United Nations ESCAP/81/4

Economic and Social Council

Distr.: General
27 December 2024

Original: English

Economic and Social Commission for Asia and the Pacific

Eighty-first session
Bangkok, 21–25 April 2025
Item 3 of the provisional agenda*
Theme: "Regional cooperation for resilient and sustainable urban development in Asia and the Pacific"

Summary of the theme study on regional cooperation for resilient and sustainable urban development in Asia and the Pacific

Note by the secretariat

Summary

In the present document, the secretariat explores the future of urbanization in Asia and the Pacific, focusing on the dynamic shifts in the region's urban landscape. It highlights the region's demographic transformations, including population ageing, and the persistent challenges of urban poverty and inequality. The analysis covers urban areas of all sizes, from megacities to smaller towns, and emphasizes the need for innovative governance models and sustainable development strategies to meet the region's unique urban needs. Key vulnerabilities, such as economic volatility, climate risks and social disparities, are addressed, as are opportunities for cities to serve as testing grounds for new solutions.

The secretariat underscores the critical role of regional cooperation in overcoming the challenges faced by cities and identifies shared approaches to localizing global goals, enhancing multilevel climate action and fostering inclusive urban growth. It also emphasizes the importance of data, digital transformation and innovative financing in supporting sustainable urban development and ensuring cities are equipped to navigate the complex future ahead.

The Economic and Social Commission for Asia and the Pacific may wish to review the issues and recommendations contained in the present document and provide the secretariat with guidance on its future work in that regard.

* ESCAP/81/1.

Please recycle

I. The evolving urban landscape: why cities matter amid changing demographics in Asia and the Pacific

1. The path to sustainable development in Asia and the Pacific runs through its cities. In this majority-urban region on a majority-urban planet, the impact of urbanization, one of the megatrends of the twenty-first century, cannot be ignored. Getting cities right – and by extension, getting all human settlements along the urban-rural continuum right – is a challenge, but not an insurmountable one.

2. Urban contexts vary across the region, requiring solutions that are tailored to diverse development circumstances and capacities. Although Asia and the Pacific was once one of the fastest urbanizing regions, the pace has slowed down. Over the period 2018–2030, urbanization rates are expected to remain in the 1–3 per cent range for most major cities. Several urban areas in South and South-West Asia and in South-East Asia are growing at 3–5 per cent, although East and North-East Asia and North and Central Asia show much slower rates of less than 1 per cent.[1] Urban realities differ across the region. Pacific small island developing States, for example, despite having considerably smaller populations and being the world's least urban countries, face complex urbanization challenges and have limited capacities for planning adequately for urban growth, which has resulted in large informal settlements and infrastructure shortfalls. Many cities and towns in the Pacific are located in low-lying areas and are therefore also at the forefront of the climate crisis, making adaptation pathways critical.

3. Asia-Pacific cities are facing profound demographic changes. The region is home to over 2.2 billion city dwellers and many of the planet's megacities (over half of the 30 largest urban areas in the world are in Asia and the Pacific). By 2050, the region's urban population is expected to grow by 50 per cent, adding 1.2 billion people.[2]

4. Traditionally, young people have moved from rural areas to cities in search of economic opportunities. As the number of young people declines, so will the number of rural-to-urban migrants. The number of older persons, however, is expected to double, from 722 million in 2024 to 1.3 billion in 2050.[3] Increasing numbers of older persons will remain in cities, often living alone owing to smaller family sizes, stimulating a growing need for age-friendly housing, transport and other infrastructure. Since there is also a higher risk of disability among older persons, age- and disability-friendly housing will be needed. Older persons also have additional medical needs, including to address more acute heat-related risks as temperatures rise, which may lead to increased demand for healthcare facilities. In this context of ageing populations, low birth rates and slowing rates of urbanization, a relatively new phenomenon has emerged in the region: shrinking cities. Cities in East and North-East Asia are at the forefront of this trend.[4]

[1] See https://population.un.org/wup/map.

[2] See https://population.un.org/wup.

[3] Economic and Social Commission for Asia and the Pacific, "2024 ESCAP population data sheet". Available at www.unescap.org/kp/2024/escap-population-data-sheet-2024.

[4] See, for example, Xizi Xu and others, "Are East Asian 'shrinking cities' falling into a loop? Insights from the interplay between population decline and metropolitan concentration in Japan", *Cities*, vol. 155 (December 2024).

II. Urbanization and economic growth: challenges and opportunities

5. Some 80 per cent of the region's gross domestic product (GDP) is generated in urban areas.[5] While urbanization has produced tremendous wealth in Asia and the Pacific, that wealth has remained concentrated in cities. Economic reforms are urgently needed so that subnational governments can mobilize revenue and finance public services.

6. When housing becomes a commodity, rather than a place to live, it creates systemic risks for urban economies, and by extension national and even global economies. Vulnerabilities can emerge for cities when unchecked residential construction is coupled with loose monetary policies and lax lending standards. The global financial crisis that began in 2008 was triggered by the bursting of housing market bubbles at a time when lenders were holding too many risky mortgages. Real estate speculation was also a contributing factor to the 1997 Asian financial crisis.

7. Moreover, informality is prevalent in urban areas where infrastructure and services are inadequate. Asia and the Pacific has the largest number of people living in informal settlements and more than 65 per cent of its total urban population is also engaged in the informal economy. The percentage of informal employment as a share of total employment varies across the region, standing at 87 per cent in South Asia, 70 per cent in South-East Asia and 47 per cent in East Asia.[6]

8. Climate change adaptation and mitigation is a paramount challenge for Asia and the Pacific, which must grapple with vulnerabilities like extreme temperatures, water scarcity, food insecurity and natural disasters. Asia-Pacific countries are among those most severely affected by extreme weather events such as storms, floods and heatwaves.[7] At the urban level, new research predicts that 8 million climate migrants will arrive in 10 cities of the global South by 2050 if the world warms by more than 1.5ºC above pre-industrial levels. Of those 10 cities, the two located in the Asia-Pacific region are projected to receive the most extreme influx of climate-induced migration: 3.07 million additional people in Dhaka and 2.4 million additional people in Karachi, Pakistan.[8]

9. 2023 was the warmest year on record, with little relief from the heat for urban dwellers across Asia and the Pacific. In 2024, record or near-record high temperatures, largely driven by climate change, were recorded in cities across Bangladesh, Cambodia, India, the Lao People's Democratic Republic, Myanmar, the Philippines and Thailand.[9] Extreme heat exposes vulnerabilities

[5] United Nations Environment Programme, "Sustainable cities". Available at www.unep.org/regions/asia-and-pacific/regional-initiatives/supporting-resource-efficiency/sustainable-cities (accessed on 27 December 2024).

[6] International Labour Organization, *World Employment and Social Outlook: Trends 2024* (Geneva, 2024).

[7] See www.germanwatch.org/en/cri.

[8] C40 Cities Climate Leadership Group, "Eight million climate migrants predicted to arrive in ten global South cities by 2050 if emissions don't fall", press release, 18 September 2024.

[9] World Weather Attribution, "Climate change made the deadly heatwaves that hit millions of highly vulnerable people across Asia more frequent and extreme", 14 May 2024.

in human settlements in several ways. People of all ages, but especially very young and older persons, face an increased risk of heat-related illness. Between 1970 and 2019, Indian cities, towns and villages endured more than 700 heatwaves that killed more than 17,000 people.[10]

10. In the longer term, as the climate crisis accelerates, cities and towns must provide critical adaptation support for those most severely affected by climate-induced migration, which is already becoming evident in some low-lying areas.

11. Cities are particularly vulnerable to extreme heat because of the urban heat island effect. The tendency for buildings and paved surfaces to absorb heat can make urban areas hotter than their surroundings, further exacerbating the impacts of heatwaves. According to research conducted on cities in East and South-East Asia from 2016 to 2020, urban areas were on average 1.6ºC warmer than rural areas 2 kilometres away and 2.0ºC warmer than rural areas 10 kilometres away.[11]

12. The urban population growth in Asia and the Pacific has led to increased demand for water and groundwater exploitation, thereby straining the region's water resources. At the same time, wasteful consumption and inadequate water management infrastructure have inhibited the ability of the region to do more with less. Water shortages also fuel competition between the needs of the agricultural sector and those of urban consumers of municipal drinking water and water for industrial uses, among others.

13. Extensive groundwater extraction and the loss of natural buffers have increased the risk of land subsidence. While the threat is most visible in megacities such as Bangkok, Dhaka, Ho Chi Minh City, Jakarta, Karachi, Manila, Mumbai, Shanghai and Tianjin, similar conditions are affecting secondary and other cities such as Chittagong in Bangladesh and Semarang in Indonesia. A 2022 study found that the most rapid pace of land subsidence was occurring in South, South-East and East Asia, at a rate faster than that of sea level rise, creating even greater urgency to build urban resilience in these centres.[12]

14. According to data from the ambient air quality database maintained by the World Health Organization, 99 per cent of the world's population breathes unhealthy air. Various studies estimate that, globally, air pollution is responsible for 6.5 million deaths annually, with 70 per cent concentrated in the region.[13] Some of the top contributors to poor air quality in cities are vehicle and building emissions. Emissions from privately owned vehicles, which briefly dipped in 2020 and 2021, are projected to increase in the long term. By 2030, the level of vehicle ownership in Asia and the Pacific is expected to rise to 1.6 billion vehicles, causing a significant increase in emissions unless remedial actions are taken.[14] Between 2010 and 2021, the

[10] Kamaljit Ray and others, "An assessment of long-term changes in mortalities due to extreme weather events in India: a study of 50 years' data, 1970–2019", *Weather and Climate Extremes*, vol. 32 (June 2021).

[11] World Bank, *Unlivable: What the Urban Heat Island Effect Means for East Asia's Cities* (Washington, D.C., 2023).

[12] Cheryl Tay, "Sea-level rise from land subsidence in major coastal cities", *Nature Sustainability*, vol. 5, No. 12 (December 2022), pp. 1049–1057.

[13] Richard Fuller and others, "Pollution and health: a progress update", *The Lancet Planetary Health*, vol. 6, No. 6 (June 2022), pp. e535–e547.

[14] Asian Transport Observatory, *Asian Transport 2030 Outlook* (Manila, 2022).

region saw a 34 per cent rise in transport-related emissions, a trend that threatens to worsen without intervention.[15]

15. Buildings, which are ubiquitous and account for between 14 and 33 per cent of direct and indirect carbon dioxide emissions in Asia and the Pacific, represent one of the most difficult aspects of the global economy to decarbonize. According to International Energy Agency estimates, 65 per cent of new floor area to be constructed between 2017 and 2050, or about 70 billion square metres, will be in countries in South-East Asia, South Asia and East Asia, driving the future demand for energy and resources in the region.[16]

16. Nationally determined contributions under the Paris Agreement play a pivotal role in the attainment of climate-related goals. Moreover, the urban content of nationally determined contributions is key for climate-sensitive urban development as urban areas are where emissions and populations are concentrated. As of 2024, the nationally determined contributions of 16 countries in Asia and the Pacific have little or no urban content, 19 have moderate urban content and 14 have strong urban content.[17]

III. Urban fault lines: migration, inequality and social justice in Asia and the Pacific

17. Social issues like migration, housing accessibility and wealth inequality challenge the social cohesion of cities in Asia and the Pacific. Today, one third of all migrants come from Asia and the Pacific, while the region is home to 24 per cent of the world's migrants, some 66.6 million people.[18] Remittances are a significant source of financing for Asia and the Pacific. In 2023, four of the top five low- and middle-income recipient countries of remittances were India ($120 billion), China ($50 billion), the Philippines ($39 billion) and Pakistan ($27 billion).[19]

18. These flows of people and money have profound implications for the region's cities, from exposing vulnerabilities to creating more prosperity. The movement of educated workers can cause brain drains in origin cities but add knowledge capital to host cities. Large influxes of migrants in a short period of time can lead to overcrowded housing stock in host cities and depopulation in origin cities. But migration can also revitalize decaying urban neighbourhoods in host cities, and remittances can shore up local economies in origin cities. Given the potentially varied effects, addressing migration requires coordinated action between national and local governments.

19. In terms of housing, the continued growth of informal settlements presents another issue. Projections for Central Asia and Southern Asia show the population living in informal settlements is forecast to increase from less than 500 million in 2020 to 1.52 billion in 2050, while Eastern and

[15] *Review of Developments in Transport in Asia and the Pacific 2024: Transition towards Sustainable Transport Solutions* (United Nations publication, 2024).

[16] Wei Zhou, Hong Soo Lee and Shu Tian, "Accelerating net zero transition of the buildings and construction sector in developing Asia and the Pacific", background paper (Manila, Asian Development Bank, 2023).

[17] ESCAP/CED(8)/3.

[18] *Asia-Pacific Migration Report 2024: Assessing Implementation of the Global Compact for Migration* (United Nations publication, 2024).

[19] See World Bank, "Remittances",18 September 2024. Available at www.worldbank.org/en/topic/migration/brief/remittances-knomad.

South-Eastern Asia will see a more modest rise, from approximately 350 million to 465.4 million.[20] In many cities, the ratio of median home price relative to median annual household income is 5 to 1, the level that many economists consider the maximum healthy amount for buyers to afford homeownership, according to the *2024 ULI Asia Pacific Home Attainability Index* published by the Urban Land Institute.

20. Meanwhile, South and South-West Asia and South-East Asia are the subregions with the highest concentration of informal settlements in Asia and the Pacific. Almost 43 per cent of the urban population in South and South-West Asia and 25 per cent of that in South-East Asia live in informal settlements.[21] While these percentages – which have been steadily declining in both subregions, despite a slight uptick in South-East Asia in 2022 – are below those for sub-Saharan Africa, they are still above those for the rest of the world. Moreover, Asia and the Pacific is home to nearly 60 per cent of people living in informal settlements globally, equal to almost 600 million people.[22]

IV. Financing the future: innovative solutions for urban investment

21. Financing is crucial for realizing sustainable urban transformations, yet local governments face challenges in revenue mobilization. Keeping up with infrastructure investment needs is perhaps the greatest financial challenge facing cities. It has been estimated that developing countries will require 2.8 per cent of GDP per year for new infrastructure investment in urban areas, and an additional 2 per cent of GDP for maintenance.[23] Cities in East Asia and the Pacific will require an annual investment of $1 trillion for climate mitigation during the period to 2030.[24] These projected investment levels are well beyond the reach of most developing countries, where public resources are limited. To that end, it is vital for national and local governments to strike the right balance of long-term financing mechanisms, like intergovernmental transfers and municipal taxation, and newer, more innovative financing mechanisms, like land value capture and public-private partnerships. All are important tools for supporting ambitious urban development projects.

22. Transfers from the central government are still the most important source of funds for local governments in many countries, particularly low-income and lower-middle-income countries. Municipal taxation is another key revenue source. Property tax is widely regarded as the most appropriate principal subnational government tax. In countries members of the Organisation for Economic Co-operation and Development, property tax contributes on average 2 per cent of GDP and is believed to create greater

[20] United Nations Human Settlements Programme (UN-Habitat), "Global action plan: cities for all – leaving no one and no place behind" (2023). Available at https://unhabitat.org/sites/default/files/2023/06/gap_presentation_as_handout-un-habitat_assembly-pdf.pdf (accessed on 27 December 2024).

[21] Our World in Data, "Share of the urban population living in slums, 2022". Available at https://ourworldindata.org/grapher/share-of-urban-population-living-in-slums.

[22] See https://unstats.un.org/sdgs/report/2023/goal-11.

[23] Roy Bahl, "Metropolitan city finances in the Asia and Pacific region: issues, problems and reform options", *Tax Policy for Sustainable Development in Asia and the Pacific*, *ESCAP Financing for Development Series*, No. 2 (United Nations publication, 2018), p. 26.

[24] Jessie Press-Williams and others, *The State of Cities Climate Finance 2024: The Landscape of Urban Climate Finance*, 2nd ed. (Cities Climate Finance Leadership Alliance and Climate Policy Initiative, 2024).

accountability of subnational government spending. Debt financing through municipal bonds is a powerful but complex municipal finance tool. Municipalities in developing countries, in particular large cities, must meet certain prerequisites for obtaining access to capital markets, including having the relevant legal authority and creditworthiness. Furthermore, land value capture tools, such as land pooling, can significantly ease the pressure on governments for infrastructure financing, allowing them to leverage the future value of land based on the expected increase from urban growth and development.

V. Leaving no one and no place behind

23. Fostering inclusive communities is vital for addressing social disparities in urban areas. Nearly every facet of urban life has a social inclusion dimension, including access to basic services, economic empowerment and employment, and adequate housing and land rights. Women, in particular those in low-income households, depend heavily on accessible healthcare, education, sanitation and childcare services. Inadequate access to these services in cities affects women disproportionately, with impacts on their health, economic stability and ability to engage in work. Women often work in the informal, low-wage and care sectors, without sufficient protections or benefits. Likewise, making urban services accessible for persons with disabilities through the application of universal design principles would help to ensure that no one is left behind.

24. Sustainable urban development must include policies and infrastructure that create economic opportunities, for example by providing support for women entrepreneurs, skill-building programmes and spaces that support work-life balance, such as affordable childcare facilities and flexible workspaces. Lower-income residents benefit from affordable housing and transport, women benefit from safer cities and persons with disabilities benefit from accessible infrastructure.

VI. Localizing the global goals: turning ideas into action

25. Achieving the 2030 Agenda for Sustainable Development and meeting the obligations under the Paris Agreement both require steadfast commitment at the local level. If cities do not deliver on these global goals, then countries will also fail to do so. Just as national Governments track and report on the progress made towards achieving these critical global agreements, through defined mechanisms, local and regional governments can do the same. Indeed, coherent coordination between different levels of government – whereby evidence-based reporting at the local level informs enabling policy measures at the national level – is the most logical method for getting a clear picture of what is happening on the ground in a given country.

26. Ensuring that Asia-Pacific cities are able not only to grow but also to build resilience requires action from policymakers at all levels of government. That means turning ideas into public policies, scalable programmes and other initiatives that can generate tangible impacts on the lives of people across the diversity of urban contexts in Asia and the Pacific. Examples include housing and budgeting policy experimentation, strengthened urban and territorial planning regimes and subnational data collection methods.

VII. Recommendations

27. Five policy recommendations are set out below for Governments in Asia and the Pacific and their partners to promote sustainable urbanization for the benefit of people, planet, prosperity, peace and partnerships.

1. Enhance regional cooperation for resilient and sustainable urban development

28. Governments should enhance regional cooperation to effectively and jointly respond to environmental and socioeconomic vulnerabilities by developing collaborative urban networks that facilitate the sharing of knowledge and best practices among cities, thus enabling them to act as catalysts for regional leadership for the attainment of the Sustainable Development Goals and the objectives of the Paris Agreement. This can be achieved by: (a) supporting and contributing to peer-to-peer platforms for cities to exchange innovative solutions and experiences; (b) promoting joint initiatives that translate regional urban visions into actionable investments; and (c) fostering partnerships between national and local governments to ensure that local priorities align with national strategies, including through the use of innovative tools, such as voluntary local review reports. Cooperation can also be enhanced by organizing regular regional and subregional urban forums and integrating urbanization issues into existing intergovernmental and multi-stakeholder processes and institutions. By working together, Asia-Pacific cities can leverage their collective strengths to tackle common challenges, enhance their resilience and drive sustainable development across the region.

2. Adopt integrated national urban policies to bolster multilevel governance

29. Governments should adopt national urban policies as a tool to enhance multilevel governance, ensuring that urban development aligns with national economic, social and environmental goals. National urban policies focus the Government’s attention on integrated urban development to promote climate action, disaster risk reduction and inclusive growth by establishing a clear vision grounded in stakeholder engagement and evidence-based planning. Such national urban policies should be aligned with existing national development plans and policies, as well as sectoral initiatives and strategies on issues like housing, transportation, infrastructure, energy and climate change. Key elements include equitable resource allocation, robust governance frameworks and alignment with broader national and global goals, including the Sustainable Development Goals. Regular monitoring, evaluation and adaptation of national urban policies would ensure responsiveness to emerging challenges, fostering dynamic, liveable cities that enhance the quality of life of all residents.

3. Strengthen subnational and local data collection and reporting to promote evidence-based urban policies

30. Governments should prioritize the development of subnational and local capacities to collect, interpret and utilize disaggregated data with a view to effectively localizing the Sustainable Development Goals. Investing in data collection, analysis and management systems at the local level can improve the quality, availability and timeliness of urban-specific data. Building capacity among local government officials and stakeholders to analyse and utilize data for evidence-based decision-making, in particular in areas related to Sustainable Development Goal implementation and climate action, can

accelerate the implementation of the 2030 Agenda. By strengthening subnational and local data ecosystems and capacities, member States can empower local governments to play a more active role in achieving the Goals and addressing climate challenges. Finally, voluntary subnational and local reviews are useful tools for integrating national and local governments as they help to align local priorities with national Goal strategies and provide a framework for tracking progress at the subnational and local levels.

4. Plan for urban demographic changes with strengthened spatial planning and inclusive social policies

31. Governments should bolster their planning capabilities to address demographic changes, including population ageing, youth outmigration and international migration, in urban areas. Parallel growth in intermediary cities and large metropolitan areas is crucial to making progress towards achieving the Sustainable Development Goals and enhancing urban resilience. Cities experiencing demographic shifts face unique challenges, including rising demand for age-friendly infrastructure, evolving public service needs and fluctuating tax revenues. These trends also present opportunities to build more inclusive and sustainable urban environments. For example, adapting infrastructure and improving access to services to support an ageing population and persons with disabilities and fostering youth engagement through education and employment initiatives can enhance both intergenerational cohesion and social inclusion. Expanding green and public spaces and investing in nature-based solutions – such as urban agriculture and green corridors – can improve health, increase climate resilience and generate new economic opportunities. Furthermore, promoting inclusive urban planning processes that engage a diverse range of demographic groups enables knowledge-sharing and innovation and enhances safety, social protections and equity. By proactively managing demographic transitions and focusing on inclusive urban policies and participatory planning, cities across the Asia-Pacific region can ensure no one and no place is left behind.

5. Pursue a diversified and innovative approach to urban financing

32. Governments should pursue diversified and innovative approaches to urban financing to address the financing gap in sustainable urban development across the region. While intergovernmental transfers, including revenue-sharing tax assignments between local and national governments, remain a cornerstone of municipal funding, they must be made more predictable, timely and adaptable to local priorities. Strengthening municipal own-source revenue collection, including through taxation, and in particular through property tax reforms, is crucial; governments should focus on improving property tax administration, expanding valuation capacities and aligning taxation with urban policy goals. For smaller cities, pooled financing mechanisms can enable cost-effective access to financing solutions. In addition, land value capture is a complementary tool to recover infrastructure investment costs, utilizing fiscal instruments such as betterment charges and public land leases. Furthermore, given the increased impacts of climate change, it is essential to create enabling environments at the national and local levels to improve cities' access to climate finance and strengthen their capacity to deliver sustainable development at scale. Combining traditional mechanisms with these innovative approaches will empower cities to meet their infrastructure investment needs while fostering accountability and resilience in urban governance.

33. The Economic and Social Commission for Asia and the Pacific may wish to review the issues and recommendations contained in the present document and provide the secretariat with guidance on its future work in that regard.