



Urban Development

INFOCUS

ADB plays a pivotal role in improving the quality of life in cities throughout Asia and the Pacific

Challenge

Asia’s cities are the region’s engines of growth. But the engines are in danger of slowing because of uncontrolled congestion, worsening pollution, and high costs of housing and doing business. The continuous influx of the poor means a third of urban population lives in slums, often with no clean water and basic sanitation. The dual challenges of continuing Asia’s economic miracle and improving the quality of life for city residents create a critical test for Asia’s urban managers.

Strategy

ADB’s long-term strategic framework for 2008–2020 (Strategy 2020) places urban infrastructure investment at the forefront of our operations.

Response

Our investments will help support sustainable transport, improve waste management, provide 24/7 access to clean water, and reduce urban carbon footprints. Support also includes improving city management and service delivery, promoting a larger role for the private sector in making service delivery more efficient and in financing the rehabilitation and expansion of infrastructure, and promoting citizen participation, including the poor—a basic design element of all ADB-supported lending and nonlending operations.

“By 2020 half of Asia’s expected 4 billion people will be city dwellers. The challenge to transform these unorganized urban conglomerates into livable and productive life centers is daunting and will require enormous efforts across all sectors of society.”

—Michael Lindfield, Lead Urban Development Specialist

ADB’s Strategy 2020 meeting the needs of Asia and the Pacific

Strategic Direction

- Inclusive Economic Growth
- Environmentally Sustainable Growth
- Regional Integration

Drivers of Change

- Private Sector
- Good Governance
- Gender Equity
- Knowledge Solutions
- Partnerships

Read more at www.adb.org/Strategy2020/

Asia’s cities are core contributors to national development. Rapid urban growth will mean that by 2020, half of Asia’s expected 4 billion people will be city dwellers. Unfortunately, they face a host of challenges. Populations are increasing, especially in slums. Environmental and health problems are growing, and overconsumption of nonrenewable resources is creating environmental nightmares.

Many countries in the region are decentralizing, with local governments assuming strategic roles in planning and decision making without always having capacity or funding commensurate with devolved functions. In some cases, political decentralization has taken place without considering the need for an integrated development of city-regions, leading to fragmented and uncontrolled urban sprawl.

Effective policy and legislative and regulatory frameworks affecting urban development nationally and locally are often not in place or in harmony. In some countries, planning tools are not supported by legislation or enforcement structures and/or mechanisms. Many urban projects simply focus on

solving immediate problems rather than contributing to a proactive strategy of sustainable development.

Much needs to be done. To handle urban growth and development, urban management capacity must be increased. To support urban growth over the next 20 years, new approaches are needed to put in place the hundreds of billions of dollars in infrastructure investment that will be needed in Asia each year.

Providing urban sector support for decades

ADB has been active in Asia and the Pacific’s urban sector since the 1960s. Of 43 developing member countries, 35 have borrowed for urban sector projects.

While lending for the urban sector has increased over the decades, enormous funding gaps remain. For instance, while Asia’s urban population has grown 15% in the past decade compared with the previous one, lending to the urban sector increased by less than half this amount during the same period.

Fortunately, ADB’s Strategy 2020 provides us with a blueprint for responding efficiently and effectively. Our strong infrastructure pipeline

Strengthening links between urban planning and investment

In 2008, ADB established the Cities Development Initiative for Asia (CDIA) jointly with the German Ministry for Economic Cooperation and Development, the Swedish International Development Cooperation Agency, and the Spanish government. CDIA is a regional initiative designed to help cities strengthen links between urban planning and urban infrastructure investment programs and projects. CDIA is conducting pre-feasibility studies in Asian cities to structure investments in urban environmental infrastructure for funding by ADB and other agencies.

indicates a growing appetite for urban sector investments, both for Asia's megacities and emerging new towns.

Mainstreaming innovation and knowledge transfer

ADB designs its support to fit the differing needs of our developing member countries. In the People's Republic of China, for example, where project finance is readily available, ADB is helping generate knowledge and implement best practices through innovative urban projects that are replicable in other parts of the country. In South Asia, ADB's priority is to provide the

urgently needed basic services in water supply and sanitation.

Given differing philosophies and systems of local governance across the region, there are no globally applicable best practices. Instead, every part of the region will need to experiment with and scale up its own initiatives. Where applicable, ADB will facilitate innovations and transfer knowledge from successful experiences around the region.

Focus of ADB urban sector support

Supporting city infrastructure strategies. ADB is helping cities create development strategies based on a long-term vision and analysis of the strengths, weaknesses, opportunities, and threats for urban areas. Cities will now better understand essential links between national development policies and city infrastructure strategies.

Promoting partnerships with the private sector. ADB is helping cities partner with the private sector to create development strategies, improve urban management, enhance service delivery efficiency, and finance infrastructure rehabilitation and expansion. Examples include innovative mechanisms for project financing, structuring of public-private partnerships for urban infrastructure development, use of geographic information systems for better planning and financial management, introduction of e-governance for more efficient delivery of services, and creation of regional economic corridors for greater global competitiveness.

Encouraging local cooperation. City-regions are becoming the focus of integrated urban development, blurring the traditional distinction between "rural" and "urban." ADB is ensuring that

links are forged among local governments—between municipalities and between urban municipalities and adjacent rural areas—to foster cooperation to respond to the emergence of city-regions or multi-nodal metropolitan areas. ADB is helping develop infrastructure used by a number of local governments in urban transport, waste disposal, and water supply.

Viewing cities as ecosystems. To make urban development more sustainable, ADB is helping our developing member countries look at cities as living ecosystems, with balance sought among social, economic, and environmental concerns. Targeted approaches to energy efficiency, disaster mitigation, and resource and cultural heritage conservation are all being developed.

Helping leaders become economic managers.

ADB is helping city leaders who have had to make the difficult transition from a purely political orientation to an entrepreneurial and economic management approach. This is allowing cities to experiment with innovative techniques adapted from the private sector, such as managing their public assets and unlocking their values for inclusive growth.

Improving efficiency of urban land markets.

ADB is advising cities on how to improve the efficiency of urban land markets through appropriate and more affordable land use, better building standards and regulations, improved procedures for land transfers and land tax, stronger measures to stop land speculators, and improved information dissemination to the public of land market statistics.

Going forward. ADB will expand its operations in the urban sector with more emphasis on neglected subsectors such as sanitation, urban transport, land management, and climate change mitigation and adaptation, while continuing to support integrated urban development projects.

We will support nonsovereign operations and private sector participation through equity and long-term loans. Technical assistance grants will build capacity and strengthen institutions. We are looking into providing policy-based loans in areas such as devolved social service delivery, local government finance, and administrative reforms.

With globalization requiring cities to be more and more competitive, sustainable urban development is a key to the region's future. We intend to expand our activities to meet the challenges.

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