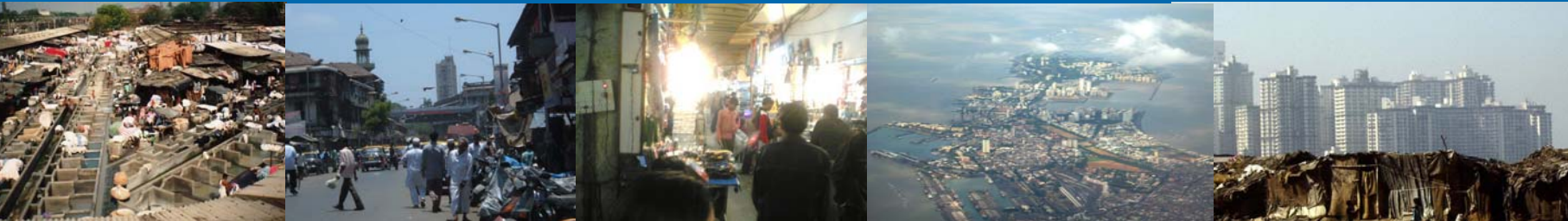


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Investing in Asia's Urban Future : Vision of Developing Countries

M Ramachandran
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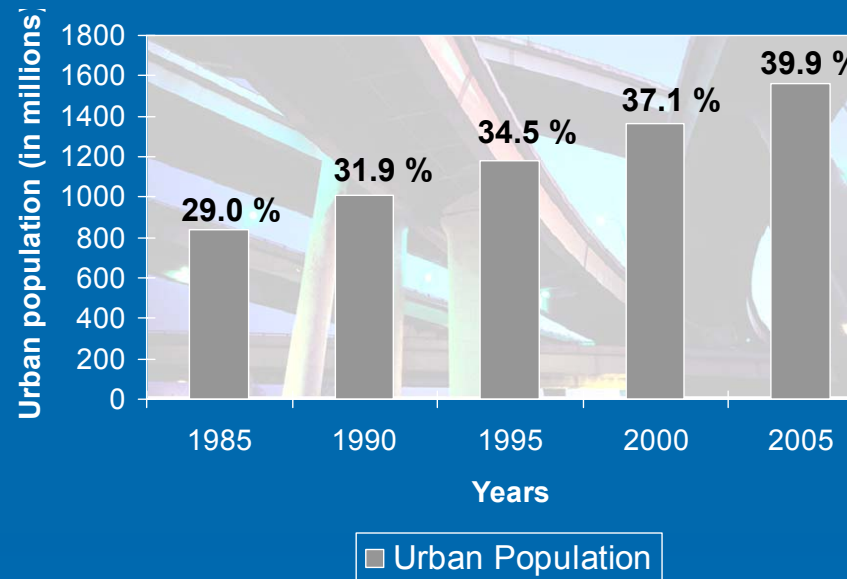
Urban transition of Asia

Size of urban population base -
1.56 billion (2005).

- increase of 87 % in 2 decades (1985-2005)

Share in global urban population
– 50 % (2005)

- poised to grow upto 54 % by 2030 (forecast by UN)



Rapid urban growth – average annual exponential growth rate of 3.4 % over the past 5 decades

Number of Mega-cities : 10 of the 20 worlds largest cities are in Asia

Asian cities & economic growth

- Impact on global economic system
 - 9 of the worlds 20 fastest growing cities are located in Asia

- Asian Mega-cities are poised to assume larger demographic dimensions

Year 2015 projections

Mumbai	22.6 million
Delhi	20.9 million
Dhaka	17.9 million
Jakarta	17.9 million

- Economic dimension : 60 % to 80 % of the GDPs originates in the cities of Asian countries

Globalisation and Asian cities

- Enormous impacts on economic structure of cities
 - due to opening up of Asian economies to external trade and flow of capital, technology, and know-how.
- Future of cities / Growth patterns are being influenced by behavior and mood of international financial markets

Hence, the challenge is to manage cities that are under the impact of forces that transcend national boundaries.

Decentralisation and Asian cities

- Shift toward universal incorporation of decentralised principles -- transfer of functional and fiscal powers to regional / local authorities.
 - Philippines, 1991 - Local Government Code
 - India, 1992 - Amendment to the Constitution
 - Indonesia, 1999 Act.
 - Thailand, 1999 – Decentralization Plan and Process Act
 - Cambodia, Nepal, Pakistan and Vietnam – similar decentralised frameworks

- The framework is intended to facilitate in
 - Determining local priorities; and
 - Enhancing civil society participation in the local development processes

Significance of service provisioning

- in the context of globalisation and decentralisation

Increasing challenges, largely across Asian cities :

- Inadequacies in basic services delivered
- Poor quality and resulting underperformance of infrastructure
- Inadequate and poor housing for disadvantaged sections of the society
- Poor management and governance structure

Cities have to mount a frontal attack on these issues, to sustain the competitive edge which they seem to possess at this point in time, and provide to their citizens a humane and sustainable society



Growing realisation...

With some exceptions,

- Public sector spending levels on urban infrastructure are stagnating or even declining;
- Signals from private sector in urban infrastructure financing are not particularly strong either;
- Institutional networks are not able to address complexities associated with cities for financing, infrastructure improvement and service delivery;

Positive signals and actions

- Cities are being recognised for being able to facilitate economic growth and poverty reduction
- Innovative strategies for urban Issues
 - Special economic zones
 - Trade corridors
 - strengthening linkages between cities and global economy
- Experimentation
 - New service delivery models with participatory institutional arrangements

Indian urban context

Urban system

- 2nd largest urban system globally
- Urban population - 315 million (2005)
- Urban decadal GR : 25% - 30%
- GDP contribution: 50% +
- Towns (nos.) : 5,161
- Million + cities : 35
- 100,000 + cities: 423

Jawaharlal Nehru National Urban Renewal Mission a response to the challenge

Urban challenge

- People in slums : 60 mill +
- Stressed urban infrastructure
- Weak municipalities
- Regulatory issues & Financial constraints
- Households without:
 - proper sanitation : 40% +
 - on premise water access: about 51 %

...and more...

.....and more... 10

The Mission.... a perspective

- Demand driven programme operated on Mission-mode to address infrastructure gaps, improve service delivery and promote good governance.
- Systematic comprehensive assessment of state of cities and prioritisation of investments
- ‘Grant support’ to cities for ushering in ‘Urban Sector Reforms’ in order to:
 - i. help mobilize land and housing market
 - ii. rationalise property taxation systems
 - iii. rationalise user charges for sustainable asset management
 - iv. earmark for urban poor – land / municipal budgeting
 - v. achieve accountability through public disclosure and enhanced community participation

Expected outcomes of the Mission

So far,

- The Mission has completed one year, with impressive response on
 - demand for funds
 - willingness to undertake reforms

Over the Mission period,

- Envisaged total investment – \$ 25 billion
- Envisaged outcomes
 - Financially sustainable cities for improved governance and service delivery
 - Universal access to basic level of services in urban areas
 - Transparency and accountability in governance
 - Adoption of modern transparent budgeting, accounting and financial management systems
 - Increased application of e-Governance for service delivery and internal operations

Although, a lot is still to be achieved to further improve and strengthen the programme

Summing up

- Asia is faced with demands of immense proportions in spheres of investments, institutions and capacities
- To sustain competitive edge, infrastructure deficiencies have to be met over the next 5 to 10 years.

It should be seen as an opportunity

- *for the national governments and international & bilateral organisations to work together*
- *for public and private sectors to put in their expertise and experiences to grapple with challenges*

Meeting Asia's urban challenges - Role of ADB

- Further expand and diversify
 - i. By doubling its financial participation.
 - ii. By enhancing support for urban water supply, wastewater disposal and solid waste management to achieve Millennium Development Goals.

Meeting India's urban challenges - Role of ADB

- i. Help implement JNNURM type reforms across country.
- ii. Enhance technical support to the states and cities to undertake JNNURM reforms and projects.
- iii. Extend support for mechanisms for monitoring and evaluation of reforms.
- iv. Assist the states and city governments to access long tenure capital to meet the JNNURM counter part funding gap.
 - i. Through traditional sovereign lending window; and/or
 - ii. Through enabling private sector financing by structuring attractive public-private partnership (PPP) projects
 - iii. Other new, innovative and customised financial instruments.
- v. Help build capacities in different tiers of government for dealing with urban development and management issues, as they emerge.

I wish the conference all success

Thank You