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**Urban Development in the Context of  
German Development Policy for Asia**

**ADB/BMZ Conference on "Investing in Asia's Urban Future"  
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Madam Chair, Dr Boncodin,

Mrs. Vice President Dr. Schäfer-Preuss,

Mr. Ambassador, Dr. Weishaupt,

German participants from our Ministry, KfW, GTZ and InWent,

Ladies and gentlemen,

**Living in the age of globalization**

- Humankind today is faced with **fundamental change** in the economic, social and environmental spheres. Global change has a lot of good things to offer, but it also brings negative developments.

- Far too often, still, not everybody has a fair share in the benefits of such global change. Nobel prize winner **Amartya Sen** described advancing globalization and the related change as follows:

"If one is concerned with the nature of globalization, we have to see what is the best way of making the benefit (...) of globalization to be shared more equitably rather than in an unequal way."

- We, humankind, are the ones who brought about globalization – and at the same time we are affected by it. So it is up to us to turn it into a positive force for all people in the world.
- Cities reflect the circumstances of globalization: capital is concentrated in rich, glittering metropolises. They are in control of almost the entire global economy. In contrast, there are the poor cities of several million inhabitants that only play a minor role beyond their regions.
- Cities are striking examples of global change. In the **industrialized countries**, we have had **stagnating** and even declining populations for some time now. Cities will run into great problems because they are losing their function (industry relocating to developing and emerging economies, jobs being lost, a risk of cities turning into slums). This is contrasted by **rapid population growth** and parallel urbanization in **developing countries and emerging economies** (especially in Asia).
- We have long since realized that we are at the beginning of an urban century. Kofi Annan even called it the "urban millennium." This is very true – more than three billion people are already living in cities, half of them in Asia.

- The political, economic, social and environmental **impact of urbanization** has a global dimension. Cities use resources from around the world and are part of global economic and social networks. This implies both opportunities and risks.
- In Asia, there is a stark contrast between these opportunities and risks, and there is a great need for action.

### **Urbanization in Asia – unstoppable but manageable**

- The extraordinary growth of Asian cities is unique. Let me give you some facts and figures:
  - In 2005, about forty percent of Asia's total population lived in cities and urban agglomerations.
  - By 2030, the majority of Asia's people will be living and working in cities.
  - It is expected that by 2015, seven of the world's ten largest cities will be in Asia.
- These figures highlight two things: First, population growth will take place in cities in future, and, second, we must not only focus our attention on megacities, because today's small and medium cities are the megacities of tomorrow if the population boom continues!
- This means major change for these cities. In order to actively respond to the need for change, cities must build capacity in a targeted way so that they are still a good place to live in the future.

- We all know that even small and medium cities already share many problems with megacities but find it even harder to cope with these problems because they have less resources.
- We all have a **duty** and a **responsibility** to jointly make urbanization sustainable, so as to improve people's living conditions and to limit negative environmental impacts.

### **Opportunities and challenges of urbanization**

- Asia's urban regions have made visible **contributions to poverty reduction** in the past few decades. They are **centers of innovation** and offer jobs and income as well as basic municipal services to countless migrants from rural regions.
- It is not by accident that Bangalore in India and Chengdu in China are **prime examples of** cities that have **risen** to become strong economic centers and good places to live. The economic dynamism of these cities extends far into rural regions and offers prospects for millions of people.
- However, in many places, rapid growth is placing cities under an unbearable strain.
- After all, cities are also **focal points of human development**. The dense concentration of people, flows of goods and capital, and high resource consumption mean that **sustainability problems** are particularly severe there.

- We must act here and now if we want to move closer to our goal of **globally reducing poverty** (MDG 1), because urban development problems and global poverty problems overlap!
- The **challenges** are enormous. Let me name but a few:
  - Poverty is increasingly becoming an urban phenomenon. There are currently between 240 and 260 million people in Asia's cities who are living in absolute poverty, in slums with no access to drinking water, with no sanitation or waste management.
  - Resource consumption and pollution have negative impacts on humans and vegetation, far beyond the city limits.
  - Urban administrations without sufficient resources and powers are no longer able to provide vital services (water supply, health services, education).
  - In the worst case, cities are no longer – or only partly – governable.
- In view of these challenges and opportunities we need to accept that development policy in Asia must also mean a policy with a focus on cities!

### **Urban development as a shared task**

- In order to make the complex process of urbanization sustainable and viable, we need to take action at **all levels of society**.
- Urban development is a **shared task**: nations, country groupings and multilateral organizations must take action, as well as civil society, the private sector, and municipalities.

- The Asian Development Bank and German development cooperation pursue similar integrated urban development strategies.
- Our **goal** is to bring about lasting improvements in the living conditions of the urban poor, to limit the negative environmental consequences of urban growth, and to make use of cities' potential for national development.
- But we are also making targeted efforts to **empower women**. Women are agents of **social cohesion**, not only within the family but also in the community or city district. So they play a decisive role for peaceful relations within society.
- Moreover, women are an **important economic factor**. Not only are they the economic backbone of many families, they also contribute a great deal to the overall **economic vitality** of cities.
- Yet most cities are still planned and administered by men. Professor Töpfer, former Executive Director of UNEP, pointed out in 2006 that we need more **feminine structures** which take account of the needs of women and children. I fully agree with that statement.

### **ADB and BMZ – joint initiative for sustainable urban development**

- I am pleased that, through this conference, the Asian Development Bank and German development cooperation are taking yet another step toward even closer cooperation and partnership.
- Germany has been a member of ADB since it was founded. This year, we look back on forty years of successful, close cooperation.

- President Kuroda came to Berlin for a visit in November. When we exchanged views on the challenges facing Asia and the Bank, we fully agreed that sustainable urban development must be a top priority.
- Time and again in our long-standing cooperation, we and our partners have found that there is a gap between the planning and the implementation of sustainable urban development programs – which are usually very costly.
- So apart from facilitating an exchange of experience and information, this joint ADB/BMZ conference also has the purpose of launching the Cities Development Initiative for Asia (CDIA). The success of that Initiative is vitally dependent on the ownership of the cities represented here today.
- We want to provide some impetus. Together with you, we want to close the gap between planning and implementation.
- We are certainly not re-inventing the wheel. Rather, the Initiative will work closely with existing bodies – fully in line with the Paris Declaration –, for example with the Cities Alliance and national alliances of cities in Asia. And the Initiative will integrate further donor countries and multi-lateral institutions so as to help improve the management of existing and additional resources.

### **Conclusion**

- Cities will continue to be very attractive for people. For many, cities stand for wealth, freedom, happiness – for a better life.

- Former German Urban Development Minister Hans-Jochen Vogel once said that cities are societal policy cast in stone. He noted that their blueprints and structures reflect value systems.

If we do not act now, the blueprints and structures of our cities will not strike future generations as a reflection of a fair, sustainable, responsible world order.

- Let me thus state, by way of conclusion:

Urbanization processes offer great potential.

Social change within countries becomes manifest, first and foremost, in cities. And it is in cities that reform processes begin.

Large cities are countries' links to the global economy.

So they are also the place where innovation and economic development can start.

Recognizing this, I wish us all an enlightening conference. May we interpret "Investing in Asia's Urban Future" as a call on us to improve our networking and coordination! Development policy must increasingly become a policy with a focus on cities!