

**Economic and Social Commission for Asia and the Pacific****Seventy-third session**

Bangkok, 15-19 May 2017

Item 3 (d) of the provisional agenda*

Review of issues pertinent to the subsidiary structure of the Commission, including the work of the regional institutions: environment and development**Urbanization and sustainable development in Asia and the Pacific: linkages and policy implications****Note by the secretariat***Summary*

The Asia-Pacific region has experienced rapid urbanization and this trend is projected to continue in coming years and to bring unprecedented demographic, economic and social shifts. Urban development in the region will have an important impact on prospects for achieving the Sustainable Development Goals. Furthermore, the adoption of the New Urban Agenda at the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) provides an opportunity to advance sustainable urban development in the region in support of the implementation of the 2030 Agenda for Sustainable Development. The present document includes a review of trends, linkages between urbanization and sustainable development, and policy implications. The Commission may wish to review the present document and provide further guidance.

I. Introduction

1. The way in which the Asia-Pacific region urbanizes over the next two decades will have a great impact on the sustainability of the planet as a whole. Urbanization in Asia and the Pacific over the past two decades has transformed both the region and the world. However, in many of the countries in the region, such urbanization has not followed any national urban agenda or policy.

2. The 2030 Agenda for Sustainable Development offers a unique opportunity to put the region's cities on the path to sustainability, given that many of the Sustainable Development Goals and targets will require local action. Coupled with the New Urban Agenda adopted at the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) in 2016,¹ it provides countries with a clear framework and global road map for the next 20 years that lays out the way in which cities should be planned and managed to best promote sustainable urbanization.

* E/ESCAP/73/L.1.

¹ <https://habitat3.org/the-new-urban-agenda/>.

3. The implementation of the 2030 Agenda in the urban context provides an opportunity for cities to cooperate, network and identify common responses for local sustainability at the subregional and regional levels. The emergence of various city typologies at the subregional and regional levels, such as port cities, industrial cities and knowledge-capital cities, allows these clusters of cities to cooperate beyond the national level and create common solutions for local sustainability.

4. Recognizing the importance of sustainable urban development for the Asia-Pacific region, the Commission, in its resolution 70/12 on strengthening efforts on human settlements and sustainable urban development for the Asia-Pacific region, requested the secretariat to continue to analyse conditions and trends regarding human settlements and sustainable urban development in Asia and the Pacific across all three dimensions of sustainable development and identify strategies to address persistent and emerging challenges, and to continue facilitating regional understanding and action on issues critical to housing and sustainable urban development.²

5. In the present document, regional trends over the past 20 years between the second United Nations Conference on Human Settlements (Habitat II) and Habitat III are reviewed, linkages between urbanization and sustainable development are identified and the importance of sustainable urban development for the achievement of the Sustainable Development Goals in the region is highlighted. In this relation, the synergies between the New Urban Agenda and the 2030 Agenda are explored and key policy implications presented.

II. Regional trends in urbanization and sustainable development

6. In the 20 years following Habitat II, a number of cities in Asia and the Pacific emerged to become global centres of innovation and prosperity, such as Beijing, Seoul, Shanghai (China), Singapore and Tokyo, to name a few. It is no exaggeration to suggest that the dynamism and significance of the region is now such that the prospects for the New Urban Agenda will largely rest on the way in which the Asia-Pacific region urbanizes 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.

7. However, it can be said that the legacy of the urban transition is incomplete, and remains fundamentally unsustainable. Despite growing economies providing greater opportunity, basic living conditions still remain unmet for millions of people in the region's cities, and environmental consequences are increasingly severe. Coupled with the persisting challenges of climate change and the region's vulnerability to disasters, the risks for development gains to be rolled back are many.

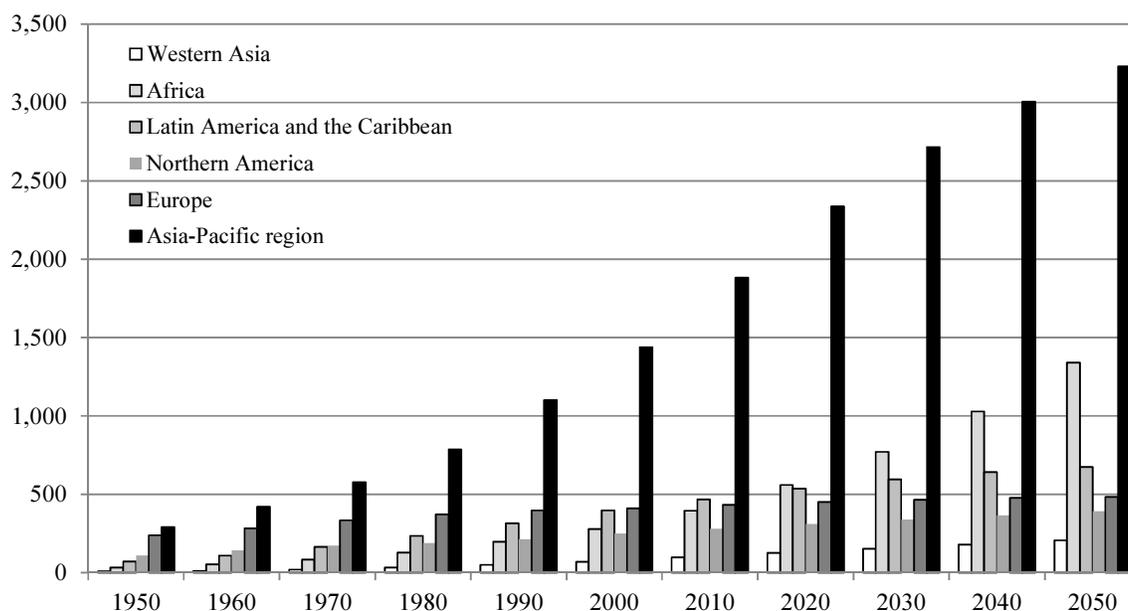
The demographic shift

8. The Asia-Pacific region has until recently been predominantly rural, but from 2018 there will be more people living in urban areas than rural areas. The region is home to more than 2.1 billion urban residents, or 60 per cent of the world's urban population. Between 1980 and 2010, the region's cities grew by more than 1 billion, and 1 billion further will be added again by 2040. By 2050, two thirds of the region's population will live in

² Commission resolution 70/12.

cities (see figure).³ There is no historical precedent for an urban transition on such a massive scale. The drivers of such growth are changing. While at the time of Habitat II, rural-urban migration was a key measure of growth, now it has largely peaked, with reclassification and natural growth accounting for an equal contributing share to urbanization.

Urban population at midyear, 1950-2050 (Thousands)



Source: Adjusted from “World urbanization prospects: the 2014 revision”. Available from <https://esa.un.org/unpd/wup/Publications/Files/WUP2014-Report.pdf>.

9. In 2014, 17 of the world’s 28 megacities (cities with a population of 10 million or more) were in Asia and the Pacific.³ It is projected that by 2030, the region will have no less than 22 megacities. Megacity growth rates are generally decelerating, especially in their core areas. However, given the absolute population numbers and the projected growth, the impact of megacities and of regions around them will be extremely significant.

10. At the same time, these megacities accommodate only a little more than 10 per cent of region’s total urban population. The bulk of the region’s total urban residents lives in the rapidly growing small and medium-sized cities where much of the region’s urban transformation is unfolding. Over half of urban residents (54.4 per cent) live in smaller cities with a population of less than 500,000 inhabitants. Secondary and smaller cities and towns do not have the resource base of many larger cities and the population often has less access to basic service provisions, adequate livelihoods and transportation options.

³ Economic and Social Commission for Asia and the Pacific (ESCAP) and United Nations Human Settlements Programme (UN-Habitat), *The State of Asian and Pacific Cities 2015: Urban Transformations – Shifting from Quantity to Quality* (n.p., 2015). Available from www.unescap.org/sites/default/files/The%20State%20of%20Asian%20and%20Pacific%20Cities%202015.pdf.

11. Urban growth has not been uniform with regard to land-use patterns, with some subregions (such as South-East Asia) continuing to experience urban sprawl and low-density growth and others (such as East Asia) maintaining or increasing density. This is increasingly having consequences for agricultural lands and ecosystems which are converted into urban and peri-urban areas. Given this expansion, understanding of urban-rural linkages and complexities is crucial to ensure that growth is managed effectively for all people engaged in urban and peri-urban areas, regardless of their area of residence.

Engines of economic growth but with widening inequalities

12. Cities are central to national economies and urbanization has played a vital role in economic development across the region. The economies of the region's largest and most globalized cities are greater than those of many of the region's countries. In 2010 alone, Tokyo, for example, generated almost \$1.9 trillion of the gross domestic product (GDP). In China, cities contribute 74 per cent of GDP but represent less than 50 per cent of the population.⁴ More than just being major manufacturing centres, cities across the region are increasingly taking global leadership roles in education and science, technology and innovation.

13. 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. However, national economic planning does not always recognize the importance of cities and their role as a foundation for sustainable and inclusive economic growth, nor are urban-rural linkages well understood. As a result, adequate investment is lacking in both urban and rural areas to ensure a dynamic and inclusive future for cities.

14. The economic successes and transformations of cities in the region have lifted millions of people out of poverty. The number of those estimated to be middle class in the region will reach 3.2 billion by 2030, which will represent 80 per cent of the world's total middle-class population.⁵ But the rise of the middle classes has not been an inclusive process: poor people living in urban areas remain on the margins of recent growth, youth unemployment remains high and migrants are often greatly disadvantaged with respect to their rights. Income inequality is increasing, as shown by the Gini coefficient for many cities in the region.⁶

15. Urban population growth in the region has not been matched by growth in housing units or equitable access to land, resulting in housing shortages and the persistence and growth of slums.⁷ The urban population living in slums in Asia and the Pacific has decreased significantly, from

⁴ McKinsey Global Institute, "Urban world: mapping the economic power of cities" (McKinsey and Company, 2011). Available from www.mckinsey.com/global-themes/urbanization/urban-world-mapping-the-economic-power-of-cities.

⁵ Homi Kharas and Geoffrey Gertz, "The new global middle class: a crossover from West to East" in *China's Emerging Middle Class: Beyond Economic Transformation*, Cheng Li, ed. (Washington, D.C., Brookings Institution Press, 2010).

⁶ UN-Habitat, *State of the World's Cities 2010/2011: Bridging the Urban Divide* (Nairobi, 2010). Available from <https://unhabitat.org/books/state-of-the-worlds-cities-20102011-cities-for-all-bridging-the-urban-divide/>.

⁷ UN-Habitat defines a "slum household" as consisting of one or a group of individuals living under the same roof in an urban area, lacking one or more of the following five amenities: (a) durable housing; (b) sufficient living areas; (c) access to improved water; (d) access to improved sanitation facilities; and (e) secure tenure.

44.3 per cent in 1995 to 26.9 per cent in 2014.⁸ Yet while the proportion of those living in slum conditions has fallen, the overall numbers remain very high. The number of slum dwellers in the region increased from 402,184 in 1995 to 439,528 in 2014, which is still about half of the world's total slum population. Slum dwellers continue to earn insufficient incomes and live in vulnerable and unhealthy environments.

16. Many of the urban population, especially women, continue to rely on the informal sector for employment, housing and access to land. For example, the rates of informal-sector employment in large developing economies such as India, Indonesia, Pakistan and the Philippines range from half to two thirds of total employment, despite years of strong economic growth. Yet the major contributions of informal workers to the region's urban economies and their impacts on the very competitiveness of its cities are rarely reflected in pro-poor economic and social policies.

17. The high numbers of slum dwellers, people living in informal settlements and informal-sector employers are an indication that many people in the region have not yet been able to reap the benefits of economic and social transformations brought about by rapid urbanization. Hence, it is important to urgently address urban inequality and its consequences for the cities of the region in order for them to continue to play a progressive role in the region's overall development.

Urban societies in transition

18. Urbanization in Asia and the Pacific has brought about unprecedented diversity and social change to the region's cities. Greater regional connectivity and globalization have contributed to a shift away from mono-ethnic and -cultural urban centres. The movements of traditional minority groups, refugees and internally displaced persons to urban areas have also added to the ethnic and cultural mix in the region.

19. The urban population of several cities in the region is generally young, with the region hosting more than 60 per cent of the world's youth population.⁹ More significantly, the proportion of the economically active age group (15-64 years) has been increasing, and in 2014 was approximately 68 per cent or nearly 3 billion people. Many countries in the region with gateway cities – such as Beijing, Mumbai (India), Shanghai (China) and Sydney (Australia) – will spearhead the transformation and 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.

20. 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. This presents challenges for housing, services and health care, which will in part be met through familial support structures but will also require the attention of Governments.

⁸ ESCAP, ESCAP Statistical Online Database. Available from http://data.unescap.org/escap_stat/ (accessed 23 February 2017).

⁹ ESCAP, "Regional overview: youth in Asia and the Pacific". Available from www.un.org/esa/socdev/documents/youth/fact-sheets/youth-regional-escap.pdf (accessed 15 November 2013).

21. For many women, cities pose challenges to health and safety, where the lack of family and other support systems can make setbacks insurmountable. The issue of violence against women and girls is prevalent in both public and private spheres. In urban areas of the region, this issue manifests itself in terms of access to water and sanitation, but it also impacts on employment opportunities. There is evidence that women's livelihood opportunities are shaped by experiences of unsafe cities, which affect travel, hours of work and type of employment.¹⁰

Cities and the environment

22. The region's urban economies have developed through environmentally exploitative models.³ Rapid, inefficient and unplanned urbanization along with unsustainable consumption patterns and change in lifestyle over recent decades has predominantly resulted in environmental degradation, increased pressure on natural resources, generation of waste, exposure to pollution and disasters, and vulnerability to climate change, which require urgent integrated responses and political action.

23. Cities occupy only 3 per cent of the world's land but consume 75 per cent of all natural resources, produce 50 per cent of all waste and are responsible for 60 to 80 per cent of global greenhouse gas emissions. It is therefore largely in the urban environment where the pressure, and opportunity, for change lies.

24. Material consumption in the region has increased sharply in the past decades and now accounts for more than 50 per cent of the world's consumption. However, material productivity has not improved and it is still double the world average.¹¹ The Asia-Pacific region faces specific problems resulting from its energy- and resource-intensive growth patterns.

25. Air pollution is a major issue affecting many of the region's cities. Of the 20 most air-polluted cities in the world, 19 are in Asia and the Pacific.¹² According to the World Health Organization, outdoor air pollution accounted for 3.7 million deaths globally in 2012, with the highest share (2.6 million deaths, or 70 per cent) in low- and middle-income countries in Asia and the Pacific.¹³ The economic, health and other costs of environmental degradation can also be very high. China, for example, is believed to be losing 10 per cent of GDP annually to costs related to air pollution alone.¹⁴

¹⁰ UN-Habitat and ESCAP, "Working paper: urban safety in Asia and the Pacific", 2009. Available from www.un.org/esa/socdev/documents/youth/fact-sheets/youth-regional-escap.pdf.

¹¹ UNEP, *Global Environment Outlook: GEO-6 – Regional Assessment for Asia-Pacific* (Nairobi, 2016). Available from http://uneplive.unep.org/media/docs/assessments/GEO_ASSESSMENT_REPORT_ASIA_Wam.pdf.

¹² 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/>.

¹³ World Health Organization, "7 million premature deaths annually linked to air pollution", 25 March 2014. Available from www.who.int/mediacentre/news/releases/2014/air-pollution/en/.

¹⁴ World Bank and Institute for Health Metrics and Evaluation, "The cost of air pollution: strengthening the economic case for action" (Washington, D.C., World Bank, 2016). Available from <http://documents.worldbank.org/curated/en/781521473177013155/pdf/108141-REVISED-Cost-of-PollutionWebCORRECTEDfile.pdf>.

26. Cities in the region are also generating increasing volumes of solid waste. Urban areas in developing countries in Asia and the Pacific generate approximately 960,000 tons of municipal solid waste per day, and by 2025 this figure will increase to 2.4 million tons.¹⁵ While the vast share of this amount still consists of organic matter, over time waste streams are becoming more complex and non-biodegradable and containing ever more toxic elements (including e-waste). A number of cities have adopted comprehensive waste management strategies, based on the principles of reduce, reuse and recycle. But the reality is that most cities struggle to manage solid waste in a cost-effective and environmentally responsible way, mainly relying on open dumping and uncontrolled landfilling.

27. The Asia-Pacific region is highly vulnerable to natural disasters and the impacts of climate change. Recent urbanization trends have increased exposure because of the resultant increase in people and economic assets in hazard zones. More than half of the region's urban population now lives in low-lying coastal areas. The number of urban residents facing high or extreme multiple hazards is currently around 742 million, and could reach nearly 1 billion by 2030.¹⁶ While many of these people live in large, urban agglomerations that are densely populated, urban centres in small island developing States also face very tangible risks on perhaps a greater proportional scale.

28. At the same time, as major sources of greenhouse gases, cities in Asia and the Pacific should urgently seek low-carbon development. Asia-Pacific cities create 75 per cent of the region's emissions and are projected to contribute more than half the rise in global greenhouse gas emissions over the next 20 years if no action is taken. Many opportunities exist to develop low-carbon cities, starting from the way in which cities are planned and designed. Compact cities with a variety of mass transit and mixed-use options can save energy in the transport sector. The way in which buildings are designed is also critical for low-carbon development.

Cities as complex adaptive systems

29. The demographic, economic, social and environmental transformations unfolding in the region's cities point to their complexity and dynamism. Urban development in the region has been to a large extent unplanned, and it is critical to understand the drivers of change in order to address the challenges and seize the opportunities that urbanization offers. Cities are complex adaptive systems, made of networks of infrastructure and socioeconomic relationships. Various agents of change may exist in cities besides government, including businesses and communities. As complex adaptive systems, cities do not necessarily follow linear patterns and many conventional policy recommendations that assume linearity might not hold at the city level. Hierarchical models of governance are interacting with network formations of various stakeholders like businesses and civil society, producing a diversity of decision-making processes at the formal and informal level. Self-organization is emerging in parts of cities as a response to inadequate provision of basic services by the central level. Self-governed and in many cases gated and closed knowledge hubs are emerging that distribute the benefits of innovation to a small number of beneficiaries.

¹⁵ ESCAP, "Valuing waste, transforming cities" (Bangkok, 2015). Available from www.unescap.org/sites/default/files/Full%20Report%20%20.pdf.

¹⁶ *Disasters without Borders: Regional Resilience for Sustainable Development – Asia-Pacific Disaster Report 2015* (United Nations publication, Sales No.: E.15.II.F.13).

In this regard, identification of relevant actors and stakeholders and their relationships and meaningfully engaging them in urban planning and management can bring about effective urban governance.

III. Cities and global development agendas

30. The importance of cities in the pursuit of sustainable development has been well recognized in recent global development agendas, in particular the 2030 Agenda for Sustainable Development. In the 2030 Agenda, there is explicit acknowledgement of the importance of cities in the pursuit of sustainability, most notably reflected in dedicated Sustainable Development Goal 11, to make cities and human settlements inclusive, safe, resilient and sustainable. However, all of the 17 Sustainable Development Goals in the 2030 Agenda have an urban dimension, and without local-level involvement, successful achievement of 65 per cent of the Goal targets will not be possible.¹⁷

31. Other global development agendas have also recognized the importance of cities and of implementation at the local level. In the adoption of the Paris Agreement, for example, the role of non-party stakeholders was explicitly acknowledged, including those of cities and other subnational authorities, and they were encouraged to scale up their efforts and support actions to reduce emissions and/or to build resilience and decrease vulnerability to the adverse effects of climate change.¹⁸ Similarly, in the Sendai Framework for Disaster Risk Reduction 2015-2030, the role of local governments in risk reduction is recognized, as is the importance of tackling disasters in urban areas.¹⁹

32. The New Urban Agenda contains a vision and a road map for building cities that can serve as engines of prosperity and centres of cultural and social well-being while protecting the environment. The New Urban Agenda builds upon other global development agendas and provides an opportunity to galvanize their implementation at the local level.

Cities and the 2030 Agenda for Sustainable Development

33. The important role that cities play in the 2030 Agenda for Sustainable Development is acknowledged with the inclusion of Sustainable Development Goal 11. But cities will play a critical role in the implementation of the whole 2030 Agenda, as a great deal of the action required to achieve a number of Goals and targets is to be taken at the local level.

34. Poverty, the eradication of which is an overarching objective of the 2030 Agenda, is a local issue that requires local solutions. Cities are best placed to understand the driving forces behind poverty in their areas and the needs of the community, and can therefore facilitate the implementation of Goal 1 on ending poverty. The provision of basic services, such as water and sanitation, is the responsibility of local governments and is a key factor in reducing poverty in cities. As populations continue to grow and become

¹⁷ Cities Alliance, “Sustainable Development Goals and Habitat III: opportunities for a successful New Urban Agenda”, Cities Alliance Discussion Paper, No. 3 (Brussels, 2015). Available from www.citiesalliance.org/sites/citiesalliance.org/files/Opportunities%20for%20the%20New%20Urban%20Agenda.pdf.

¹⁸ See FCCC/CP/2015/10/Add.1, decision 1/CP.21.

¹⁹ See General Assembly resolution 69/283, annex II.

increasingly urbanized, sustainable agricultural practices that make effective use of available land, both rural and urban, will be vital tools in achieving food security and a healthy population. In doing so, local governments can facilitate the implementation of Goal 2 on ending hunger, Goal 3 on good health and Goal 6 on clean water and sanitation. Local governments can take a leading role in identifying and addressing violence, harmful practices and discrimination against women in their communities. Additionally, gender-sensitive participatory urban planning processes in cities will allow equitable participation by women in urban development, thereby contributing to addressing Goal 5 on gender equality.

35. Infrastructure is a core concern of any city. Good planning and policy enable governments to link city centres with outside regions and facilitate the positive impacts that come with good infrastructure, such as better economic results and increased access to goods and services for citizens, thereby contributing to addressing Goal 8 on good jobs and economic growth. Infrastructure can support the development of small-scale businesses and industries in cities and thereby contribute to implementing Goal 9 on innovation and infrastructure. Local governments can also close gaps in access to the Internet and information and communications technology by providing public spaces that are connected, such as libraries or schools, and strategically support education programmes to implement Goal 4 on education. Local governments have a unique perspective on energy needs and gaps in access within communities, and can directly address energy-inefficiency challenges by investing in energy-efficient buildings and greening government institutional practices, thereby addressing Goal 7 on renewable energy. Smart technologies and good transport policies for urban areas can contribute to lowering emissions and greening urban areas.

36. Significant amounts of marine pollution are the result of land-based activities, and local governments can limit pollutants by better management of waste, sewage and wastewater. Cities can also protect natural spaces in their communities, protecting biodiversity, preserving green spaces and creating biodiversity corridors, which in turn lowers emissions, mitigates climate impacts and facilitates the implementation of Goal 13 on climate action, Goal 14 on life below water and Goal 15 on life on land. Cities can foster linkages between urban, peri-urban and rural areas, as each has an important role in ensuring food security, natural resource sustainability and resilience for all communities and addressing Goal 12 on responsible consumption. Importantly, building the resilience of Asia-Pacific cities to natural disasters is necessary in view of the high and increasing risk of urban disasters, and is a key task of local governments.

37. Many cities across the region are already leading the way. In Seoul, for example, energy consumption has been cut by direct engagement of citizens in energy-saving and the generation of renewable energy. In Almaty, Kazakhstan, a range of programmes to improve public spaces have been introduced that are driven by community participation. In Seberang Perai, Malaysia, gender-responsive budgeting has been shown to contribute positively towards multiple Sustainable Development Goals. These initiatives highlight the valuable contributions that cities offer. It will be important to scale up and replicate such best practices and to share and disseminate local-level knowledge.

38. The importance of cities and their local governments to the implementation of the 2030 Agenda was also highlighted during the Third Asia-Pacific Forum on Sustainable Development, convened by ESCAP in

April 2016,²⁰ and in the “Call for Action” adopted at the sixth Asia-Pacific Urban Forum, held in Jakarta from 19 to 21 October 2015.²¹

The New Urban Agenda

39. The New Urban Agenda identifies a number of transformative commitments for sustainable urban development, including the following: (a) providing basic services to all citizens, such as housing, water and sanitation, health care and education; (b) ensuring that all citizens have access to equal opportunities and face no discrimination, and promoting safe, accessible and green public spaces; and (c) promoting measures that support cleaner cities, strengthen resilience in cities to reduce the risk and the impact of disasters and take action to address climate change.

40. Considering that 60 per cent of the world’s urban population lives in Asia and the Pacific, the success of the New Urban Agenda will largely depend on the way in which the region continues to urbanize. Understanding and acting on the regional dimensions will be critical to the effective implementation of the New Urban Agenda, as highlighted in its call for action.²² The regional level provides a vital bridge between global frameworks and national development agendas, informs national policymaking through regional experiences and perspectives, and promotes partnerships and regional cooperation. In the New Urban Agenda, the importance of the regional level is recognized both in terms of implementation as well as in its follow-up and review.²³ In this regard, the Commission, as a regional development arm for Asia and the Pacific, has a key role to play given its universal coverage, convening power, intergovernmental nature and strength, and broad-based cross-sectoral mandate and expertise.

41. Hence, it will be important to make full use of existing regional platforms and mechanisms, including the Asia-Pacific Forum on Sustainable Development. The Third Forum, in 2016, highlighted the critical importance of cities and called for the active engagement of local governments and other urban stakeholders.

42. Likewise, the Asia-Pacific Urban Forum has historically played a key role in advancing the United Nations agenda on human settlements and should be further promoted. The second Asia-Pacific Urban Forum was convened in 1996 to discuss the region’s input to Habitat II; the third was held in 2000 as a preparatory meeting for Istanbul+5: Reviewing and Appraising Progress Five Years After Habitat II (a special session of the General Assembly), while the recent sixth Asia-Pacific Urban Forum, organized jointly with the Government of Indonesia in Jakarta in October 2015, provided important input to the preparations for Habitat III. The sixth Forum adopted a “Call for Action” which was presented at the Habitat III regional preparatory meeting for Asia-Pacific and largely influenced its outcomes.

Synergies between the New Urban Agenda and the 2030 Agenda

43. The 2030 Agenda and the New Urban Agenda both acknowledge the necessity of integrated strategies and solutions to address development challenges. Both agendas provide a framework that strategically positions

²⁰ E/ESCAP/FSD(3)/4, annex, paragraph 39.

²¹ See www.unescap.org/events/apuf6.

²² General Assembly resolution 71/256, annex, paras. 16 and 17.

²³ *Ibid.*, paras. 82, 161 and 162.

local action from local authorities and highlight the importance of participatory mechanisms. The importance of strengthening urban governance, planning and management is recognized in both agendas, as well as of a range of means of implementation. Given the scale and scope of urbanization, the region has a unique opportunity to lead the global contributions towards the 2030 Agenda; however, realizing this will depend on committed action to implement and localize the Sustainable Development Goals in the region's cities. The New Urban Agenda provides a vision and a framework for doing so.

44. In the 2030 Agenda, specific goals and targets are provided to guide action on sustainable development. The New Urban Agenda does not have specific goals and targets, as member States felt that these were already provided by the 2030 Agenda. The New Urban Agenda contains three areas of transformative commitments for sustainable urban development that cover a number of aspects of urbanization.²⁴ As such, its implementation should contribute to the implementation and localization of the 2030 Agenda and to the achievement of the 17 Sustainable Development Goals and their targets, particularly Goal 11. At the same time, progress on the additional elements contained in the New Urban Agenda should be appraised, in particular the enablers: the implementation of the New Urban Agenda is based on a set of enablers which include governance, systems of urban economy, national urban policies, local fiscal systems, urban planning, and basic services and infrastructure. These enablers can reinforce the relationship between sustainable urban development and the 2030 Agenda and connect the drivers of urbanization in an integrated way that creates multiple benefits.

45. To benefit from the value of both the 2030 Agenda and the New Urban Agenda to urban development, cities and their stakeholders should use them in an integrated way. The enablers and the transformative commitments of the New Urban Agenda and the Goals and targets of the 2030 Agenda provide guidance for cities to decide what priorities areas should be addressed and how they should be managed to promote sustainable urban development.

IV. Policy implications

46. Complex development challenges are concentrated in cities, but cities are also best placed to offer opportunities to develop solutions. As hubs of innovation, cities can develop transformative urban solutions and shape new models of urbanization. As the closest level of government to citizens, local governments can build on their social and political capital to disseminate the messages from the global development agendas. Both the 2030 Agenda and the New Urban Agenda offer guidance for cities to develop concrete solutions for sustainable development. To be successfully implemented at the local level, both agendas must be seen and used with an integrated approach by cities and their stakeholders.

47. In order to achieve impact, the New Urban Agenda builds upon and reinforces the Sustainable Development Goals and facilitates the localization and operationalization of the 2030 Agenda, as recognized in its text. The follow-up and review of the New Urban Agenda must also have effective linkages with the follow-up and review of the 2030 Agenda to ensure coordination and coherence in their implementation.²⁵ As such, the follow-up

²⁴ Ibid., paras. 24 to 80.

²⁵ Ibid., paras. 9 and 164.

and review of the New Urban Agenda should contribute to the review of the Sustainable Development Goals at the local level, in particular Goal 11. At the same time, appraisal of progress on the additional elements contained in the New Urban Agenda is important, particularly the enablers.

48. In the light of regional projections and the gaps that clearly exist between current urban development patterns and what is required to realize a safe, inclusive, resilient and sustainable urban future, as envisaged in the 2030 Agenda and the New Urban Agenda, rethinking urban development frameworks is critical. The following aspects of such a framework could be considered.

Realizing more effective multi-level governance

49. In managing the challenges associated with rapid urbanization, national and local governments have a critical responsibility in driving and managing the processes of change. However, they can only do so if supported by coherent national guidance and policies. Many Asia-Pacific cities are managed using legal and regulatory frameworks and institutional arrangements that are outdated. Implementation can be facilitated by forward-looking strategies and innovative frameworks to address the power-sharing gap between local and central government, the financing gaps in local government budgets and investment, and the capacity gaps of local governments in promoting strategic and future-oriented urban planning.

50. Effective multilevel and collaborative governance systems should be developed to manage the complex challenges of rapidly growing urban areas that transcend administrative and ecological boundaries. 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 which require both vertical and horizontal integration. In this regard, it can be beneficial to think beyond city-based planning and towards a renewed policy framework in which cities are managed as essential components of national and regional development policy through, for example, the development of national urban policies.

51. Levels of decentralization vary across countries and subregions. Several countries in the region – such as India, Indonesia, Nepal, Pakistan and the Philippines – have undertaken reforms to decentralize, although not without difficulties. In the Philippines, for example, local government has important responsibilities for land-use planning and housing, but often funding has not matched these responsibilities. Similarly, India has been successful in increasing participatory engagement, but limited funding and policy authority have been devolved below the state level, limiting local governments' capacity to meet needs and demands. Experiences in the region show that neither centralized nor fully decentralized models offer a panacea to effective urban governance, and that greater attention must be paid to the development of institutional arrangements that work in specific urban and national contexts. Empowering local governments and strengthening their capacities to pursue sustainable development is certainly critical.

52. National Governments largely control the institutional systems and have the responsibilities and opportunities for urban governance. National urban policies are therefore critical to empowering cities, capacity-building, financing and, in many cases, ensuring effective governance of administratively fragmented large metropolitan areas. They can establish the connection between the dynamics of urbanization and the overall process of national development, and can help to harness the benefits of urbanization

while mitigating the challenges through the development of a broader, cross-cutting vision of an urban landscape. Indonesia, for example, has recently developed the National Urban Development Policy for 2015-2045, aimed at closing gaps and achieving sustainable urban development through three milestones, namely liveable cities (having all cities attain minimum urban service standards), green cities, and smart and competitive cities.

Pursuing integrated solutions

53. The 2030 Agenda's interlinked targets, both within and across Goals, call for a holistic and integrated approach to implementation, and for strategies that are able to deliver across multiple developmental priorities.

54. The need for integrated approaches to urban development is well illustrated by the case of natural-resources management. By 2030, the world will need at least 50 per cent more food, 45 per cent more energy and 30 per cent more water.²⁶ Trade-offs exist in the use of these key resources, and rapid urbanization of the Asia-Pacific region entails the risk of widening resource gaps, in particular for water supply and sanitation systems, energy supply, land use and food security.

55. This necessitates new forms of management that allow for integrative solutions to resource use and coordination among key stakeholders. However, the majority of local-level administrations in the region continue to be planned and managed along sectoral lines and within municipal boundaries. Rarely are they coordinated in an integrated manner. As a consequence, urban areas often fail to fully leverage synergies and opportunities for efficiency gains.

56. A number of cities are, however, taking action. In China, for example, many cities are setting up urban growth boundaries and introducing high-density compact urban areas to encourage land-use efficiency. They are also promoting outcome-based energy-efficient buildings and converting abandoned areas into arable land for urban farming.²⁷ However, these solutions need to be integrated through the development and implementation of a coherent policy that encourages an institutional framework of inter-agency cooperation. Effective management of trade-offs will ultimately lead to the achievement of multiple goals and targets with significant co-benefits, as illustrated in box 1.

²⁶ *Resilient People, Resilient Planet: A Future Worth Choosing* (United Nations publication, Sales No. E.12.I.2).

²⁷ ESCAP, "Expert group meeting on urban nexus and implementation of urban- and resource-related global agendas: Bangkok, 10-11 November 2016 – summary of discussions". Available from www.unescap.org/sites/default/files/Final%20Report%20-%20EGM%20on%20Urban%20Nexus.pdf.

Box 1

Integrated resource management in Asian cities

Since 2013, the secretariat has been assisting cities in the region through a project entitled “Integrated resource management in Asian cities: the urban nexus”, implemented in partnership with the German Agency for International Cooperation and ICLEI – Local Governments for Sustainability, with funding from the German Federal Ministry for Economic Cooperation and Development. Experiences from two beneficiary cities illustrate the opportunities that exist for adopting integrated approaches at the city level and the benefits that they can bring.

The city of Naga, Philippines, initiated the process of formulating its new land-use plan in 2013. The need to adopt an integrated approach as the basic framework for spatial planning emerged as the relevant committees met to discuss consolidated outputs of the four sectoral and the 16 subsectoral councils. With assistance from the project, the Naga Comprehensive Land Use Plan for 2016-2030 integrates the principles of cross-sectoral coordination and collaboration across administrative domains to improve institutional functioning and optimize resource management in its spatial planning. This is expected to bring about a more liveable city where communities are resilient, natural resources are protected, recycled and reused, and land-use policies lessen the vulnerability of people and property.

Da Nang, Viet Nam, adopted an integrated approach to dealing with wastewater and sewerage systems, which is one of their high-priority challenges. A pilot project based on the concept of separate sewerage systems to increase the organic load in wastewater will be implemented. Kitchen waste from households will be combined with the increased organic load in the wastewater for energy production, treated wastewater will be used for irrigation and the agricultural residue will be used for urban farming. The Department of Planning and Investment and Department of Natural Resources and Environment of Da Nang will be implementing the pilot project in An Hải Bắc ward, benefiting 110 households, with funding from the World Bank and technical assistance from the German Agency for International Cooperation. A study covering 11,000 households is being conducted to scale up the pilot.

Source: ESCAP, “Policy brief on integrated resource management in Asian cities: the urban nexus” (Bangkok, 2015). Available from www.unescap.org/resources/policy-brief-urban-nexus.

Leveraging partnerships and stakeholder participation

57. In order to achieve the Sustainable Development Goals, it is essential to refocus attention on building effective partnerships that span national and local government, as well as the private sector and civil society. A people-centred urban future is integral to the transformation of cities and human settlements in the Asia-Pacific region. This requires a radical shift in the way cities are conceived, planned and developed, with people seen as change agents rather than just beneficiaries.

58. Experiences from field projects show that partnerships are an effective means of service delivery, as they enable social inclusion and ground sustainability initiatives in the local social, cultural and political realities, while simultaneously building capacities and leveraging the necessary financial, technical and political resources (see box 2).

Box 2

Leveraging partnerships for pro-poor and sustainable solid waste management

Since 2009 and in the context of the project entitled “Pro-poor and sustainable solid waste management in secondary cities and small towns in Asia-Pacific”, the secretariat has been assisting national and local governments in the region in turning waste into resources, including through the establishment of decentralized, low-cost and community-based integrated resource recovery centres. Experiences from the project show that partnerships involving a broad array of stakeholders are essential for the success and sustainability of the initiatives.

If communities are not willing to separate their waste, for example, the effectiveness of the waste-to-resource initiative will be undermined. In such instances, building partnerships with community groups would improve source separation, participation and community buy-in. In Quy Nhon, Viet Nam, for example, ESCAP – through its partner, non-governmental organization Environment and Development Action in the Third World – built a pilot integrated resource recovery centre to manage the waste generated in the ward of Nhon Phú. Community mobilization for source separation of waste was carried out by leveraging the already established local community network of the Community Development Fund, which had organized households into various groups for income generation activities. Environment and Development Action in the Third World worked with these groups and, through their network, the message was passed to the local community for source separation of waste. In addition, the local authority passed a legal directive for source separation among commercial entities, which resulted in 80 per cent source separation rates.

Source: ESCAP, “Valuing waste, transforming cities” (Bangkok, 2015). Available from www.unescap.org/sites/default/files/Full%20Report%20%20.pdf.

59. Communities have often been a resource for urban development. In several countries in the region, such as Cambodia, Nepal, the Philippines, Sri Lanka and Thailand, federations of poor people in urban areas engage in community-driven initiatives to upgrade slums, develop new low-income housing options and improve the provision of infrastructure and services. In Thailand, for example, community organizations have been instrumental in supporting community development and resilience. The Community Organizations Development Institute was set up in 2000 as an independent public organization, a national government agency, bringing community development institutions under one roof. In partnership with communities of poor people in urban areas, the Institute 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 was well organized and able to mobilize a quick response to the rising flood waters. In the rebuilding efforts, the community ensured fair distribution of supplies and compensation and collectively constructed new housing, on stilts and in line with new by-laws.²⁸

60. A number of Indonesian cities have further improved the community-based approach. Surabaya has put the 154 “green kampung” communities at the core of its urban development strategy. These communities, spread all

²⁸ UN-Habitat, ESCAP and Rockefeller Foundation, “Quick guide for policy makers: pro-poor urban climate resilience in Asia and the Pacific” (Nairobi and Bangkok, 2014). Available from www.unescap.org/sites/default/files/Quick%20Guide%20for%20Policy%20Makers.pdf.

over the city and still growing in number, intensively clean and green their neighbourhoods through integrated solid waste management in collaboration with urban waste banks. The cost savings resulting from reduced municipal waste collection are channelled towards employing community facilitators with a mandate to encourage the introduction of more initiatives and innovation.

61. Many cities across the region are increasingly adopting participatory planning measures that increase citizens' ownership. Nonetheless, there is a need for increased and enhanced public participation that involves people as drivers of change. Both national and local governments should strengthen mechanisms to enable the participation of all members of society. The General Assembly of Partners for Habitat III played an important role in ensuring contributions from a wide range of stakeholders, and its role should also be leveraged for the implementation of the New Urban Agenda to mobilize contributions from various partners, including in terms of the generation and sharing of knowledge, advocacy, innovation and monitoring.

Financing future cities

62. How to finance urban transformations and the future of cities is a critical question for realizing both the 2030 Agenda and the New Urban Agenda. Currently, municipal revenue sources are insufficient to meet long-term financing needs for infrastructure and innovation, as municipal budgets in many cities of the region are already struggling to finance basic expenditure such as essential services and salaries.

63. Rapid urbanization requires investments in infrastructure to be considerably stepped up in order to keep pace with a growing demand for housing and basic services, as well as to bridge the current gaps. It is estimated that the infrastructure investment needs in developing countries in Asia and the Pacific will be approximately \$18.1 trillion by 2020.²⁹ India alone, for example, will need to invest \$1.2 trillion over the next 20 years to meet the needs of its growing urban population.³⁰ This presents a considerable challenge, but also a tremendous opportunity to develop cities in the region in a sustainable manner. Given that infrastructure has a long lifespan, locking consumption and production patterns for decades, it will be critical to nudge investments in urban infrastructure towards sustainable solutions, promoting compact urban development, energy- and water-efficient buildings and public transport.

64. Although decentralization of responsibilities from central Government to local governments has occurred in much of the region over the past 20 years, there has not been a commensurate decentralization of funding. As a result, revenues are predominantly collected by central Governments and redistributed to municipalities. However, in many cases, especially for smaller urban areas, these fund transfers are uncertain and insufficient. Fiscal transfers to the local government level should be restructured and made more effective to facilitate local government borrowing and to foster better service and revenue performance and innovation.

²⁹ Asian Development Bank Institute, *Managing the Transition to a Low-Carbon Economy: Perspectives, Policies, and Practices from Asia* (Tokyo, 2015). Available from www.adb.org/sites/default/files/publication/176262/adbi-managing-transition-low-carbon-economy.pdf.

³⁰ McKinsey Global Institute, "India's urban awakening: building inclusive cities, sustaining economic growth" (McKinsey and Company, 2010). Available from www.mckinsey.com/global-themes/urbanization/urban-awakening-in-india.

65. The key issues for unlocking finance are at the local level, however. Throughout the region, tax revenues are low and expenditure efficiency is weak. In general, property-based taxation remains significantly underutilized. In addition to tax revenue, city authorities have land, fixed assets and infrastructure that have potential to be used for generating finance. One model, utilized successfully in India, is to properly assess these fixed assets as collateral for loans. Another way to leverage these fixed assets, which has been done successfully in China, is to lease publicly owned land for private development. The booming urban property market provides a great opportunity to expand local government revenue and land value capture measures should be put in place.

Closing the data gap

66. Managing urbanization requires relevant, reliable and up-to-date data on urban trends and conditions, but coherent and comparable data is lacking. There is a clear need for data on intra-urban conditions, such as disparities in housing conditions, access to safe water and sanitation and solid waste collection, and on inter-urban conditions, including disparities between large and small cities, all of which are crucial for planning and monitoring implementation of the 2030 Agenda. The numbers and characteristics of people who move into various urban zones and commute between them, as well as those who move from rural to urban areas, can only be determined by better data and information. Such data would help in understanding needs related to urban infrastructure and services, as well as employment and mobility trends, and enable local governments to develop more focused and effective policies.

67. While reliable, coherent, up-to-date and comparable data remains difficult to attain, potentially rich sources of data are becoming available, including those collected through crowdsourcing and participatory enumeration projects or through high-resolution satellite imagery. Participatory data creation and feedback mechanisms have been successful in narrowing the gap between top-down urban policies and the actual needs of poor people in urban areas. Local authorities could also make better use of the data that is already being generated in cities; buses and trains, water infrastructure and gas line networks, hospitals, condominiums and office buildings all generate data, which can be collected and analysed in real time.

68. For cities to consistently collect and analyse data, and report on the implementation of the 2030 Agenda over time, national Governments will have to create incentives and standardize methodologies for collection, analysis and monitoring across cities and States. One important example is International Organization for Standardization standard ISO 37120 entitled “Sustainable development of communities: Indicators for city services and quality of life”, which has been developed to provide cities with comparable and relevant indicators to use in measuring and comparing performance as well as to learn from other cities.³¹

Sharing knowledge and replicating success stories

69. Collaborative efforts and city-to-city cooperation can go a long way to enabling cities to develop and adopt innovative solutions to shared challenges. Sharing best practices among cities will be critical to maximizing the impact of the Sustainable Development Goals and the New Urban Agenda and creating a more sustainable future for all.

³¹ www.iso.org/iso/catalogue_detail?csnumber=62436.

70. Regional networks, including networks of cities such as the Regional Network of Local Authorities for the Management of Human Settlements (CityNet), United Cities and Local Governments, ICLEI – Local Governments for Sustainability and the Commonwealth Local Government Forum, have greatly contributed to the localization of internationally agreed development agendas – notably Agenda 21: Programme of Action for Sustainable Development and the Millennium Development Goals – and can play an important role in advancing implementation of the 2030 Agenda and the New Urban Agenda. Regional networks, for example, are well positioned to raise the awareness and strengthen the capacities of local governments, as well as to facilitate the replication of successful practices.

71. Online platforms can play an important role in supporting the work of city networks, by connecting local government representatives and providing information on best-practice policies and initiatives on urban development. The digital age presents an opportunity for urban practitioners to harness the power of digital platforms and tools to tackle urban challenges, increase interconnections and spread knowledge.

72. In this connection, the Commission, in partnership with the Seoul Metropolitan Government and CityNet, has developed the Urban SDG Knowledge Platform³² to promote and support regional knowledge-sharing and cooperation for sustainable urban development. The platform supports local action for the implementation of the 2030 Agenda by (a) providing a repository of policies, initiatives and good practices at the city level by municipal governments and other stakeholders; (b) facilitating regional cooperation by linking cities that have developed solutions with other cities that are interested in replicating them; and (c) facilitating regional follow-up and review of implementation of the 2030 Agenda by providing a platform for local governments to share progress and lessons learned.

73. Regional forums can also provide an important platform for dialogue between various actors with a role and a stake in shaping urban development, including national and local governments, civil society, non-governmental and grass-roots organizations, the private sector, professional associations and academia. For example, the Asia-Pacific Urban Forum, a multi-stakeholder forum that has been convened by the secretariat every four to five years since 1993, has historically provided a key platform for discussing emerging and critical urban development issues from the perspectives of different stakeholders, sharing experiences on good practices and approaches, and exploring regional cooperation opportunities and links to regional and global processes.

V. Matters for the attention of the Commission

74. Rapid urbanization has transformed the Asia-Pacific region and contributed to its economic success. However, in most developing countries, such urbanization has not largely been well planned and significant gaps have emerged. Importantly, growing inequalities and environmental degradation and risks pose a serious threat to sustainable prosperity.

75. The successful implementation of the 2030 Agenda in the Asia-Pacific region will therefore depend to a large extent on what happens in its cities. It is paramount that the development of the region's cities be guided by commitment to an urban agenda with inclusiveness, resiliency and sustainability at its core.

³² www.urbansdgplatform.org/service/index.do.

76. It is evident that the region's current governance frameworks are increasingly insufficient to address the patterns and magnitude of the urban growth taking place in the region. Harnessing the potential of urbanization to drive sustainable development requires a recasting of policy responses to critical urban issues that the region is facing. The New Urban Agenda, adopted at Habitat III, provides a framework for doing so. However, in order to achieve impact, it is vital for the New Urban Agenda to build upon and reinforce the Sustainable Development Goals and to facilitate the localization and operationalization of the 2030 Agenda. It is equally important for local action implementing the New Urban Agenda and the 2030 Agenda to be supported by regional cooperation activities and benefit from regional and subregional initiatives and networks between cities and stakeholders that work at the local level.

77. The Commission may therefore wish to consider the following:

(a) Providing directions and suggestions on key policies and initiatives to be addressed in its work on sustainable urban development;

(b) Providing directions and suggestions on how best to leverage Commission's conference structure in support of the regional follow-up and review of the New Urban Agenda and ensure effective linkages with the regional follow-up and review of the 2030 Agenda.
