

# Incentivizing Asia's Urban Future: CDIA High-level Urban Policy Round-table

ADB, Manila, 14 November 2011, 14.00 – 17.00



## CONCEPT NOTE

### Urban Asia

In 2010 1.7 billion people (or 42% of Asia's population) lived in urban areas in Asia. By 2020 this will be 2.2 billion people (or 52% of Asia's population). The increase in Asia's urban population in the current decade will amount to 60% of the world's urban population growth<sup>1</sup>. This dynamics is not surprising as urbanization is the spatial translation of the structural socio-economic change leading to productivity gains and thus economic growth. Over the past decades Asian cities have made a very significant contribution to the region's economic growth, – structural development and – stability, and this contribution itself is changing in its nature: Asian cities have capitalized on the opportunities provided by the forces of globalization. Many Asian cities are moving away from serving as factories of the world to turning into providers of financial and knowledge-based services. Asian cities have also helped to contain the recent financial meltdown.

However, while urban-based economic activities may account for some 80% of the economic value added, cities also generate significant environmental footprints, including contamination of air and water, as well as an estimated 75% of greenhouse gas emissions, and, with urbanization, poverty also urbanizes. Asian cities are short of basic infrastructure and services. The proportion of the urban population without access to basic services is large – 40 percent without adequate sanitation; 20 percent without water<sup>2</sup>. Most cities have no public transport system.

The economic cost of inadequate infrastructure is not only high, but is beginning to threaten the competitiveness and productivity of Asian cities (and of national economies in consequence). For example, India needs to invest US\$1.2 trillion to wipe out the deficits in urban infrastructure, to meet the requirements of the urban population likely to be added over the next twenty years, and to enhance national economic growth – a related estimate is that the current urban infrastructure deficit deprives India of 20% of its potential economic growth<sup>3</sup>. Some governments in Asia have recognized this and have attempted to meet the infrastructure challenge by establishing new mechanisms to invest in urban infrastructure, both as a step to maintaining domestic growth and also to enhancing their position in the global marketplace.

Maintaining Asia's growth trajectory and its contribution to the world's economic system is a formidable challenge. As Asia moves towards closer integration with the world economy, it will need to make a major reassessment of its infrastructure needs and of the 'qualitative' shifts that such an integration call for in the preparation of infrastructure investments, as well as in the design and operationalisation of institutional mechanisms to bring this about.

<sup>1</sup> UN Population Division: World Urbanization Prospects, the 2009 Revision (2010)

<sup>2</sup> UN-Habitat/UN-ESCAP: The State of Asian Cities 2010/11 (2010)

<sup>3</sup> McKinsey Global Institute (MGI): India's Urban Awakening (2010)

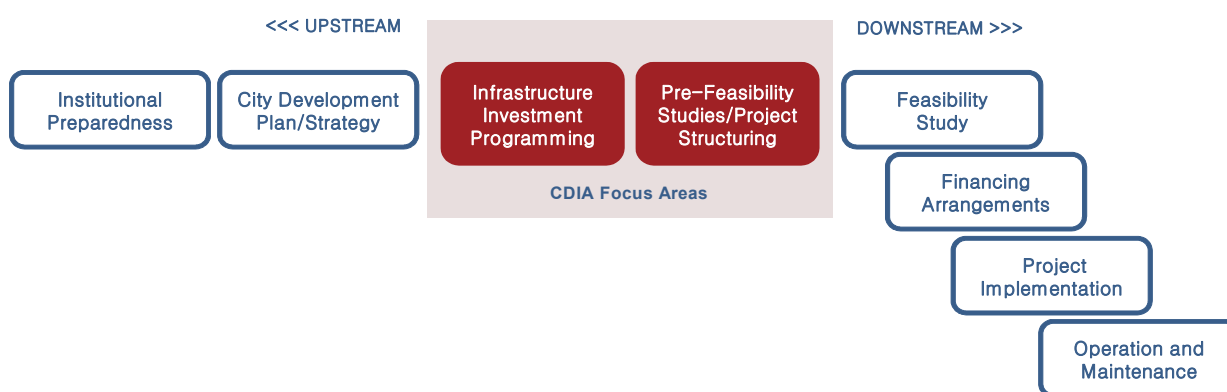


## The Cities Development Initiative for Asia (CDIA)

In recognition of the above trends CDIA was established as a regional initiative in 2007 by the Asian Development Bank (ADB) and the Government of Germany, with additional support from the governments of Austria, Singapore, Spain and Sweden, and the Shanghai Municipal Government, China. CDIA is headquartered in Manila in close proximity of ADB. The Initiative provides assistance to medium-sized Asian cities to bridge the gap between their development plans and the implementation of their infrastructure investments. CDIA uses a demand driven approach to support the identification and development of urban infrastructure investment projects in the framework of existing city development plans that emphasize environmental sustainability, pro-poor development, good governance, and climate change mitigation and/or - adaptation.

CDIA provides such support through a range of targeted advisory services at city, national and Asia-regional level. CDIA's core mandate/focus area is depicted in the figure below.

### INFRASTRUCTURE INVESTMENT PROJECT CYCLE >>>



## The High-Level Urban Policy Roundtable on Incentivizing Asia's Urban Future

CDIA will conduct a High-Level Urban Policy Roundtable at ADB in Manila, Philippines on 14 November, 2011 (just prior to the ADB Urban Forum 15-17 November 2011), where an eminent group of about twenty political leaders, leading urban specialists and concerned civic leaders will deliberate on the role of Asian cities in the world economy and discuss what Asian cities should do in order to maintain and enhance their competitive edge, while ensuring that their development is inclusive and sustainable. It will call upon Asian countries to make urbanization (and urban infrastructure development in particular) a key instrument for enhancing growth, combating poverty, addressing climate change, and serving as a stabilizing factor in the regional and global economic system.

The Roundtable will particularly focus on the need to develop institutional mechanisms providing adequate incentives to make this happen. Experience with the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in India in the provision of basic environmental infrastructure, experience in Singapore in the development of globally competitive urban areas, experience in Japan with environmentally sound urban systems and other emerging experience provide examples of such institutional mechanisms. The challenge is how to fortify such mechanisms, up-scale them and provide national and regional support to disseminate and expand mechanisms which have demonstrably worked.

The Roundtable will consist of moderated discussion of a background paper, leading into the formulation of a Manila declaration of concerned political and civic leaders on incentivizing Asia's urban future.

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