enlisting the help of professionals, such as universities and non-governmental organizations, and local governments and landowners, the Institute encouraged urban poor communities to make citywide surveys and maps of informal settlements; run savings groups; establish networks; identify vacant land for housing; carry out upgrading and housing projects; manage their own funds; and negotiate with the local authorities for land.

As a result, rather than simply providing housing, the process built up the communities' resources as the people created their own information, networks, savings and solutions. That enabled the poor to move from being excluded – or mere passive – recipients to becoming the central actors in securing land, housing and access to public services, credit and other services. Importantly, the Institute also provided flexible infrastructure subsidies and soft housing and land loans directly to poor communities, which then collectively planned and implemented solutions.

For years, those funds were provided through Thailand's government budget. Several innovative features of the Baan Mankong programme ensured that it could reach a large number of people. First, a significant portion of the funding was revolving, as communities paid back their loans. Secondly, people's organizing and operational knowledge was spread like a snowball system, where leaders from participating communities shared their knowledge with new ones. Thirdly, people-led solutions were cheaper than the comparable housing built for them and much better reflected their needs.

The results speak for themselves: as of 2015, the Baan Mankong programme has enabled the housing and improved the lives of more than 97,000 households across 1,817 communities in 312 cities in Thailand. The Baan Mankong approach, moreover, has given people the confidence and tools to tackle a whole range of other issues in their communities, from providing welfare and education to reducing crime and being prepared to cope with natural disasters.

In some countries, cultivating cultural traditions and developing new communities that may extend beyond traditional spatial boundaries can help to address some urban challenges. For example, in Seoul, as highlighted previously, the city is embarking on programmes to promote a sense of community and to enhance the sharing of everything from tools to baby clothes as a way to deal with limited space and resources, as well as safety. To that end, Seoul has developed a programme called "crime prevention through environmental design" to address crime, build a sense of community and promote quality of life with a fitness circuit called "the Salt Way", which attracts pedestrians and athletes, thereby increasing the number of people on the street and improving safety.

A number of Indonesian cities have further improved the community-based approach. Surabaya has put its 154 *kampung hijau*, or "green village", communities at the core of its urban development strategy. These communities, which are spread all over the city – and still growing in number – intensively clean and green their neighbourhoods through an integrated "3Rs" solid waste management approach, in collaboration with urban "waste banks". The cost savings resulting from reduced municipal waste collection are channelled towards employed community facilitators with a mandate to encourage the introduction of more initiatives and innovation. This is combined with municipal e-governance initiatives, including e-budgeting for community-based settlement improvements.

Strong communities have provided security and acted as catalysts for change. Established neighbourhoods and communities continue to provide a foundation for development and support. In many informal settlements, community organizations, both informal and formal, will continue to be crucial to the social and economic fabric. Indeed, through various means, Governments, non-governmental organizations and non-governmental financing institutions have drawn on and benefitted from communities since Habitat II and they are again likely be a vital resource in the region over the next 20 years in the implementation of the New Urban Agenda.

People and vehicles caught in the flooded streets after intense rain storms, Kunming, China © Barnaby Chambers / Shutterstock.com

URBANIZATION AND **ENVIRONMENT, CLIMATE CHANGE** AND DISASTERS

Kids helping in the recycling business, Solomon Islands © Donovan Storey / ESCAP

A. Introduction

• Rapid urban development and growth in recent decades has resulted in environmental degradation, exposure to pollution and disasters and vulnerability to climate change, which require urgent integrated responses and political action.

• Global political commitments made in Sendai and Paris now need to be translated into concrete and immediate action at the local level, with good practices already taking off in the region to be replicated and multiplied.

• Transforming the development trajectory into a low-carbon, resource-efficient and resilient future requires concrete and coordinated national and municipal policies and financing.

B. Environmental development trends

Building resilient cities to address both climate change and disasters is fundamental to ensuring that progress on sustainable development is gained and not reversed in the coming decades. Urbanization in the Asia-Pacific region has a global impact on climate change, as up to 75 per cent of greenhouse gas emissions come from its cities,[110] and vice versa, as cities and their populations increasingly suffer the impacts of climate change. The risks from floods, cyclones/typhoons, earthquakes and tsunamis have been all too clear in the past 20 years for almost all countries in Asia and the Pacific. In addition, the environment in and around Asia-Pacific cities has been severely degraded, reducing its effectiveness to provide ecosystem services, such as water.

Inefficient and unplanned urban expansion has resulted in the conversion of agriculture, forests, wetlands and other ecosystems and the pollution of land, while air and water pollution are a major impediment to a clean and healthy urban landscape. As pollution, climate change and disaster risk are not confined to within national or municipal boundaries, environmental hazards and the solutions required to address them are transboundary and require coordinated efforts from the local to the international level.

The renewal of political commitments to sustainable development and the landmark global agreements adopted in 2015, in particular the 2030 Agenda for Sustainable Development, the Sendai Framework for Disaster Risk Reduction 2015–2030 and the Paris Agreement under the United Nations Framework Convention on Climate Change, offer a unique opportunity to galvanize global action for sustainable development. Habitat III can be instrumental in ensuring that such commitments translate into concrete, coherent and concerted action at the local level and allow cities to be the drivers of sustainable development.

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[110] Green Climate Fund: Elements 02. Investment Opportunities for the Green Climate Fund: GEF's role and impact within the climate finance ecosystem (Green Climate Fund, 2015), p. 55. Available from http://www.greenclimate.fund/documents/20182/194568/GCF_ELEMENTS_02.pdf/bfbbc1e8-1b21-44d6-80cc-dcd59406dcfb

C. Climate change and natural disasters

The Asia-Pacific region is highly vulnerable to natural disasters and the impacts of climate change. The region is subject to multiple hazards: geophysical (earthquakes, landslides and tsunamis), biological (epidemics) and hydrometeorological (floods, cyclones and other storms). The Fifth Assessment Report of the Intergovernmental Panel on Climate Change is clear that there are many climate change-related hazards and their frequency and intensity are increasing. Many cities in the region also face exposure to multiple types of hazards, with floods and storms being the most common, followed by earthquakes and tsunamis.

The impacts of both hydrometeorological and geophysical events have substantially increased in the past few decades, with hydrometeorological disasters having quadrupled from the 1970s to the 2000s.[111] While there has been little overall change in terms of total cyclones in the region in recent decades, there has been an increase in cyclones of categories 4 and 5 intensity and decrease in category 1 and 2 cyclones. In the past two decades, cyclones have wreaked havoc in several countries, with Cyclone Nargis in Myanmar and Typhoon Haiyan (Yolanda) in the Philippines being two recent examples. Pacific island countries are increasingly experiencing some of the most powerful tropical cyclones, such as Cyclone Pam, which struck Vanuatu, among other Pacific island countries, in March 2015 and Cyclone Winston, which struck Fiji in February 2016. Both those cyclones brought winds of over 250 kph and caused economic losses of over $250 million. There is a high likelihood that, owing to climate change, hydrometeorological disasters will continue to increase in the coming decades.

Recent urbanization trends have increased exposure levels because of the resultant increase in the numbers of people and economic assets present in hazard zones. More than half of the region's urban population now live in low-lying coastal areas. While many of those people live in large urban agglomerations that are densely populated, urban centres in small island developing States in the Pacific also face very tangible risks on, perhaps, a greater proportion and scale. Across the region, the number of urban residents facing multiple high or extreme hazards is currently around 742 million and could reach close to 1 billion by 2030.[112] In 2010 and 2011 alone, it is estimated that over 42 million people were displaced in Asia and the Pacific, often as a result of extreme weather events.[113]

Despite the increased flood risk, the lack of effective management and variations in precipitation patterns mean that water scarcity is expected to become a major challenge in the region. Given the dependence of urban residents on water management systems, that scarcity would adversely affect those living in informal settlements and with limited

finances to adjust to the higher costs for water. For atolls in the Pacific and Indian oceans there is the added concern that freshwater scarcity, intense droughts and storms could result in a deterioration in standards of sanitation and hygiene.[114]

Vulnerability varies across the region, decreasing in East and North-East Asia where preparedness and adaptation measures have been implemented more extensively. Japan, for example, is a leader in earthquake resistant structures and advanced tsunami warning systems. However, vulnerability is very high in many other parts of the region, including the small island developing States and many countries in South and South-East Asia. In those subregions, a large proportion of urban population growth occurs in low-quality, overcrowded, housing that is highly vulnerable to hazards.[115] The location of informal settlements in hazard-prone areas compounds the vulnerability of those people, greatly increasing their risk in the wake of a disaster. Further, while major disasters such as those mentioned above tend to draw resources and attention, many communities are vulnerable to small-scale hazards, such as localized flooding, many of which do not draw external resources but still bring destruction and cause major setbacks.

Sea level rise is expected to have an impact across the region, from the Asian Arctic, where it is anticipated to interact with changes in the permafrost and increase coastal erosion, to the warmer waters where, *inter alia,* freshwater swamps and marshes will be vulnerable to saltwater intrusion. Human settlements in low elevation coastal zones, which currently include half of the region's urban population, are most at risk from the increased flooding that is predicted and from the impact of storms, even if the severity and frequency stay the same. The cities with the highest rates of population exposure to flooding are expected to be Kolkata, Mumbai, Dhaka, Guangzhou, Ho Chi Minh City, Shanghai, Bangkok, Yangon, and Hai Phòng.[116] If sea levels rise by one metre, Bangladesh alone will lose 17.5 per cent of its urban areas, leaving millions homeless.[117] Flood risks are not limited to those areas, however. Large-scale flooding across Pakistan in recent years, exacerbated by conflict, has displaced millions, resulting in a rapid influx of internally displaced people into cities and contributing to often unmanaged urban growth.[118]

Small island developing States are especially at risk from sea level rise, tropical cyclones, increasing air and sea surface temperatures and changing rainfall patterns, as noted in the Fourth Assessment Report of the Intergovernmental Panel on Climate Change. Increased incidences of diseases such as malaria and dengue fever have also already been observed in the Pacific islands. Projected increases in sea level rise through to 2100 among small island developing States, combined with common extreme sea level events, demonstrate severe flood and erosion risks for

[111] ESCAP, Overview of Natural Disasters and their Impacts in Asia and the Pacific 1970–2014, Working paper series (2015). Available from http://www.unescap.org/resources/overview-natural-disasters-and-their-impacts-asia-and-pacific-1970-2014

[112] *Disasters Without Borders: Regional Resilience for Sustainable Development. Asia-Pacific Disaster Report 2015* (United Nations publication, Sales No. E.15.II.F.13).

[113] Internal Displacement Monitoring Centre (2011) Internal Displacement Monitoring Centre Preliminary Data: Disaster Induced Displacement 2011: Asia Summary.

BOX 5: BUILDING RESILIENCE IN HONIARA, SOLOMON ISLANDS
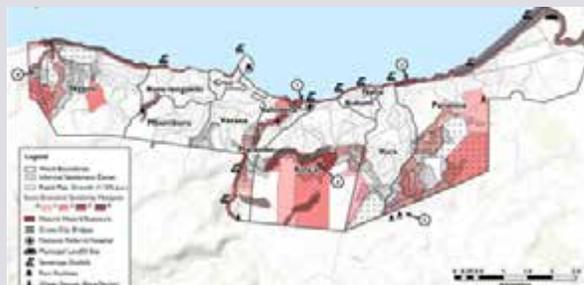
The Honiara Urban Resilience and Climate Action Plan identifies locations as hotspot areas where communities are particularly vulnerable to Climate Change.

Numerous consultations with urban stakeholders, including informal settlements communities took place in preparation of the Resilience Action Plan © RMIT/UN-Habitat Alexei Trundle.

Honiara, the capital city of the Solomon Islands, is rapidly growing. That growth has reached more than 15 per cent in some peri-urban areas (outside the city boundaries) and, within the city, the growth is characterized by the spread of informal settlements in areas vulnerable to flooding and landslides. In 2013, UN-Habitat launched the Honiara vulnerability assessment, which the city then used to develop its disaster management plan. When torrential rains in April 2014 caused devastating floods, one informal settlement, Koa Hill, was completely washed away but the casualties were relatively limited in number. The fact that this informal settlement had been identified as a climate change hotspot in the vulnerability assessment made the report extremely valuable in the disaster recovery phase and prompted the city to request UN-Habitat to develop a comprehensive climate change action plan. Through additional risk analyses and city and community consultations, a set of comprehensive response mechanisms was developed to reduce exposure and climate sensitivity and to enhance adaptive capacity. The plan addresses three spheres of action – city-wide action, including cross-boundary action, ward-level and community-level action – in the climate hotspots. Actions include urban planning and land management, sectoral interventions (water, sanitation and other infrastructure), health, ecosystems, disaster prevention, awareness, capacity development and governance. Even before the finalizing of the action plan, some actions have already commenced, such as the integration of climate change into the Honiara Local Planning Scheme and planning for the relocation of the referral hospital.

TABLE 4: MEGA-CITIES AND NATURAL HAZARDS

Rank	City	Population (millions)	Risk Level			
			Cyclone	Drought	Earthquake	Flood
1.	Tokyo	37.2	A	•	B	A
2.	Delhgi	22.7	•	B	•	A
3.	Shanghai	20.2	A	•	•	A
4.	Dhaka	15.4	C	C	•	A
5.	Kolkata	14.4	B	A	•	A
6.	Karachi	13.9	C	A	•	C
7.	Manila	11.9	A	C	A	B
8.	Osaka-Kobe	11.5	A	•	B	B
9.	Istanbul	11.3	•	C	A	C
10.	Guangzhou	10.8	A	•	•	A

A: high risk (8-10th decile); B: medium risk (5-7th decile); C: low risk (1-4th decile); • = no hazard
Source: UNPD, 2012: 27

A man riding a bicycle in smog, in a foggy and hazy day. Beijing, China © Testing / Shutterstock.com

low-lying coastal areas and atoll islands.[119] In the Pacific the majority of the population, infrastructure and development are in coastal areas, which are vulnerable to extreme tides, surges and sea level rise, and migration patterns and population growth are driving larger populations into those vulnerable areas.[120]

Cities in mountainous regions also face their own set of environmental risks aggravated by climate change, such as melting snow and glacier retreat. With countries such as Afghanistan, Bhutan and Nepal, which contain fragile mountain ecosystems, the negative economic impacts of decreased water resources and agricultural productivity could further strain the sustainable development efforts of those least developed countries.

D. Cities as greenhouse gas emitters

In the period since Habitat II, climate change has come to the fore as a defining development challenge. The impacts of climate change and other disasters will continue to compound the multiple stresses caused by rapid urbanization, industrialization and economic development in the Asia-Pacific region.

Greenhouse gas emissions have increased in the majority of countries in the Asia-Pacific region since the convening of Habitat II in 1996. Regionally it is

[114] Anthony McMichael and Elisabet Lindgren, Climate change: present and future risks to health, and necessary responses. *Journal of Internal Medicine*, vol. 270, No. 5 (November 2011), pp. 401–413. Available from http://onlinelibrary.wiley.com/doi/10.1111/j.1365-2796.2011.02415.x/full

[115] International Bank for Reconstruction and Development, *World Development Report 2010: Development and Climate Change* (Washington, D.C., World Bank, 2010). Available from https://openknowledge.worldbank.org/handle/10986/4387

[116] Susan Hanson, Robert Nicholls, Nicola Ranger, Stéphane Hallegatte, Jan Corfee-Morlot, Celine Herweijer,

and Jean Chateau, "A global ranking of port cities with high exposure to climate extremes", *Climatic Change*, vol. 104, No. 1 (Jan. 2011), pp. 89–111.

[117] Gordon McGranahan, Deborah Balk and Bridget Anderson, "The rising tide: assessing the risks of climate change and human settlements in low elevation coastal zones", *Environment and Urbanization*, vol- 19, No. 1 (April 2007), pp. 17–37.

[118] Rebecca Anne Dixon and Teresita C. Schaffer, "Pakistan Floods: Internally Displaced People and the Human Impact", *South Asia Monitor*, No. 147 (Nov. 2010). Available from https://csis-prod.s3.amazonaws.com/s3fs-public/legacy_files/files/publication/101101_SAM_147_PakistanFloods.pdf

estimated that cities contribute between 71 and 76 per cent of greenhouse gases, which is roughly proportionate to the contribution of cities to the national GDP. Recognition of climate change as a key challenge or priority area was not included in the Istanbul Declaration on Human Settlements adopted at Habitat II, but since that time the threat of climate change has been recognized globally, most recently with the Paris Agreement adopted at the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change.

During the past two decades, China has surpassed the United States of America as the largest emitter of carbon dioxide and total greenhouse gas emissions. India, the Islamic Republic of Iran, Japan, the Republic of Korea and the Russian Federation also now rank among the top ten total carbon dioxide-emitting nations. Indonesia, owing to land-use changes and deforestation, is among the largest emitters of total greenhouse gases. In spite of these large-scale emitting countries, the region still has much lower per capita emissions than North America and Europe and includes many countries with the least emissions.

Nevertheless, there are fundamental knowledge gaps that make it difficult to assess the urban share of global greenhouse gas emissions. Key influences on urban emissions include urban form, geography, economic factors and population dynamics. Given this, there is a great deal of variability among cities. However, it is evident that high resource consumption translates into higher greenhouse gas emissions, which is an increasing trend for many cities in Asia with growing middle classes.

The causes and consequences of climate change are complex and while cities can and are taking action, as this section of the present report goes on to demonstrate, the solutions can be difficult to implement and are usually not solely in the hands of the cities. At the same time, cities in Asia and the Pacific also face significant local environmental challenges, including those set out below.

Clean air

Air pollution is a major issue affecting many of the region's cities. Nineteen of the 20 most air-polluted cities in the world are in Asia and the Pacific, with 13 in India, three in Pakistan and one each in the Islamic Republic of Iran, Bangladesh and Turkey.[121] Although the megacity of Delhi has the worst air pollution, it is not only large cities that are plagued by the issue but also medium-sized cities of fewer than 1 million inhabitants, such as Gwalior and Raipur in India, and small cities of under 500,000, such as Igdir, Turkey, and Khormabad, Islamic Republic of Iran. Other cities in

the region also suffer from hazardous air pollution, with acute problems occurring in Singapore and cities in Malaysia and Indonesia due to the burning of forests and peatland in Sumatra, Indonesia.

The adverse health effects of air pollution have become clear; lung cancer rates have risen 60 per cent in the last decade in Beijing, for example, despite no overall increase in the number of people who smoke. While there are multiple causes of air pollution, the growth of the cities themselves is often the driver. In Beijing, around 40 per cent of airborne particulates originate from the city's approximately 5,000 construction sites.[122] Throughout the region, it has been estimated that there were over 2.673 million premature deaths linked to outdoor air pollution in 2012 alone.[123]

Clean water (urban surface water, drinking water and sanitation)

Although air pollution often shapes the headlines, water and soil degradation are also serious issues facing the health and well-being of urban dwellers and straining the capacity and resources of municipal governments in the region. Industrial pollution, untreated wastewater, inadequate solid waste collection and disposal and medical waste all contribute to the contamination and degradation of freshwater, marine and terrestrial ecosystems in and around cities. For example, 60 per cent of solid waste is openly dumped in Bangkok.[124]

Across the region, rivers contain as much as three times the world average of human waste-derived bacteria.[125] Stark warnings about the toxicity of rivers being harmful, not just for drinking but also for agricultural use and human contact, are commonplace in many of the region's largest cities.[126] For Pacific small island developing States, the supply of freshwater is also a considerable concern owing to depleted groundwater resources and changing weather patterns. Even in wealthier countries, such as Australia, however, water scarcity is becoming a significant issue that impacts directly on economic prospects. East Asia has also been experiencing water shortages due to a lack of rain and the over-exploitation of water resources.

Managing solid waste

In terms of waste management trends, no other region of the world faces a greater need to break the inextricable link between waste generation rates and affluence than Asia.[127] By 2025, the waste generated in urban areas in the region will have more than doubled compared to 1999.[128] While most of the waste still consists of organic matter, waste streams are

[119] Intergovernmental Panel on Climate Change, *Climate Change 2014: Synthesis Report* (Geneva, Intergovernmental Panel on Climate Change, 2014). Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change. Core Writing Team: Rajendra K. Pachauri and Leo Meyer (eds.).

[120] Kevin J.E. Walsh, Kathleen L. McInnes, and John L. McBride, "Climate change impacts on tropical cyclones and extreme sea levels in the South Pacific – A regional assessment", *Global and Planetary Change*, vol. 80–81 (Jan. 2012), pp. 149–164.

[121] Ross Chainey, "Which is the world's most polluted city?", 25 June 2015. Available from: https://agenda. weforum.org/2015/06/which-is-the-worlds-most-polluted-city

[122] UN-Habitat and ESCAP, *The State of Asian and Pacific Cities 2015* (see footnote 3), p. 130.

[123] World Health Organization, 2014, Burden of disease from ambient air pollution for 2012. Summary of results. Available from http://www.who.int/phe/health_topics/outdoorair/databases/AAP_BoD_results_March2014.pdf

becoming more complex, non-biodegradable and more toxic. To put a stop to this waste generation trend and the related pollution, health risks and overwhelming pressure on public resources, cities in the Asia and Pacific region need to transform their solid waste management systems from "collect-and-dump" approaches to "waste-to-resource", including "waste-to-energy", models.[129] Broad-based partnerships involving various levels of government, civil society and the private sector are essential for bringing about the required shift in policy and practice.[130]

Protecting urban and periurban ecosystems

Current urbanization patterns are resulting in the cities expanding into rural areas having an impact on agriculture, forests and freshwater ecosystems. Cities in many parts of the region have not prioritized a clean urban environment or the preservation of ecosystems as part of their growth strategies, resulting in severe degradation within and around cities.

The expansion of urban areas has resulted in ecosystem degradation and habitat loss for biodiversity, including many of the critically endangered species, such as tigers, rhinoceros, orangutans and leopards, in the region. Thirteen of the 35 biodiversity hotspots[131] in the world are located in the Asia-Pacific region and urban growth, especially the urbanization of smaller cities and towns, is expected to occur in the regions around the hotspots with potentially serious consequences for those critical areas.[132]

The connectivity of urban areas through the expansion of road systems and other infrastructure is also having implications for indigenous species, as in the case of the koala populations in Australia.[133] This highlights the importance of urban planning and municipal authorities taking into consideration biodiversity, natural resource management and ecosystem services for long-term urban and rural sustainability. The loss of ecosystems and green areas in general also exacerbate the "urban heat island" effect, which causes major cities in the region to experience higher temperatures than the surrounding rural areas by as much as 3 to 4°C.

TABLE 5: COUNTRIES WITH THE LOWEST LEVEL OF WASTEWATER TREATMENT

Country	Wastewater Treatment (%)	Country	Wastewater Treatment (%)
Viet Nam	19	Vanuatu	0
Bangladesh	17	Tuvalu	0
Papua New Guinea	15*	Timor-Leste	0
Tajikistan	12	Niue	0
Nepal	12	Nauru	0
Myanmar	10*	Marshal Islands	0
Bhutan	10*	Maldives	0
Cambodia	9	Kiribati	0
Lao PDR	6	Cook Islands	0
Samoa	5*	Afganistan	0

Note: The percentage of wastwater treatment is generally reflecting the conditions in the largest/larger cities in the country and rarely an indiator of conditions in the smaller urban centres of towns.
Source: ADB, 2013: 44, 100

* Estimate

124 Tadashi Matsumoto and Loïc Daudey, "Urban Green Growth in Dynamic Asia: A ConcETPUal Framework", OECD Regional Development Working Papers (Paris, OECD Publishing, 2014).

125 Alexandra E. Evans, Munir A. Hanjra, Yunlu Jiang, Manzoor Qadir and Pay Drechsel, "Water pollution in Asia: The urgent need for prevention and monitoring". Global Water Forum Discussion Paper 1222 (June 2012). Available from http://admin.indiaenvironmentportal.org.in/files/file/Water-pollution-in-Asia.pdf

126 Joanna Lillis, "Kazakhstan: Scientists Alarmed at Pollution of Central Asia's Longest River", 13 April 2015. Available from: http://www.eurasianet.org/node/72961. See also Elizabeth C. Economy, "China's Water Pollution Crisis", *The Diplomat*, 22 Jan. 2013. Available from http://thediplomat.com/2013/01/forget-air-pollution-chinas-has-a-water-problem/

127 Daniel Hoornweg and Perinaz Bhada-Tata, *What a Waste: A Global Review of Solid Waste Management*, Urban Development Series, No. 15 (Washington, D.C., World Bank, 2012). Available from https://openknowledge.worldbank.org/handle/10986/17388

128 Ibid.

129 UN-Habitat and ESCAP, *The State of Asian and Pacific Cities 2015* (see footnote 3), p. 128.

130 ESCAP, *Valuing Waste, Transforming Cities* (Bangkok, United Nations, 2015). Available from http://www.unescap.org/resources/valuing-waste-transforming-cities

E. Building on new global commitments

International commitments to, and regional experience in, sustainable development and tackling climate change and disasters provide an essential foundation for moving towards a low-carbon, resilient, future for cities in the Asia-Pacific region.

The 2030 Agenda for Sustainable Development provides a comprehensive global vision for attaining sustainable development and there is an important opportunity to further develop and mainstream sustainable development-related concepts and practices into urban planning and the management of cities. The crucial role that cities play in the pursuit of sustainable development has been acknowledged with the inclusion of a Sustainable Development Goal on cities (Goal 11), which aims to "make cities and human settlements inclusive, safe, resilient and sustainable". Promoting environmental sustainability in cities will directly contribute to the achievement of many other Goals and targets, including Goals 2 (zero hunger), 3 (good health and well-being), 6 (clean water and sanitation), 7 (affordable and clean energy), 12 (responsible consumption and production) and 13 (climate action).

In Paris, in December 2015, the Conference of the Parties to the United Nations Framework Convention on Climate Change, at its twenty-first session, agreed to work to keep global temperatures from rising by more than 2°C (3.6°F) by 2100, with an ideal target of keeping the temperature rise to below 1.5°C (2.7°F). For cities in Asia and the Pacific, the deal involves both a responsibility to take the initiative in reducing emissions and potential funding for resilient infrastructure and other adaptation and mitigation efforts. The Paris Agreement on climate change explicitly acknowledges the role of non-Party stakeholders, including cities and other subnational authorities, and encourages them to scale up their efforts and support actions to reduce emissions and/or build resilience and decrease vulnerability to the adverse effects of climate change. In addition to the agreement, the role of cities was elevated during the talks, with organizations such as the Compact of Mayors bringing together local and urban leaders to discuss challenges and innovations at the city level.

By the end of 2015, 48 countries in the Asia-Pacific region had submitted their intended nationally determined contributions (INDCs) to the United Nations Framework Convention on Climate Change, while 23 had submitted their second national communications. The INDCs represent climate action targets with base years ranging from 1990 to 2011, with 2030 as the target year for the majority of submissions. All 48 submitted INDCs include mitigation targets related to energy consumption, with a unified call to reduce dependence on fossil fuels for energy and transition to renewable energy sources. Twenty-four countries have included targets specifically related to urban areas. For he majority of those targets, the aim is to create sustainable cities through the implementation of stringent building codes and flood protection measures. China has announced its intention to control emissions from buildings and to move to low-carbon development. Similarly, India has included minimum energy standards and energy savings through thermal insulation are promoted in Japan and Mongolia. Resettlement and relocation-related city planning targets have also been included by Fiji, Kiribati and Viet Nam.

Fewer than half of the region's submissions, 18 in total, include explicit statements about adaptation. However, the high risk of exposure to climate-induced natural hazards is reflected in 50 per cent of the submitted INDCs. Small island developing States in particular, along with Afghanistan and Bangladesh, have highlighted their intention to improve disaster risk reduction strategies and develop preparedness measures. Over 70 per cent of the submitted INDCs request international support in the form of capacity-building, technology transfer or financial assistance. The INDC targets produced by Asian and Pacific countries reflect a unified goal, with imminent action needed at the local level, combined with international assistance, to work together towards a low-carbon and climate-resilient future.

Another important international agreement for the region is the Sendai Framework for Disaster Risk Reduction 2015–2030, which was adopted in Sendai, Japan in March 2015, at the Third United Nations World Conference on Disaster Risk Reduction. The goal of the Sendai Framework is to substantially reduce disaster risk and "losses in lives, livelihoods and health" in communities and countries. The framework has seven targets and four priority actions for the local, regional, national and global levels, which recognize the need to address land use and urban planning, building codes, environmental and resource management and health and safety standards. For example, the Government of Japan is encouraging voluntary disaster management organizations to partner with volunteer fire brigades. Its national report for Habitat III also provides a strong importance placed on resilience-building against disasters and includes actions taken to tighten Japanese apparatus, institutions and systems with improved early warning information and data collection.[134]

[131] A biodiversity hotspot is defined as an area with a high percentage of plant life that is not found anywhere else on the planet but which is threatened (30 per cent or less of its original natural vegetation remains).

[132] Kiran Rajashekariah, *Impact of urbanisation on biodiversity: Case studies from India* (New Delhi, World Wildlife Fund India, 2011). http://www.indiaenvironmentportal.org.in/files/file/impact_of_urbanisation_on_biodiversity.pdf

[133] Australia, Environment and Communications References Committee, *The koala – saving our national icon* (Canberra, Senate Printing Unit, 2011). Available from http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Environment_and_Communications/Completed_inquiries/2010-13/koalas/report/index

F. Moving from global agreements to action in Asian and Pacific cities

Cities across the region are now taking action both to address existing environmental problems and, at a more strategic level, to play their part in achieving the targets set out in the Paris Agreement on climate change and the Sendai Framework for Disaster Risk Reduction 2015–2030.

Cities in the region are also becoming leaders in developing plans that support the transition to low-carbon, resilient, development. For instance, the signatories of the Compact of Mayors include cities in Australia, Bangladesh, Bhutan, India, Indonesia, Japan, Malaysia, New Zealand, the Philippines, the Republic of Korea, Sri Lanka and Vanuatu. Some of them have committed to greenhouse gas emission reduction targets. For example, the city of Adelaide, Australia, has pledged a 35 per cent reduction in greenhouse gas emissions by 2020 and has the ambition of becoming the first carbon-neutral city in the world. In India, the city of Rajkot has committed itself to reducing its greenhouse gas emissions by 16 per cent in 2016. In seeking to become a "green technology city state" by 2020 and identifying mitigation actions, the Malaysian city of Melaka completed a greenhouse gas emission inventory report in 2013.[135]

Other climate change mitigation initiatives have been identified in the region beyond the scope of the Compact of Mayors. Cities and regions in China, for example, have committed to greenhouse gas emission reduction targets, including Beijing (to achieve a peak in carbon dioxide emissions by around 2020), the province of Sichuan (CO_2 emissions to peak by 2030) or Wuhan (CO_2 emissions to peak by 2020). Furthermore, carbon markets have been piloted in five cities (Beijing, Chongqing, Shanghai, Shenzhen and Tianjin) and two provinces in China (Guangdong and Hubei), which will lead to the establishment of a national emissions trading scheme to be launched in 2017.[136]

Municipal governments are also central to a transformation to resilience, including successful urban climate change adaptation, through local assessments, investments, policies and regulatory frameworks. Building human and institutional capacity for adaptation and mitigation at the local level is therefore crucial. This needs to be combined with support from national Governments and implemented in partnership with the private sector and civil society. Cooperation among those different actors builds the synergies for infrastructure investment, urban planning, economic development and the conservation of ecosystems.

Given that many disaster risk reduction and climate change adaptation measures are similar, combining actions on the two agendas can prove efficient and cost-effective to a region facing imminent, multiple, risks. A leading example of this, and a global best practice, can be found in the Strategy for Climate and Disaster Resilience in the Pacific, an integrated approach launched in 2015 that has seen the development of joint national action plans among many Pacific islands.[137] Integrating those processes across local, national and regional policies can also compound the benefits. For the small island developing States of the Pacific, climate change adaptation generates more benefits when integrated with other development activities and engaging community-based approaches. Effective urban, peri-urban and rural adaptation efforts to address food security through urban agriculture, green buildings and green spaces can also reduce climate vulnerability for low-income urban residents.

In actions to mitigate emissions, one of the leading examples is how many of the countries in the region are leading on investment and generation from renewables, which is key to reducing emissions. China is the leading country in terms of investment in renewables: from 2014 to 2015 its solar and wind energy capacity increased by 74 per cent and 34 per cent respectively. Japan ranks third in the world in total investments; Turkey ranks second for investment in geothermal power, hydropower and solar water heating capacity; and India ranks fourth in concentrating solar thermal power and fifth in biomass generation and wind power.[138] With those leaders located in the region there is an excellent opportunity for regional exchanges between national Governments and for expanding renewable and sustainable energy services.

Cities are also taking action on air pollution. Large cities in the region, such as Guangzhou, China, Islamabad and Colombo, have signed up to the Clean Air Asia initiative, which enables cities to develop and adopt sound science as the basis of policies and practices in air quality management, sustainable transport, clean energy and urban development. This means that for the first time, as a result of the initiative, cities now have access to a guidance framework that equips countries and cities with the knowledge and direction needed to effectively reduce air pollution, mapping out the steps and actions to be taken by national and local-level policymakers and decision-makers to improve air quality while also enabling specific examples in areas such as transport and construction.[139]

In regard to meeting the challenge of solid waste management, there are also a number of good practices emerging from the region. Singapore and the Republic of Korea are responding to that challenge by testing public-private partnerships for the establishment of "waste-to-energy"

134 National Report of Japan for Habitat III, p. 34.

135 Melaka State (2013) Greenhouse Gas Emission Inventory Report 2013. ICLEI South Asia. See footnote 19 of this document: https://www.unescap.org/sites/default/files/pre-ods/INF8_Making%20cities%20inclusive,%20safe,%20resilient%20and%20sustainable.pdf

136 Munnings and others (2014) Quemin and Wang (2014); or World Bank (2015) may be consulted for a more detailed analysis of China's carbon markets.

137 Secretariat of the Pacific Community (2013), Strategy for Climate and Disaster Resilient Development in the Pacific. Available from http://gsd.spc.int/srdp/

plants. Malaysia, the Philippines, Sri Lanka and Thailand are seeking to develop regulatory frameworks to institutionalize integrated sustainable waste management systems. However, the reality is that most Asian and Pacific cities are experiencing major difficulties in managing solid waste in a cost-effective and environmentally responsible way. This is because municipalities lack the capacity and the human and financial resources to deal with all the solid waste produced and to enforce regulations for its disposal. However, initiatives where solid waste management is integrated into city and community management approaches, such as the citywide community-based "waste banking" approach of Surabaya in Indonesia, as highlighted in the previous section are showing strong results and are very promising models for replication. Likewise, the community-based integrated resource recovery centres pioneered by Waste Concern, a non-governmental organization in Bangladesh, have proven to be an effective solution for many cities in the region.[140]

The clean-up of the Singapore River has been well documented as a successful project that transformed the river, in ten years and with a $170 million budget, from a polluted, unhealthy, waterway into a model freshwater ecosystem in an urban setting. The Governments of China and India have also announced plans to invest in the revitalization of polluted waterways. Rainwater harvesting has been another successful environmental initiative in many countries, such as the Maldives, the Philippines, Thailand and several Pacific island countries, such as Kiribati and Tuvalu to name but a few.

An example of solutions that provide multiple benefits and address both the environment and access to basic services is an initiative in Seoul to reduce pressure on insufficient landfills by burning solid waste, with the generation of high-pressure steam as a by-product that is then used as an alternative energy source for nearby communities.[141] Lastly, Sri Lanka provides an example of how policies can be used to promote more environmentally friendly lifestyles: a taxation system that provides substantial tax reductions for hybrid cars that has been in place since 2010 was extended in 2015 to include electric vehicles, resulting in there being over 80,000 such vehicles in the country.[142]

Of course to realize this low-carbon, resilient, future for cities there needs to be adequate financing made available. Many of the intended nationally determined contribution commitments are conditional on funding, with many citing exact figures, but it is largely aggregated at the national level and, to ensure that cities – as important nodes for both mitigation and adaptation – are able to transform, it is vital for financing to be targeted to urban areas. One financing method is for cities to utilize taxes, particularly property tax, to foster energy-efficient, low-carbon, development. Local and national governments should also introduce progressive, consumption-based, tariffs for resource use, in particular water and energy, and provide incentives to shift behaviours towards sustainability.

Globally, there are new funding streams and organizations that are also targeted at supporting cities with regard to climate change. One example is the Cities Climate Finance Leadership Alliance, which was launched in 2014 with a mission to "accelerate additional capital flows to cities, maximize investment in low-carbon and climate-resilient infrastructure, and close the investment gap in urban areas over the next fifteen years". While not exclusively for cities, the Green Climate Fund is another potential funding window for financing adaptation and mitigation efforts in cities as it has highlighted climate compatible cities as an investment priority. The Green Climate Fund has recognized that urban mitigation and adaptation have high potential but have received modest support and, therefore, the Fund could be utilized for innovative climate solutions in urban areas.

Ultimately, national and local governments will need to work together to craft solutions and develop commensurate budgets to address these issues of resilience with the ultimate goal of cultivating cities where the environment underpins, instead of derails, sustainable development.

[138] Renewable Energies Policy Network for the 21st Century, *Renewables 2014 Global Report: Key Findings* (Paris, REN21, 2014).

[139] More information on the Clean Air Asia initiative is available from http://cleanairasia.org

[140] ESCAP, *Valuing Waste, Transforming Cities* (see footnote 130).

[141] More information on the initiative is available from https://seoulsolution.kr/node/3411?language=en

[142] More information on the initiative is available from http://www.globalfueleconomy.org/blog/2016/january/fuel-economy-policy-development-in-sri-lanka

VI

URBANIZATION, INSTITUTIONS AND **GOVERNANCE**

A. Introduction

- The Asia and the Pacific region needs to further build on and upscale successful urban governance practices and policies.

- The Asia and the Pacific region needs to embrace more open and transparent, multilevel, governance in order to manage the scale and complexity of its cities, city-regions and subnational urban systems.

- Future urban governance should be underpinned by active engagement and partnerships involving the private sector, communities and all levels of government.

There are many challenges to urban governance in the region, with persistent gaps between the policies and plans for urbanization and their actual implementation at the national and local levels. Governance has not kept pace with urbanization and new social, economic and technological complexities.

This section of the present report highlights three areas of governance for countries and cities in Asia and the Pacific to strengthen in order to manage the complexities in the public interest: promoting more effective multilevel governance; applying metropolitan governance frameworks for many more cities than just the largest; and negotiating a new compact between planners and the private sector.

B. Governance and the "enabling approach"

The "enabling approach" was the principal concept of the Habitat Agenda following Habitat II in relation to governance. The concept has been most widely understood to be related to enhancing market efficiency, where government would move away from direct provision of basic infrastructure and services and become a regulator, setting the framework for the private sector to carry out the direct provision.[143] There has been a considerable critique since – evidence-based as well as ideological – of the failures of enablement, especially in terms of its impact on the provision of services and housing. In the period following Habitat III, greater attention will need to be given to the development of new governance frameworks that recognize and balance needs across sustainability, inclusion and economic prosperity. This is likely to be essential for the Asian and Pacific region if it is to effectively harness and benefit from its urban transformation.

However, the wider understanding of the "enabling approach" has always been that it is about reducing constraints on urban productivity by promoting initiative and collaboration among actors and stakeholders, including local leaders and non-governmental and community-based organizations. As shown earlier, the willingness to institute owner-driven, community-based, approaches has proven very effective in many countries. In the past two decades, several Asian and Pacific countries have displayed greater awareness of the need to empower urban communities, but effective urban governance requires continuous engagement and partnership building to enable progress.

Adhering to human rights and making participation work have become more enshrined in legislation and the rule of law practice in many countries of the region, but gaps remain. The right to the city and access to land are key examples of this challenge, and the ongoing challenges. Equality, in the Habitat Agenda, was framed in the context of equal opportunities to employment, equal access to land and services and equal rights for men and women. Nonetheless, in many Asian and Pacific countries the right to the city and its services remains a distant reality for many.

"Inequality is felt most acutely when citizens believe that the rules apply differently to different people".[144] In several countries in the region, rights and rules still differ for men and women, for instance with regard to inheritance and land rights. In China, migrants and their families still do not enjoy full residency rights in cities, although change is under way. Urban governance and public institutions in this region will have to manage the greater demands placed on cities and their resources in the future. Managing and balancing these growing complexities and fundamental transformations will be essential to the realization of the Habitat III agenda.

C. Achieving more effective multilevel governance

Even though the governance of urban areas varies across countries in the region, all but the smallest countries in Asia and the Pacific have multiple actors and extensive layers and sectors of government that require both vertical and horizontal integration. One of the ongoing tensions derives from the promulgation of often national regulations and plans without providing the means for adjustment and implementation at the appropriate subnational level. Subnational and city-region governance and management solutions are a challenge for cities across the region. The region needs to embrace much more multilevel governance in order to manage the

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143 Isa Baud, "Collective action, enablement and partnerships: issues in urban development". Speech delivered at Vrije Universiteit Amsterdam on 27 Oct. 2000.
Available from http://www.ucl.ac.uk/dpu-projects/drivers_urb_change/urb_governance/pdf_partic_proc/IHS_Baud_collective_action.pdf

144 Pierre Rosanvallon, "How to create a society of equals: overcoming today's crisis of inequality", *Foreign Affairs*, vol. 95, No. 1 (Jan./Feb. 2016). Available from https://www.foreignaffairs.com/articles/2015-12-14/how-create-society-equals

scale and complexity of its cities, city-regions and subnational urban systems. This relates to national urbanization policies and frameworks, to decentralization, including coordination across administrative boundaries, and to participation.

Conventional national urban policies focus on the balancing of urban growth and redistribution of wealth. More recently, the emphasis in national urban policies has been on action and coordination towards transformative, productive, inclusive and resilient urbanization.[145] In a recent UN-Habitat/ Royal Melbourne Institute of Technology study, 21 Asia-Pacific countries were evaluated with a view to having their national urban policies implemented or considered. Those of Fiji, Malaysia, the Philippines and Singapore are under implementation. Bhutan, Cambodia, Indonesia, the Lao People's Democratic Republic, Nepal, Samoa, Sri Lanka, Thailand and Viet Nam are implementing their plans, which were all launched at most 10 years ago. Bangladesh and the Solomon Islands are formulating plans. For Myanmar, Pakistan, Timor-Leste and Vanuatu, preparatory policy work is ongoing.[146] Many of these plans, visions as they may be, are a basic guideline only, often decoupled from concrete progress on the ground. While the emergence of national urban policies National Urban Policies is an important and welcome trend in the region, more needs to be done to support their implementation.

Interaction between the national and local levels is also critical for effective urban policy but is in flux in many countries throughout the region. Levels of decentralization vary across countries and subregions. Several countries in South and South-West Asia, and South-East Asia, such as India, Indonesia, Nepal and the Philippines, have undertaken reforms to decentralize but not without difficulties. In the Philippines, local government has important responsibilities for land-use planning and housing but often the funding has not matched up to those responsibilities.

Similarly, India has been successful in increasing participatory engagement but the transfer of funds has limited local government's capacity to meet the needs and demands. Indian states have had the authority in urbanization and housing matters for many years, although the Ministry of Housing and Urban Poverty Alleviation retains the overall housing policy mandate, complemented by the authority to support states with housing missions, that is large multi-year programmes. The Ministry of Urban Development has the urban development mandate, with missions such as those already noted above on sanitation and smart cities.

In Pakistan, decentralization to the provinces was introduced in 2010 and they now have authority over much of the urbanization implementation agenda. The residual responsibility for urban policy has remained with the national Ministry of Climate Change, a legacy related to the mandate of urban environmental management.

Indonesia's comprehensive decentralization of 1999 placed most of the authority with the municipalities and rural districts, not the provinces. In the first years, cities were short of funds and capacity and thus struggled. Local elections also put local councils in charge of by-laws and budgets. The learning curve was steep and it was a common perception that decentralization had failed in many cities. However, a generation of young mayors emerged, learning to work with communities, local businesses and their own local administrations and scoring high both on results and transparency. Those mayors captured the public imagination of both the new middle class and the poor and, in 2014, a mayor was elected President of Indonesia.

Several countries in the Pacific, such as Australia, Fiji, New Zealand and the Solomon Islands, have undertaken decentralization reform. Even countries with more centralized political systems, such as China, Kyrgyzstan, Tajikistan and Viet Nam, have worked on decentralization with varying levels of effectiveness. China provides one example of a clear commitment to reform to support urban growth as part of the national development priorities and efforts. The key principles of China's National Plan on New Urbanization (2014–2020) were formulated as part of the 2011 preparation of China's twelfth five-year plan. The National Plan on New Urbanization had a chapter on strengthening organization and coordination.[147]

Ultimately, human and institutional capacities are often insufficient to adequately cope with and benefit from the transfer of responsibilities. This is especially the case for small and medium-sized cities where the expertise in urban planning, for example, is not sufficient. Adding to this capacity and finance issue are the myriad challenges and the level of coordination needed to tackle all of the issues that city administrations are currently facing. Capacity development is a means to an end and therefore needs to target the local and national priorities for development. This is especially true for patterns of urban growth in which cities are "spilling over" administrative boundaries into peri-urban and rural areas. The need for coordination is recognized in some decentralization policies, such as those of India, Indonesia, the Philippines and Thailand, but collaboration has largely been ineffective and demands new forms of governance.

Effective governance must also take into account community engagement. This will be critical to the success of the New Urban Agenda. As discussed earlier, there is a long tradition of community organization in the region and integrating it into vertical governance structures has great potential

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145   UN-Habitat, *National Urban Policy: A Guiding Framework* (Nairobi, UN-Habitat, 2015). Available from https://unhabitat.org/books/national-urban-policy-a-guiding-framework/
146   Ibid.

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147   Xinhua News Agency "China outlines roadmap to build better cities", Xinhua News Agency, 22 Feb. 2016. Available from http://news.xinhuanet.com/english/2016-02/21/c_135117880.htm and, with a video clip, http://news.xinhuanet.com/english/video/2016-02/22/c_135119946.htm

for enhancing the linkages and supporting the provision of basic services, including through mobilizing community-based finance. While government entities need to improve their coordination with each other, there is also a need for them to be more responsive to urban residents and to engage in more participatory urban governance. Urban spaces provide opportunities for citizen engagement through formalized processes, such as community development councils, or through informal modes of communication such as social media.

Recognition of the increased participation of non-government entities and the role of civil society, including through effective decentralization, has been highlighted by countries such as Afghanistan,[148] Indonesia[149] and the Islamic Republic of Iran.[150] As described above, community development councils in Afghanistan have been formed in major cities, such as Kabul, Herat and Mazar-e-Sharif, through community mobilization and council elections and have consequently demonstrated the capacity of people to organize and find solutions to local issues, including a lack of infrastructure and basic services.[151]

In India, Malaysia and the Philippines the citizens' charters are a compact between citizens and local governments that outlines the parameters for successful service delivery, have been successful in enhancing the accountability of urban institutions. As described above, in Thailand the Community Organizations Development Institute is an important example of both empowering community organizations and diminishing the distinction between how rural and urban communities are engaged.

The active engagement and participation of urban residents from all sectors of society is fundamental to inclusive growth and governance. The accountability, transparency and responsiveness of Governments in the public interest need to be prioritized in urban areas across the region.

D. E-governance for enhanced accountability and transparency

The emergence of ICT and access to information has provided innovative ways for Governments to engage with citizens and for people to hold Governments accountable. There are many examples in the region of Governments promoting e-governance and engagement. In the Islamic Republic of Iran, the first e-governance plan was adopted in 2002 and called for automated administrative procedures, the creation of websites for government agencies and the creation of portals for citizens to access electronic information. Subsequently, in 2003, the country's parliament allocated $100 million for ICT infrastructure work in the public administrative sector, including projects on e-government, e-commerce and e-banking. Although the initiatives have met with varying levels of success, according to user surveys the e-banking and municipal services were regarded as two highly successful aspects.[152]

In many countries, e-governance platforms are developing very quickly, incrementally, with local software support. In Indonesia, the city of Jakarta introduced citywide "transparent school registration" in order to encourage access of the "right students" to the "right public schools" and in an effort to eradicate enrolment corruption. Surabaya has expanded e-governance exponentially in only a matter of years, with one-stop services, enrolments and participatory budgeting being successful examples. Neighbourhoods can access a map-based application, identify streets or other facilities that require repairs or renovation and put a request to an online vote for local support, after which the request receives an automated cost estimate and community vulnerability assessment, all drawn from databases. The most worthy micro-projects are granted the budget support from the city. In

Panoramic view of Zhenyua, China © Peng Junhua / ESCAP

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[148] National report of Afghanistan for Habitat III, p. 21.

[149] National report of Indonesia for Habitat III, pp. 120–125.

[150] National Report of the Islamic Republic of Iran for Habitat III, p. 24.

[151] Afghanistan, *State of Afghan Cities 2015* (see footnote 62).

[152] UN-Habitat, *E-Governance and urban policy design* (Nairobi, UN-Habitat, 2015). Available from https://unhabitat.org/books/e-governance-and-urban-policy-design-in-developing-countries/

Solo, the city and a local non-governmental organization worked together to develop systematic plot-level community maps in order to identify interventions together.

In the region there are also some citizen initiatives that utilize websites to hold politicians accountable and try to reduce corruption. In Kyrgyzstan, the Politmer website (http://politmer.kg/ru) is used to track whether politicians keep the promises made during elections once they win public office. In India, the I Paid A Bribe website (www.ipaidabribe.com) is utilized to report when, where and for what services a bribe has had to be paid to a government official.

The role of journalism has also been important for exposing corruption and holding the Governments accountable and, while freedom of the press is restricted in some parts of the region, journalists – from bloggers to investigative reporters – are increasingly important actors in ensuring accountability and transparency.

Lastly, the broadening of information technology can also support the emergence of smart cities, which have become of increasing policy interest in the Asia-Pacific region in recent years. Currently, many countries in Asia and the Pacific are engaging in smart city initiatives. China selected 300 pilot cities for a national smart city construction policy in 2011 and the National Reform and Development Committee is overseeing the further expansion of the initiative. The Government of India has put its Smart City Mission high on the policy agenda, attracting the collaboration of international organizations, foundations and companies. Japan set up the Japan Smart Community Alliance in 2010 as a public-private cooperation platform with wide industry participation, as well as smart city pilots in four cities: Kitakyushu, Kyoto Keihanna District , Yokohama and Toyota. The Republic of Korea started its U-City initiative already in 2008 – referring to "ubiquitous cities", both new towns and existing cities, where e-technologies are integrated into the administration, traffic management, health services, education, disaster risk reduction and other sectors. Sejong City provides 49 e-services.

The expectations for smart technologies to manage large urban areas are very high and they are increasingly being rolled out as the technology costs are decreasing quickly. Nonetheless, the governance issues remain unchartered terrain. First, the compact between public institutions and private companies is unclear. Secondly, the privacy issues and possibilities for hacking are genuine. Lastly, small and medium-sized cities could benefit easily from the same technologies and data because the costs of and revenues from their infrastructure development and utility management are high.

E. Applying metropolitan governance frameworks for more cities

Governance frameworks in the region must become more forward-looking, adapting expertise developed in metropolitan governance elsewhere in the world. This is especially the case for medium-sized and secondary cities, which often lack the networks and resources of the region's better-connected global centres. While the administrative organization of cities, prefectures, provinces and other subnational levels reflect diverse trends, for many it is likely that development beyond the city territories will remain a challenge for decades to come. While frameworks for coordination exist in Bangladesh, China, India, Indonesia, the Islamic Republic of Iran, Japan, the Republic of Korea, Malaysia, New Zealand, the Philippines and Thailand, many are no more than planning coordination platforms. Given the spatial reach of the region's urban areas, more will need to be done for integrated urban planning beyond individual administrations.

Decentralization in several countries in Asia and the Pacific has aided policymaking at the intermediate levels of provinces and states, creating mechanisms to potentially transcend the policymaking divide between "the country and the capital" and aiding practical territorial development and the fostering of rural linkages. In Pakistan, effective governance of peri-urban areas is critical to support urban-rural linkages and ensure that services, facilities, infrastructure and economic development reach the largest possible population. This has become easier since 2010, following the decentralization of the urban management agenda to the provinces.[153] However, intermediate subnational administrations and their policymakers are often only so close to the realities of the network of cities in their territory. Additionally, they often do not have the expertise and tools for policymaking beyond the urban administrative boundaries.

Instituting an effective administrative framework for growing cities has always been a challenge, globally. To support urbanization, countries need balanced and equitable territorial development. For instance, the Ministry of Land, Infrastructure, Transport and Tourism of Japan has an explicit mandate to plan for balanced national territorial development, with the policy tools of land-use administration, infrastructure development and land, sea and air transport all under one roof. In the same way, states and provinces are encouraged towards equitable territorial development, by mandate and/or by the voters. The scope for policymaking for low-carbon, compact, urbanization is significant and challenging, especially when this requires policies to halt and even reverse urban sprawl. Hence, urban governance increasingly needs solutions not at a citywide level but at a wider spatial – metropolitan – scale. Metropolitan areas are becoming "the new normal", as a recent study has argued.[154]

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153   National report of Pakistan for Habitat III, p. 28.

154   Mats Andersson, Unpacking Metropolitan Governance for Sustainable Development (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH and UN-Habitat, 2015). https://thehagueacademy.com/wp-content/uploads/2016/01/GIZ-and-UN-Habitat-2015-Unpacking-Metropolitan-Governance-for-Sustainable-Development.pdf

The defining scope for metropolitan regions are their spatial dimensions based on the functional relationships of resource cycles, regional economic systems and formal as well as informal settlement development patterns. The linkages of metropolitan regions extend beyond administrative and political boundaries and usually include a number of local governments, peri-urban and rural lands and neighbouring cities.[155] Cities and their surrounding administrative entities have to cooperate with regard to joint service delivery, regional territorial and strategic planning, economic development, fiscal inequality and sectoral issues such as flood management and solid waste disposal.

The strongest emphasis of metropolitan planning and administration entities is towards integrated infrastructure development, increasing territorial productivity and cost savings. In Japan, collaboration across cities and in city-regions has been aided by the strong centralization of policymaking, as explained earlier, with an emphasis on long-term territorial development plans. Central government specialists are seconded to cities and prefectures, where the implementation is fully overseen. The territorial development of Chinese cities was aided by strong decentralization and the fact that the administrative areas most often comprised extensive rural areas. Access to support and funding is regulated by the administrative status of cities, which has changed over time.

Good examples of such governance partnerships can be found in the support of green and low-carbon agendas. With effective national policy guidance, cities can steer regions towards equitable, greener, property taxes (e.g. disincentivizing single family homes) or regulating congestion charges.[156] The Government of the Republic of Korea has tried to address the issue of urban-rural linkages for green futures with policies to develop urban-rural consolidated cities that stimulate interchange between urban and rural areas. To further improve local competitiveness and harmonize living conditions, the Republic of Korea Government undertook a major administrative district reorganization in 1994 and 1995 that resulted in 40 urban-rural consolidated cities.[157] In New Zealand, the Auckland Council was established in 2010 to govern the seven cities and district councils in the Auckland area. Although the consolidation has not been without concerns about local boards not having any funding and the inclusion of rural areas, it recognizes the need for amalgamated governance in metropolitan areas.

China, too, has recognized the importance of balancing urban and rural development, and seeking complementarity in rural and urban development policy and planning.[158] This includes a vision to limit the growth of cities and increase land allocation controls. That will require clearer incentives for limiting growth and seeking genuinely more compact cities through infill, urban renewal and a revalorization of peri-urban and rural areas. In the past 10 years, large Chinese cities have expanded through new towns and "pilot-city" initiatives, all engaged in land acquisition and urban development. The initial response was to enlarge the planning and coordination networks, towards city-regions and city-networks. However, the mandates and tools of metropolitan areas, cities and districts will have to change in order to reverse the spatial sprawl and development of cities and achieve more compact and productive cities, and also to support balanced development with peri-urban and rural areas.[159]

F. Negotiating a new compact between planners and the private sector

Long-term planning and action need more than just plans. While effective and functioning government institutions are important, partnerships for effective change also need to be cultivated. Academia, research institutions, financial institutions, multinational corporations and local businesses are not just stakeholders in urban development but also partners. These diverse institutions need to be engaged locally and nationally in the Sustainable Development Goals in order to make the aspirations a reality. "Good" urban governance in implementing the New Urban Agenda and the 2030 Agenda for Sustainable Development will need to find ways to bring this diverse range of partners together more effectively and equitably in the future for the benefit of Asian and Pacific cities and countries and, ultimately, the world.

In the future, municipal corporations may have the appropriate business structure to absorb many e-governance and smart technologies that will be mainstreamed into cities and territories in Asia and the Pacific.

Stronger partnerships between planners and the private sector could also support the closing of the important data and information deficits faced by the region. At present, and into the future, the private sector is generating a vast wealth of information on transport, consumption patterns, housing and so on. Developing those resources and data, much of which will be georeferenced and map-based, could be done with greater attention to the public interest. Indeed, such information and data could be enhanced through public consultation, in the public realm. As the region further urbanizes in increasingly diverse and complex ways that are beyond the scope of single stakeholders or communities, urban and regional planners will need to work with both the public and private sector and ensure genuine participation in urban policy to support the New Urban Agenda.

155 Ibid.

156 OECD, *Green Growth in Cities*, OECD Green Growth Studies (OECD, 2013). Available from http://www.oecd-ilibrary.org/urban-rural-and-regional-development/green-growth-in-cities_9789264195325-en

157 National report of the Republic of Korea for Habitat III, p.2.

158 National report of China for Habitat III, p. 32.

159 See UN-Habitat *International Guidelines on Urban and Territorial Planning*. Available from https://unhabitat.org/books/international-guidelines-on-urban-and-territorial-planning/

VIII

CONCLUSIONS

Traffic congestion in Bangkok, Thailand © Kibae Park / ESCAP

A Malaysian artist painting at the Annexe Central Market in Kuala Lumpur, Malaysia © Shamleen / Shutterstock.com

As the present report has highlighted, there has been considerable progress towards sustainable and inclusive urban development across Asia and the Pacific over the past two decades. The diverse context and experience of cities in the region and the breadth of issues and challenges has been brought to the fore in this report to the fullest extent possible.

While challenges persist, especially in achieving the Sustainable Development Goal 11 "Make cities and human settlements inclusive, safe, resilient and sustainable", the dynamism and diversity of the region provides an opportunity to shape a more sustainable urban future.

The generation and utilization of accurate urban data, disaggregated from national data and incorporating the perspectives of diverse urban dwellers, is fundamental to transformative, sustainable urban development.

Fiscal and policy interventions need to be tailored to maximizing co-benefits and addressing multiple challenges in order to ultimately meet the targets of the Sustainable Development Goals.

Effective multilevel and collaborative governance systems should be developed to manage the complex challenges of urban areas that transcend administrative and political boundaries.

Progressive national legislation and policy and innovative financing mechanisms are necessary to promote transformative and sustainable development.

Technology provides a growing opportunity for barrier-free information access and greater engagement in decision-making.

In considering urban finance needs, a broad agenda including green infrastructure and social inclusion is necessary. Financing options for cities require a coherent intergovernmental financing base and must provide for a range of mechanisms.

Meeting current and future natural resource demands in cities, in particular for energy, water and food, as well as for housing and basic services, requires a shift to integrated, ecosystem-based, planning and collaborative governance across municipalities and departments.

Mainstreaming disaster risk reduction and climate change mitigation and adaptation into national policies on land use and development can support the necessary engagement of all levels of government to work with stakeholders to reduce vulnerabilities and build resilience.

Effective partnerships with the private sector, the informal sector, civil society and community organizations are necessary for sustainable urban development.

This region has the opportunity to take advantage of the wealth of knowledge and experience within the diverse Asia-Pacific region to facilitate South-South collaboration and regional approaches to local, national, regional and global issues.

The Asia-Pacific region has the opportunity beyond Habitat III to draw on its diverse experience and capacities to build more sustainable, inclusive, prosperous and resilient cities.

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HABITAT III

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QUITO 17-20 OCTOBER 2016

United Nations Conference on Housing
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