Sixth Asia-Pacific Urban Forum (APUF-6)
"Sustainable Urban Development in Asia-Pacific: Towards a New Urban Agenda"

19-21 October 2015, Jakarta

Background Paper

The Asia-Pacific Urban Forum is a multi-stakeholder forum organised every 4-5 years by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). The Sixth Asia-Pacific Urban Forum (APUF-6) will take place on 19-21 October 2015 in Jakarta, Indonesia, back-to-back with the Habitat III Asia-Pacific Regional Meeting to be convened at the same venue by the Government of the Republic of Indonesia, on 21-22 October 2015. APUF-6 is organised to identify, discuss and prioritise emerging and critical issues on urban development in the Asia-Pacific region from different perspectives. It provides a platform for key stakeholders in the region to share their experiences on effective and innovative practices and approaches to inclusive and sustainable urban development; and to explore how activities of different actors can be better coordinated and linked with each other and to relevant regional and global processes, events and development objectives.

APUF-6 will be guided by the theme *"Sustainable Urban Development in Asia-Pacific: Towards a New Urban Agenda"*, and will:

- Discuss persistent and emerging issues related to sustainable urban development in Asia-Pacific, and in particular priority areas that should be addressed in the Post-2015 Development Agenda;

- Provide recommendations to the Habitat III Asia-Pacific Regional Meeting in terms of priority issues for the region to be considered in the "New Urban Agenda" to be adopted at Habitat III.

This document aims at introducing participants to those topics and issues which will be addressed in the plenary and parallel sessions of APUF-6 throughout the Forum's programme[1].

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[1] The present paper, prepared by the secretariat without formal editing, draws substantively from the following sources: "The State of Asian and Pacific Cities Report 2015" (ESCAP and UN-Habitat, 2015); "Towards a sustainable, inclusive and resilient urban future for Asia and the Pacific" (E/ESCAP/71/13); and from the deliberations and outcomes of the preparatory meetings for APUF-6, namely: the 18th Interagency Coordination Committee on Good Urban Governance (15 May 2015); the Expert Group Meeting on "Sustainable Urban Development in Asia and the Pacific: Towards a New Urban Agenda" (2-3 December 2014); and the Expert Group Meeting on "Regional perspectives for a Transformative Urban Agenda for Asia and the Pacific" (9-10 July 2015).

I. Urban development and the global development agenda

1. The importance of cities in national and regional networks has been increasingly recognised in the global development agenda over recent decades. While attention was initially paid to specific sector needs and solutions, this has given way over time to more integrated and holistic perspectives, strategies and goals. In 1976, in Vancouver, Canada, the United Nations held its first conference on the issue of physical and spatial organisation of human life on this planet, and on the national and international actions needed to accommodate the growing populations of urban and rural communities. This conference, entitled the United Nations Conference on Human Settlements (Habitat), established the position that human settlements consist of several elements that had been previously considered separately from one another — housing, building and planning — and the relationship of these and other activities, such as environmental change and national and international development. Habitat II was held in Istanbul in June 1996. Popularly referred to as the "City Summit", it addressed the two themes of "Adequate shelter for all" and "Sustainable human settlement development in an urbanising world". The conference adopted the Habitat Agenda, a global action plan to realise sustainable human settlements. The Regional Action Plan and the Habitat Agenda have become the principal framework for improving the quality of life and promoting the sustainable development of human settlements in the Asia-Pacific region.

2. The Millennium Summit, convened in New York in September 2000, resulted in the adoption by the General Assembly of the United Nations Millennium Declaration, and formed the basis for the Millennium Development Goals, which included two urban-related targets: "halving the proportion of the world's population without sustainable access to water and sanitation" and "improving the lives of at least 100 million slum dwellers worldwide".

3. The Johannesburg Plan of Implementation adopted at the United Nations Summit on Sustainable Development held in Johannesburg, South Africa, in 2012, reaffirmed the Millennium Development Goal target of improving the lives of slum-dwellers and guaranteeing access to safe drinking water and to basic sanitation as essential to promoting urban well-being. The importance of sustainable urban development was also recognised in the outcome document of the 2012 United Nations Conference on Sustainable Development (Rio+20), "The Future We Want", through the inclusion of "sustainable cities and human settlements" as one of the key thematic areas under the framework for action and follow-up.

4. The Rio+20 Conference launched a process to establish universal sustainable development goals, (SDGs), to build on the progress of the Millennium Development Goals, as an integral part of the Post-2015 Development Agenda. In September 2015 the United Nations Sustainable Development Summit agreed on the SDGs that will shape the 2030 Sustainable Development Agenda. Sustainable urban development has been among the key issues considered in the deliberations, as recognised by the inclusion of Goal 11, "Make cities and human settlements inclusive, safe, resilient and sustainable". Beyond Goal 11, the achievement of many other SDGs will depend on the progress and performance of cities.

5. The Third United Nations Conference on Housing and Sustainable Urban Development (Habitat III) will be convened in 2016, in line with the bi-decennial cycle (1976, 1996, 2016) to reinvigorate the global commitment to sustainable urbanisation and to focus on the implementation of a "New Urban Agenda". Habitat III will be one of the first United Nations global summits after the adoption of the 2030 Development Agenda and will provide a unique opportunity to discuss the important challenge of how human settlements are planned and managed, in order to fulfil their role as drivers of development, and their increasing centrality to sustainable development.

6. The outcomes of both APUF-6 and the Habitat III Asia-Pacific Regional Meeting will feed into the Habitat III preparatory process and inform the drafting of its outcome document through a Chair's Summary and 'Call for Action'.

II. Growth patterns in Asia and the Pacific; quantitative and qualitative dimensions

7. With an urban population exceeding 2.1 billion, the Asia and Pacific region is now home to 55 per cent of the world's urban population. It is projected that by 2018 the majority of the population of the Asia and Pacific region will become urban. Arguably, one of the greatest challenges facing the region this century is in its management of this urban transformation, to which all stakeholders and spheres of government must contribute. The region has become a global economic centre of gravity, and most of this wealth has been generated in and around its cities. The functions of cities are shifting over time – from their roles as administrative and industrial centres to international trade and financial service hubs attracting foreign investment and global finance. Innovation and technology increasingly now drive cities, though for the majority manufacturing, services, and regional administration are still important functions. However, many cities and towns have been bypassed by the benefits of globalisation, leading to inequality amongst urban areas in the region, notably disadvantaging small and regional towns and cities. Despite their growth and increasing significance, most secondary and smaller cities do not have the necessary human, financial, and organisational resources to connect into the global economy to take advantage of globalisation and international trade.

8. Recent economic successes in the region have lifted hundreds of millions of people out of poverty and created a rapidly growing urban middle class that now accounts for almost 2 billion people. Nevertheless, this has brought urgent need to address the gaps that clearly exist between urban development patterns (for example, sustainable consumption and production) and what is required to achieve a sustainable urban future. The Asia-Pacific region remains home to the world's largest urban slum populations and the largest concentrations of people living below the poverty line. Adequate shelter, safe neighbourhoods, clean water and sanitation, health care, transport and access to modern energy systems, or even a legally-defined address, are rights still not shared by all.

9. Current economic models are not providing a sufficient basis for inclusive and sustainable development, placing limits on future growth. There is an urgent need across the region to discuss and promote more balanced and sustainable models of growth whereby the population at large, including the poor, benefit from development rather than are disadvantaged. In most cases the region's urban transformation has been based on a competitive structure driven by export manufacturing, and underpinned by low cost and low wage production. It has thus come at significant cost – whether social, environmental or in terms of equity. Keeping production and labour costs low is not an effective development strategy in the long term. Opportunities for a more inclusive and sustainable urban future must be derived from innovation, and solutions should rely on urbanisation policies and processes that go beyond a focus on growth, markets, and private investment to equally embrace wealth redistribution, environmental and social sustainability as the basis for growth. Higher levels of participation and local ownership also demand a rethinking of many urban governance models.

III. The need for change: governance challenges and new urban frameworks

10. The political and policy contexts of public governance have significantly changed with economic deregulation, privatisation of state assets, democratisation, and the evolution of the role of the state from 'provider' to 'facilitator' and 'regulator'. Today's conditions are, therefore, very different from the premises on which the laws, regulations, procedures and institutions for managing cities have been

designed in most countries. Many of these are outdated to meet their current, let alone future challenges. A serious challenge for large urban areas (and increasingly for medium sized towns and cities) is metropolitan fragmentation. What is needed is institutional innovation facilitated by new institutional frameworks or structures, that bridge the gaps and overcome the functional divisions between city departments, professions and administrations, such as transport planning and urban planning, or by the linking of national and local scales through the engagement of local treasuries and Ministries of Finance.

11. In a rapidly changing urban context, the role of urban planning needs to be re-evaluated and re-cast. There is a need to develop strategic, enforceable plans beyond regulation. Changing urban conditions and emerging urban challenges are no longer limited by administrative and political boundaries. Definitions of cities and categories such as urban, peri-urban or even rural/non-urban no longer fully apply. In some respects the city has been 'un-bounded', and defies simple geographical definitions. Indeed, a city's territory and relationships can differ. Transport corridors for daily commuting populations define the city's interests and boundaries differently than, say, its energy security. Local governments alone cannot deal with these territorial aspects. In recent decades the number of actors with a role in governing cities has multiplied. Rather than seeing this as creating confusion and unpredictability, such diversity should be embraced. Greater attention needs to be paid to effective partnerships between different spheres of government which move governance away from simplified centralised/decentralised models.

12. Land remains at the heart of many planning and urban management challenges. Underlying almost all governance challenges are inefficient systems of land management, which result in affordability problems for the middle class and the poor, and often leave the most vulnerable (especially women) without secure tenure arrangements. The challenge of data availability is also crucial as land recording is still haphazard. Multi-level or hybrid forms of governance are crucial for rapidly urbanising cities or in countries, such as those in the Pacific, where peri-urban development is spilling into customary or community managed lands. Similarly, neighbouring cities separated by international borders face exceptionally difficult challenges.

13. Governments that continue to rely upon outdated governance systems based on formal city boundaries are ill-prepared to deal with these shifts and challenges. Disciplinary or functional divisions between city departments, professions and administrations ("silos") also present barriers to efficient and effective multi-level governance. Coherence and integration of political and sectoral decisions can be improved by emphasising spatial aspects in planning and policy making. In the case of land use planning, Asian and Pacific cities have the opportunity to establish more optimal development patterns that help achieve various economic, social and environmental objectives. Unfortunately, there are many common planning and development practices that directly or indirectly favour dispersed development over compact urban forms. This includes under-pricing of motor vehicle travel, and transport planning practices that favour mobility over accessibility and automobile travel over more resource-efficient modes.

14. Across much of Asia and the Pacific over the past two decades, decentralisation has had mixed results. In part this has been because processes have been driven by competing interests and voices, including disenfranchised local governments, marginalised social groups and overburdened national governments. The efficacy of decentralisation depends upon a variety of factors including the capacity of local actors; the culture of accountability and law enforcement; the presence and influence of social institutions and political power structures; and the ability and willingness to carry out the reforms. Policies frequently change and, in recent years, there have been various attempts made by central government to re-centralise some decision-making. National governments often cite lack of local capacity as an impediment to change, but inconsistencies and discrepancies in the legal provision and institutional framework of decentralisation, as well as financing, often pose meaningful problems.

15. Increasingly, urban governance is multi-level and multi-sectoral, involving complex processes of

negotiation over power, authority and resources. Actual centralisation may ebb and flow over time, while the following key challenges have emerged: (i) attracting investments while at the same time promoting equity and inclusion; (ii) opening institutions to wider civic participation; and (iii) increasing public trust in (local) government.

IV. Responding to interconnected challenges for resilience and resource efficiency

16. Governance effectiveness remains a crucial factor in shaping the future of Asian cities. As systems of cities have become larger and ever more complex, coherence and coordination between local authorities and central government is essential to ensure synergies and complementarities of interventions at different levels. There is growing awareness that no individual issue or challenge can be tackled in isolation, i.e. economic growth, urban resilience and more equitable opportunities are but dimensions of the same development process. Managing urban transformations requires addressing two complex processes: the increasingly integrated and interlocked dimensions of urbanisation (the 'urban nexus'); and ensuring access, equity and justice issues. Cities need to identify the key institutions and actors that can trigger the change that is urgently needed. New governance structures and processes are needed to deal with the whole rather than individual dimensions.

17. Issues such as climate change necessitate that we look beyond sectoral goals and short term planning for wealth creation to understand cities as one part of a holistic national development framework. This is clearly evident in coastal cities as well as emerging urban areas in the Pacific, where climate vulnerability is already impacting on urban space, from infrastructure to resource availability. To address this and other problems, the response of institutions dealing with the environmental challenges will be crucial. Dominant urban growth patterns are inefficient and resource-intensive. It is imperative for cities to develop in a more resource efficient manner, based on waste-to-resource concepts, taking into consideration the relation to their hinterlands.

18. Coupled with the rise of the region's urban middle classes, consumption and production patterns are transforming, resulting in growing pressures on natural resources and provision of services. The rapid growth of Asian and Pacific cities poses the risk of widening supply gaps, in particular for water and energy supply, sanitation systems, land use and food security. Urbanisation creates a critical dependence on water, food, energy, shelter, waste, communications and transport systems that are increasingly networked, multi-scaled, inter-linked and inter-locked. It is evident that both the resource footprint of cities and ecosystem boundaries transcend urban administrative boundaries, calling for coordination across actors and institutions. The need for integrated planning increasingly requires multi-disciplinary, multi-level approaches to enable more effective and dynamic governance. In particular, water, energy and food security are closely interconnected, providing an opportunity for a 'policy nexus' that integrates urban planning and resource management within and across urban boundaries. However, the majority of municipal administrations and municipal utility suppliers in the Asia-Pacific continue to plan and manage along sectoral lines and within municipal boundaries, and rarely operate in a coordinated and integrated manner. Consequently, they are unable to fully utilise the synergies between different resources, or reap the benefits arising from integrated resource management and planning for cities and their regions.

19. Urbanisation trends and economic development in Asia and the Pacific have also led to an increase in municipal solid waste production. It is necessary to approach the management of municipal solid waste with the understanding that waste can itself be a resource. However, successful and sustainable waste-to-resource initiatives require support from municipalities or other local government authorities, and most significantly the engagement of stakeholders and communities through the establishment of effective partnerships to mobilise necessary assets and resources. In particular, the informal sector is recognized as a key partner in any sustainable waste-to-resource initiatives in developing countries.

20. Natural resources have to be considered as an integral part of a city's systems. There is a need for urbanisation to be planned holistically, adopting a more ecosystem-oriented approach. Cities are "systems and components of nested systems" that exist within a wider ecological network. The ecosystems surrounding cities provide ecosystem services, which include provisioning services such as water and fuelwood as well as regulating services such as air quality regulation, moderation of extreme events and climate. These ecosystem services underpin the functionality and quality of life in cities so it is advantageous to invest in the rehabilitation and preservation of ecosystem services in and around cities. "Green urbanism" is one conceptual model; notable examples are the low-carbon pilot cities and provinces in China.

V. Urban economies and municipal finance

21. As much as integrated management of natural resources, access to capital and financial resources is key for a city to develop resilience and sustainability; without finance, even the best-laid plans will struggle to come to fruition. In most countries of the region, funds allocated from central government are often unpredictable and traditional aid mechanisms are no longer an adequate source of financing. Because very few cities have developed a sustainable revenue base, international financial institutions (IFIs) together with private foreign investment and borrowing from municipal development funds and government banks have become more appealing. In practice, however, attracting funds from market sources is difficult for most local governments because of legal barriers or credit-worthiness. In many parts of the region, small and medium urban centres are not able or permitted to access capital markets. Alternative ways of dealing with these challenges are possible. For example, the Governments of the Tamil Nadu and Karnataka States in India overcame such borrowing restrictions by pooling municipalities for the issuing of municipal bonds. Other forms to guarantee financial access to small and medium urban centres need to be identified and implemented, including systems to certify their accountability. It is also imperative that local governments more effectively manage and profit from those resources they do have, such as tax collection, service charges and land assets.

22. There is a particular need for substantial investments in urban infrastructure in Asia and the Pacific. This is not only a challenge for expanding mega-cities (in developing and revitalising infrastructure) but also for many secondary cities (in establishing a sound infrastructure base for future growth). However, the infrastructure gap of the region's cities has to be filled in non-traditional and creative ways. Future development must not only address issues of sustainable investment and finance, but also access (both social and physical) and quality (as in the quality of the urban basic services that are provided through infrastructure, and on which urban economic and social activities depend). Infrastructure development is capital intensive, but demands can be also met in alternative ways; for example through the opportunities provided by ecosystem services and green infrastructure as noted above, or reforming municipal management systems under new market and social conditions for existing urban infrastructure, as experienced in Central Asia.

23. It is essential to strike a balance between the different dimensions of infrastructure development, addressing the promotion of economic growth without neglecting poverty reduction, environmental protection, cultural heritage preservation, or the needs of other cities and sectors. In order to harness the potential opportunities for low carbon and sustainable growth, the facilities that are built or services that are put into place must ensure against the lock in of carbon-intensive future use of materials, and against the locking-out of the poorest populations from the choices and benefits that quality infrastructure can bring.

24. The urban informal sector is often discussed in the context of poverty and vulnerability. Frequently, the dominant view represents it as an impediment to well-functioning cities or as hindering economic growth, but this needs to be reconsidered. Although the urban informal sector is hard to define and its economic impact is difficult to measure, its size and relevance in the Asia-Pacific region remains highly significant. Informality is central to the functioning of most Asian and Pacific cities. In cities such as Bangkok and Ho Chi Minh City, solid waste management has been improved by a number of waste-separators and waste-pickers who sell to medium-sized scrap traders who, in turn, supply recycling plants reusable and recyclable materials to process. Formal structures have generally failed to recognise the capacities, potential and complexities of the informal sector, but its role in the future urban development of the region will be critical. The challenge is not how to formalise informality but how to adapt formal definitions, rules and policies to accommodate the informal sector – minimising its negative side while boosting its economic contribution.

VI. Social transformations and opportunities

25. Though urbanisation fosters opportunity for social mobilisation and participation that can benefit all citizens including the marginalised and excluded, social policy is often subordinated to economic or other development goals. However, an increasing number of cities in Asia and the Pacific are recognising that growth cannot be sustained without being inclusive. Urban exclusion and inequality are driven by a myriad of interrelated socio-cultural, political and economic factors operating at global and local levels. Cities in Asia and the Pacific often have higher levels of economic inequality compared with the overall national averages. Inequality is often driven by the exclusion of certain social groups (e.g. rural to urban migrants) from housing and urban services, social services, education, healthcare, political representation, and legal systems. Similarly, registration systems, the high cost of land and other factors constitute barriers that hamper certain groups from taking advantage of the opportunities offered by the city.

26. Urban exclusion is driven by (i) inadequate legal norms and rights, including property rights and gender-biased legislation, inequitable and unfair labour standards; (ii) public policies and institutions that fail to promote equitable and inclusive access to productive assets, resources and opportunities, including access to land, finance, and markets; and (iii) informal norms and practices such as discrimination against individuals or social groups. In established cities, this exclusion often tends to be reinforced by significant spatial inequality (in which poor and marginalised groups are peripheral or poorly located in settlements with insufficient services and access), as well as limited tenure rights, predatory land markets and high incidence of displacement. However, the greater cultural diversity found in urban areas is a key factor that is deconstructing certain social norms.

27. Cities are becoming more socially diverse and stereotypes are being replaced by recognition of the variety of needs and opportunities this brings. This is particularly significant for women, older persons and youth. Urban settings have the potential to generate new roles for women, not only in economic or family terms but also as citizens. Urbanisation is providing growing opportunities for women to access education, attain financial independence, access to better health care and so on. Unfortunately, issues such as poor working conditions, gender pay gaps and safety remain obstacles to the aspirations of urban women, while a failure to understand how women and men experience cities differently undermines many urban programmes aimed at reducing poverty and increasing well-being.

28. Greater opportunities also need to be created for urban youth. Youth unemployment and underemployment in urban areas have become prevalent in many countries of the region, and youth unemployment rates are almost always higher than unemployment rates of the overall population. The problem is not restricted to less developed or middle-income countries; New Zealand, Singapore and the Republic of Korea are also facing serious challenges when it comes to urban youth unemployment. Urban

youth unemployment is a multifaceted phenomenon and a variety of interventions are required to tackle it, i.e. labour market interventions including facilitating the matching of employers with employees and promoting the establishment of small and medium enterprises, as well as providing skills-based training.

29. In cities, the ageing population is an emerging, and a particularly complex issue. Although countries in Asia and the Pacific are experiencing rapid ageing and urbanisation simultaneously, most cities are ill-prepared to cope with the increasing numbers of older persons. City planners are confronted with the need to create accessible living environments. This is specifically true of public infrastructure, housing and transportation. Similarly, medical facilities and health centres also need to reorient their services. Ageing populations require new investment in physical urban infrastructure to accommodate their needs and they require new approaches to the formulation and delivery of social services. This is essential if cities are to re-align themselves to both manage and even benefit from demographic transition and ageing.

30. Overall, cities across the region need to promote and invest in more balanced models of growth that promote inclusion as a driver of development. While for the most part the region's cities are safe places in which to live, widening disparities may undermine social cohesion and consensus. Presently, too many people living in cities lack access to decent shelter, affordable health care and emerging social protection systems, and do not benefit from secure tenure arrangements. The social transformation taking place will require equally responsive policies and measures to meet unmet needs and changing demands. Growing social diversity is likely to make it more difficult to set social policy, but transformation provides an opportunity for many cities in the region. This requires a shift in economic and social policy in which greater investment is made in social capital, and urban policy is more strongly oriented towards inclusive growth.

VII. Partnerships and actions for the implementation of a new urban agenda

31. The region's governance frameworks are increasingly ineffective and insufficient to address the patterns and magnitude of urban growth. Many legal or regulatory frameworks and institutional arrangements are outdated. Effective power-sharing arrangements have been difficult to develop and sustain. There are obvious gaps and problems emerging from disconnected forms of governance. To tackle the governance challenges of urbanisation, the region should look towards coordinated governance frameworks, within cities, between institutions and across administrative levels. Competitive models will not bring about the change that is needed.

32. The private sector and private investments are increasingly shaping urban development: in many of the region's cities this is evident through the construction of privately operated toll roads, private security, and the 'malling' of public space. Furthermore, private sector innovations can change urban form, i.e. communications, alternative energy sources, and the provision of water and other services. There is, therefore, a need to reassess the engagement of the private sector in sustainable urban development in a more structured and strategic manner. Local and national governments both need to create suitable conditions for the private sector to pursue objectives that support public and social interests, finding effective forms to engage the private sector for mutually beneficial outcomes. This is especially the case for the provision of small local level services or facilities, such as promoting local economic development by strengthening small- and medium-sized enterprises.

33. As the region connects economically (as illustrated by the establishment of the ASEAN Economic Community), there will need to be greater regional cooperation among cities and their role in regional connectivity. Enhanced and new forms of urban governance are required to address such challenges – and opportunities. This must tackle shortfalls facing local governments in terms of mandates, institutional arrangements, financing and capacities. It should also result in more transparent and participatory forms

of governance, and regional action on the development of renewed national urban policies. Without more holistic approaches that can better integrate urban with national planning and focus on increasing connectivity of urban growth with national and regional development, significant policy gaps will remain. For the region's largest cities and urbanising regions, new multi-level governance modalities need to be pursued. In the region's small and medium-sized cities and towns, institutional strengthening and capacity-building will be necessary.

34. New forms of decentralisation and local governance now offer options for more responsive service delivery and better targeting of the poor, and open up new opportunities for citizens to participate in local decision making. The emergence of online systems as new governance modalities (e-governance) has enhanced transparency and improved urban management efficiency in several cities in Asia and the Pacific. For example, the Korean Public Procurement Service developed the e-procurement system, which makes public purchasing more transparent and more rapid, and has been adopted by other countries.

35. In managing the myriad of challenges in Asia and the Pacific, and in capturing the opportunities, there is a need to recast policy and broaden the urban agenda. To support such a renewal, greater attention needs to be paid to the evidence base – specifically urban data – and its use for urban policy and planning. New visions and partnerships spanning national and local governments, as well as the private sector and civil society, are essential to any new urban agenda. Multi-stakeholder platforms for discussion and knowledge sharing, such as the Sixth Asia-Pacific Urban Forum, are essential for the development and identification of the future actions for sustainable urban development in the Asia-Pacific region and beyond.