



September 2006

Review of the Urban Sector Strategy

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
CA	–	Cities Alliance
DMC	–	developing member country
DFID	–	Department for International Development (UK)
EGM	–	expert group meeting
GTZ	–	Deutsche Gesellschaft für Technische Zusammenarbeit (German Agency for Technical Cooperation)
MDGs	–	Millennium Development Goals
OED	–	Operations Evaluation Department
PIU	–	project implementation unit
PRC	–	People's Republic of China
RSDD	–	Regional and Sustainable Development Department
TA	–	technical assistance
UDCG	–	urban development core group
UN-HABITAT	–	United Nations Human Settlements Programme
USI	–	Urban Services Initiative
USS	–	Urban Sector Strategy

NOTE

In this report, "\$" refers to US dollars.

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EXECUTIVE SUMMARY

Since the publication of the Urban Sector Strategy (USS) in 1999, several important developments have changed the development dynamics of this sector. ADB's priority also changed, in particular, poverty reduction has become the overarching development goal of the Asian Development Bank (ADB), and ADB is strongly supporting DMCs' efforts to meet the Millennium Development Goals (MDGs), including sustainable access to safe water and improvement of lives of slum dwellers. In view of these developments, ADB undertook a review of the USS to determine how appropriate and effective the strategy has been in guiding ADB's urban development agenda. Two independent, though interrelated, reviews were initiated: one by the Regional and Sustainable Development Department (RSDD), the other by the Operations Evaluation Department (OED). This RSDD review focused on the relevance of the USS to current and emerging urban challenges. The RSDD review also assesses the scope, coverage, and performance of the strategy, and recommends changes and revisions that are needed to update the USS.

The operational objectives of the USS under the strategic objectives of the Medium-Term Strategic Framework 1995–1998, are:

- (i) maximizing economic efficiency through (a) gross national product contribution; (b) employment creation; (c) inward investment; and (d) availability of such inputs as land, services, and labor;
- (ii) improving the quality of life through (a) pollution reduction; (b) assistance to the disadvantaged; (c) enhanced roles for women; (d) reduced crime; (e) reduced morbidity; and (f) availability of suitable land, services, and infrastructure;
- (iii) achieving urban sustainability through (a) reduced use of nonrenewable resources, (b) more use of energy-saving development, (c) increased social equity, and (d) improved urban management; and
- (iv) reducing urban poverty through (a) reduced unemployment, (b) increased access to infrastructure, and (c) improvement in quality-of-life indicators.

Based on a comparative analysis of the 6 years before (January 1993–June 1999) and the 6 years after (July 1999–June 2005) USS adoption, key operational results are:

- (i) loan volumes approved for the urban sector showed a modest increase of 5% annually, or a 30–35% increase over the 6-year period after the adoption of the USS. However, this performance fell well short of needs, because urbanization rose by 15% per annum during the same period. The number and volume of program loans also increased;
- (ii) various lending modalities have been utilized in the urban sector, aside from the widely used project modality. The use of development finance institutions as a conduit for finance has increased significantly from three loans before USS to 10 loans after USS adoption. Sector development programs also increased from zero before USS to four loans after USS adoption;
- (iii) projects cofinanced by external agencies increased considerably in amount (554% from \$50.60 million to \$330.70 million), though only moderately in number (from 19% of total projects to 25% of total projects); and
- (iv) the profile of project executing agencies shifted from predominantly national government to one with stronger participation of provincial and local governments, as well as development finance institutions.

The key conclusions of the review were:

- (i) **Relevance of the USS.** Most features of the USS are relevant; however, the USS could be supplemented by more practical guidance on dealing with issues arising in individual countries;
- (ii) **ADB's Poverty Reduction Strategy.** ADB's urban projects appear to have focused on the provision of basic services in line with ADB's Poverty Reduction Strategy and the MDGs. More guidance on how to address the multidimensional and intersectoral challenges of urban poverty is needed;
- (iii) **Urban Development Needs.** While ADB's financial assistance to the urban sector is relatively modest in relation to the increasing funding gap in the sector, it has a strong leveraging effect in mobilizing funding from other sources and influencing policy. There is a need to explain how to establish better policy and regulatory frameworks to catalyze the private sector's participation;
- (iv) **National Urban Development Policies.** There is a need to establish new ways to support development of coherent national framework or strategy for urban development that could maximize the potential benefits of continued urban growth and mitigate its negative consequences in DMCs;
- (v) **Diversity of Urban Centers.** Urban centers vary in their needs. Experience shows that a one-size-fits-all approach—addressing urbanization issues across and within countries as if urban centers are all the same—does not work. For example, metropolitan cities require higher order infrastructure, while tertiary urban centers require basic services. There is a need to analyze and develop knowledge tools on how to respond to this diversity;
- (vi) **Integrated Urban Development Projects.** To meet the multidimensional and intersectoral challenges, integrated projects across a number of subsectors are needed. However, due to capacity constraints at central and local government levels, it is often difficult to implement such projects. There is a need to develop new ways or modalities to guide the application of such an integrated approach; and
- (vii) **Nonrevenue-generating and Capacity-building Investments.** Local governments are reluctant to take on subloans for nonrevenue-generating investments, such as capacity building, city data banks, management information systems, and some types of infrastructure, such as local roads. Local governments prefer grant assistance for such activities. A sustainable approach to financing such activities, probably including grant cofinancing is needed.

The conclusions point to the need for ADB to continue and expand its support to urban development, but to focus on the operational aspects of support to the sector. In particular, ADB must urgently take advantage of the opportunities from new modalities available under the Innovation and Efficiency Initiative. Such support is being formulated under the Urban Services Initiative (USI), which responds to the priorities set out in the Medium-Term Strategy II. The USI will comprise time-bound targets for the urban program, its core activities, expected outputs, and funding. To develop and effectively implement the urban development action plan, ADB has set up an interdepartmental coordinating group for the urban sector. Management reported the USI and its implementing arrangements to the Development Effectiveness Committee on OED's review of USS, which endorsed it.

I. INTRODUCTION

1. The Urban Sector Strategy (USS),¹ published in 1999, guides the Asian Development Bank's (ADB) approach to urban development. Since then, however, several important developments have changed the development dynamics of this sector. The rate, scale, and pace of urbanization throughout the Asia and Pacific region—and the impact that this is having on the economic, social, and environmental development—has come into sharper focus in recent years. As such, the effective management of urbanization has emerged as one of the major development challenges for ADB and its developing member countries (DMC)—and will continue to be for the foreseeable future. In line with making poverty reduction its overarching development goal, ADB is supporting DMCs' efforts to meet the Millennium Development Goals (MDGs), specifically for sustainable access to safe water² and improvement of lives of slum dwellers.³ In addition, ADB has joined the Cities Alliance (CA).⁴

2. In view of these developments, ADB undertook a review, analysis, and evaluation of the USS based on more than 5 years of operational experience. The aim was to determine how appropriate and effective the strategy is in guiding ADB's urban development agenda. Two independent, though interrelated reviews, were initiated: one by the Regional and Sustainable Development Department (RSDD), the other by the Operations Evaluation Department (OED). The RSDD review assesses the relevance of the USS to current and emerging urban challenges, while the OED review evaluates the performance of the USS since 1999.⁵ The RSDD review also assesses the scope and coverage of the strategy, and recommends changes to strengthen the operational aspects of the USS.

3. This paper, an output of the RSDD review, (i) recalls the principal elements of the 1999 USS, (ii) describes the methodology and scope of the review, (iii) assesses how well the USS has influenced ADB's lending and nonlending activities, and (iv) presents conclusions and recommendations for enhancing urban sector operations in the future.

II. ELEMENTS OF THE 1999 URBAN SECTOR STRATEGY

4. The USS (i) presents global and regional urban issues and trends, (ii) discusses the causes and effects of urbanization, (iii) emphasizes the need for improved management and servicing of urban growth, and (iv) proposes a strategy for ADB action in the urban sector. It proposes an incremental and systematic expansion of ADB's involvement in the urban sector in terms of lending, range of subsectors, and links between project components. The USS identifies the dimensions of urbanization and the corresponding core sectors: (i) urban governance (i.e., community participation and partnership with the private sector); (ii) urban finance; and (iii) urban infrastructure and services (i.e., institutional strengthening and capacity building, water supply, sanitation and solid waste, urban transport, urban housing, and urban land management). The USS recognizes the urban sector is unlike traditional sectors, because

¹ ADB. 1999. *Urban Sector Strategy*. Manila.

² Target 10 of the MDGs.

³ Target 11 of the MDGs.

⁴ ADB joined the CA in 2002 to become a more effective development partner for reducing urban poverty in the Asia and Pacific region. CA membership makes this possible by creating opportunities for (i) access to CA's collective body of knowledge, experience, lessons learned, and good practices in urban poverty reduction; (ii) participation in, and contribution to, the global forum for the advocacy of urban poverty issues in the region; and (iii) leveraging of ADB's technical assistance for the urban sector with cofinancing grants from CA for city development strategies and cities-without-slums activities linked to the operations program.

⁵ The RSDD review has taken into account the recommendations of the Development Effectiveness Committee meeting on 26 July 2006 that discussed the OED Review.

it is involved with intersectoral concerns, and is exposed to globalization and regional economic crises where local and national economies have little control. Further, the strategy recognizes crosscutting themes, such as poverty reduction, governance, gender equity, private sector development, citizen participation, capacity development, and environmental sustainability.

5. The operational objectives of the USS, in line with strategic objectives of the Medium-Term Strategic Framework 1995–1998,⁶ are

- (i) maximizing economic efficiency through (a) gross national product contribution; (b) employment creation; (c) inward investment; and (d) availability of such inputs as land, services, and labor;
- (ii) improving the quality of life through (a) pollution reduction; (b) assistance to the disadvantaged; (c) enhanced roles for women; (d) reduced crime; (e) reduced morbidity; and (f) availability of suitable land, services, and infrastructure;
- (iii) achieving urban sustainability through (a) reduced use of nonrenewable resources, (b) more use of energy-saving development, (c) increased social equity, and (d) improved urban management; and
- (iv) reducing urban poverty through (a) reduced unemployment, (b) increased access to infrastructure, and (c) improved quality of life indicators.

6. The USS focuses on five policy areas: (i) promotion of urban governance; (ii) mobilization of financial resources; (iii) improvement of urban management; (iv) improvement in design and delivery of subsector projects, i.e., (a) integrated urban infrastructure development projects, (b) water supply, (c) sanitation and solid waste, (d) urban transport, and (e) housing and housing finance; and (v) human settlements improvement. Expected outputs include loans, country urban sector profiles, project preparation support, regional technical assistance, staff advisory services, research, and capacity building. Key elements of the USS are in Appendix 1.

III. METHODOLOGY OF THE REVIEW

7. The review (i) undertook research, surveys, and consultations on urbanization trends and emerging issues in the region; (ii) identified and analyzed urban development issues, concerns, and problems from the point of view of the Government, private sector, and civil society; (iii) determined the extent to which the USS guides and influences urban programs and projects; and (iv) identified, from the DMCs' perspectives, areas where the implementation of USS could be improved, strengthened, and made more effective. Conducted in a consultative manner, the review involved ADB officers who are members of the Urban Community of Practice.

8. The review included case studies from India, Indonesia, Malaysia, People's Republic of China (PRC), Philippines, Thailand, and Viet Nam (Appendix 2). An expert group meeting (EGM) was organized where these case studies were presented in the context of emerging urban issues in the region.

9. In consultation with operational departments, the review determined areas where the USS could be refined and strengthened to provide better guidance and support to project formulation. The review also coordinated closely with OED to incorporate the recommendations and lessons learned from the independent review of the development impact and effectiveness of the urban program. In light of feedback from the EGM and operational departments, the

⁶ ADB. 1995. *The Bank's Medium-Term Strategy (1995-1998)*. Manila.

review included an analysis of emerging urban development trends and issues, good practices, and ADB's participation in CA. It also identified areas where the USS could be updated, modified, strengthened, and improved to serve as a more effective guideline, planning, and advocacy tool.

IV. ANALYSIS OF STRATEGY IMPLEMENTATION

A. Rationale for Adopting the Urban Sector Strategy

10. Since the establishment of ADB, the Asia and Pacific region has undergone rapid urbanization. The main reason for investing in cities has been their central role as engines of national economic growth, a situation that is surprisingly recent. The predominant development view in the 1970s was that cities were parasites of rural development, draining its resources with little productive return. However, urban areas became focal points for the exchange of goods, labor, and capital. Despite the potential of cities, many urban problems—mainly rooted in population growth—were becoming critical challenges to sustainable development. These problems increased risks to quality of life, expanded urban poverty, and exposed infrastructure deficiencies. The urban sector level presented issues of governance, finance, services, transport, housing, and land transport.

11. ADB perceived the need to strengthen its leadership in the region's urban sector, and expand the level and impact of development assistance provided to DMCs to improve the plight of urban areas. The USS was based on ADB's Medium-Term Strategic Framework 1995–1998,⁷ which measured projects against five strategic objectives: (i) promoting economic growth, (ii) reducing poverty, (iii) supporting human development, (iv) improving the status of women, and (v) protecting the environment. ADB operations sought to emphasize policy support; capacity building; strengthening productive capacity, infrastructure, and services; and improving regional cooperation.

12. The USS, with its urban projects, was expected to impact significantly the development directions of cities in the region's DMCs. While ADB's share of the region's total urban development investment has been relatively small, its urban lending portfolio profoundly influences DMCs' development policies, programs, and projects.

B. Links with ADB's Goals, Mandates, and Strategic Concerns

13. With massive and rapid urban growth in Asia, poverty is quickly shifting from what had been a predominantly rural phenomenon to a largely urban problem. Given that cities and towns are the engines of national development and the focal points of rural hinterlands, these urban centers present significant opportunities for addressing national poverty more effectively. The USS provides the framework for optimizing the benefits that can be derived from urban centers and urban development, and for focusing lending and nonlending activities on chronic urban poverty.

14. The eradication of extreme poverty and hunger is the first MDG, with a target of reducing by half the proportion of people living on less than \$1 a day between 1990 and 2015.⁸ The USS

⁷ See footnote 6.

⁸ United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), United Nations Development Programme, and Asian Development Bank. 2005. *A Future within Reach: Reshaping Institutions in a Region of Disparities to Meet the Millennium Development Goals in Asia and the Pacific*. Bangkok: UNESCAP.

focuses on improving the lives of about 100 million slum dwellers in Asia, most of whom live in cities. The strategy calls for a holistic approach to poverty reduction. It considers the interrelationships of project components and the span of sectors and subsectors, given other facets of related social and institutional considerations.

15. To support the poverty reduction goal, ADB is assisting DMCs that are striving to meet the MDGs. The MDGs, particularly targets 10 and 11, have specific urban implications (Appendix 3). In this regard, the USS is a useful guide for directing MDG-related actions to urban centers, where some of the MDG concerns urgently need to be addressed. The localization of MDGs needs to be applied in countries and cities. In the Philippines, for example, cities have started to formulate action plans supported by annual investment programs to achieve the MDGs.

16. The urban sector activities of selected multilateral and bilateral organizations are shown in Appendix 4. The urban development strategies of ADB and World Bank (Table A4.2) have strong similarities. ADB's goals (e.g., improving quality of life and maximizing economic efficiency) have direct counterparts in World Bank's goals (e.g., livability and competitiveness). However, ADB's strategy views urban development in its totality, while that of the World Bank focuses on the role of local government in addressing urban issues. The World Bank considers local governments the appropriate level of government to implement its urban strategy. Thus, assistance to local urban governments is World Bank's guiding principle.

C. Partnerships

17. Collaboration between development partners is providing financing and expertise to achieve common goals. Since 2002, ADB and CA have engaged cities to achieve coherence of efforts in reducing urban poverty through a city development strategy and the Cities Without Slums action plan. At present, there are six approved CA applications sponsored by ADB.⁹ In partnership with United Nations Human Settlements Programme (UN-HABITAT), ADB also is playing a significant role in the Water for Asian Cities Program, and is promoting networking of water utilities in the region. With the World Bank, ADB is supporting the Clean Air Initiative for Asian Cities to address the growing problem of air pollution through an integrated, multidisciplinary, and action-oriented approach to urban air quality. Similarly, ADB is collaborating with the Government of Germany, particularly through GTZ, in five activities as described in the Letter of Intent:¹⁰ (i) cofinancing investment projects and policy programs, (ii) developing new financing instruments, (iii) sponsoring joint seminars, (iv) exchanging staff, and (v) sharing information. ADB is collaborating with the Mayors Asia-Pacific Environmental Summit and other organizations in providing a forum for discussions on the state of cities and the sharing of knowledge, experience, and best practices. With Japan Fund for Poverty Reduction cofinancing, ADB has prepared several innovative pilot projects that have led to larger project investments and benefited many poor households. ADB is strengthening its

⁹ (i) Integrated Approaches to Poverty Reduction: A Cities Without Slums Initiative in the Philippines by Housing and Urban Development Coordinating Council, Philippine Government (\$500,000, approved in 2004), (ii) City and Regional Development Strategies by Ministry of Economic Development, Azerbaijan (\$500,000, approved in April 2005), (iii) City Development Strategies: An Enabling Platform for Good Governance and Improving Service Delivery in the Philippines by the League of Cities of the Philippines (\$541,100, approved in July 2005), (iv) Urban Upgrading Strategy in Yangzhou by Municipal Government of Yangzhou (\$298,450, approved in July 2005), (v) Urbanization and Sustainability in Asia by University of Canberra (\$75,000, approved in November 2005), and (vi) Cities Without Slums Strategy in Metro Manila (\$500,000, approved in February 2006).

¹⁰ Letter of Intent between the Asian Development Bank and the German Development Cooperation.

collaboration with several development partners, including development assistance agencies (UN-Habitat, CA, and GTZ), to help the DMCs effectively meet the MDGs.

18. An example of ADB's country-level partnership with other organizations is its collaboration with the Department for International Development (DFID) of the UK for projects in India (e.g., support for project preparation and project-level cooperation). In Kolkata, a DFID-supported project for capacity building for the city corporation, worth £29 million, is working in parallel with ADB's Calcutta Environmental Improvement Project.¹¹ DFID is also formulating a £50 million project in Madhya Pradesh to complement the ADB-financed Urban Water Supply and Environmental Improvement Project.¹²

D. Urban Sector and Related Projects

19. To sustain Asia's level of economic growth, annual urban infrastructure investments of \$250 billion will be required over 25 years, according to conservative estimates in 2004. While this amount far exceeds the current level of investment, ADB is improving its investments in the urban sector. Urban infrastructure investments in 2003 and 2004 accounted for 60% of ADB's overall lending portfolio.¹³

20. Figure 1 shows the annual urban development loans during 1968–2004, including urban water supply and sanitation. The list of approved loans for 1968–2004 is in Appendix 5. Urban development lending started with the Penang Water Supply Project in Malaysia at \$7.2 million in 1968.¹⁴ The \$1.1 billion total in 1999 included the largest loan throughout the span of 36 years, the \$300 million Suzhou Creek Rehabilitation Project in PRC.¹⁵ Some of the more recent projects include (i) Neighborhood Upgrading and Shelter Sector Project in Indonesia; (ii) Suva Nausori Water Supply and Sewerage Project in the Republic of Fiji Islands; (iii) Liaoning Environmental Improvement Project in the PRC; (iv) Secondary Towns Integrated Flood Protection Project II in Bangladesh; and (v) Urban Water Supply and Sanitation Project in Azerbaijan.¹⁶

¹¹ ADB. 2000. *Report and Recommendation of the President to the Board of Directors on Proposed Loan to India for the Calcutta Environmental Project*. Manila. (Loan 1813, approved on 18 December 2000).

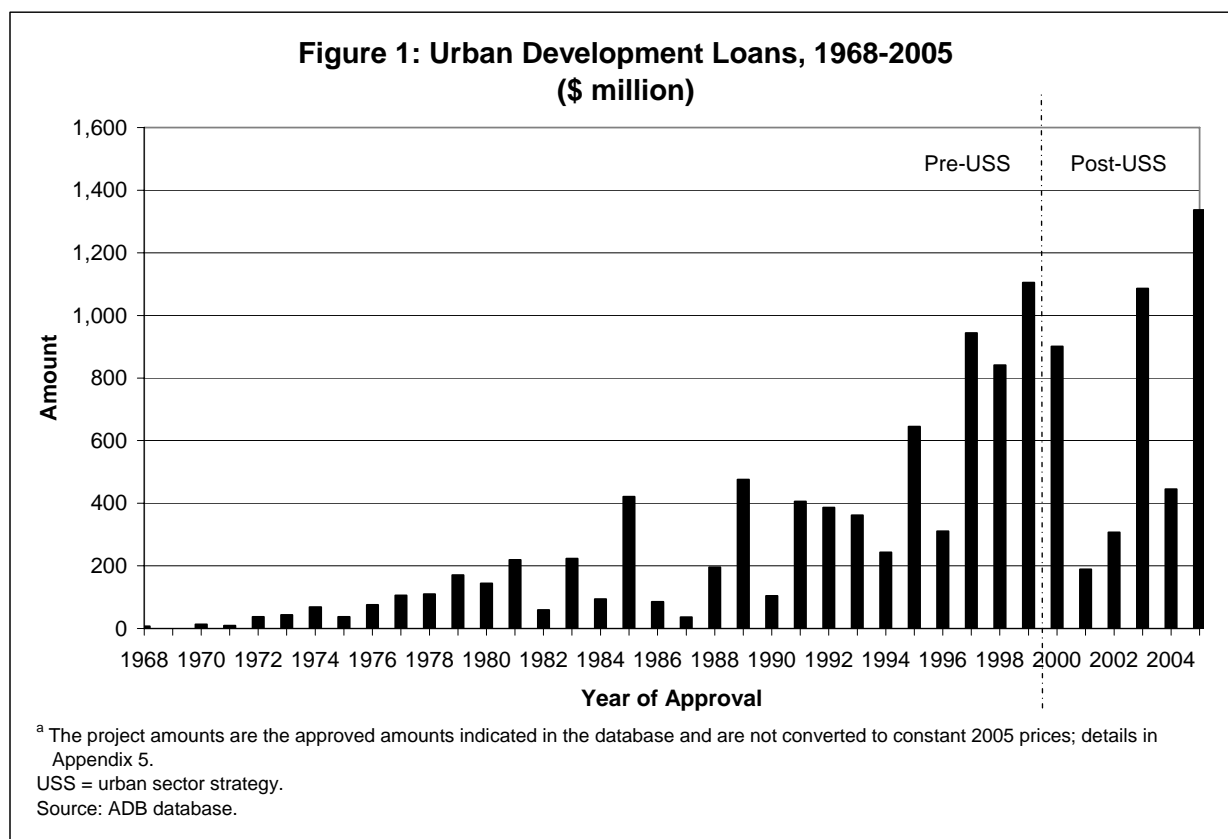
¹² ADB. 2003. *Report and Recommendation of the President to the Board of Directors on Proposed Loan to India for the Urban Water Supply and Environmental Improvement in Madhya Pradesh Project*. Manila. (Loan 2046, approved on 12 December 2003).

¹³ Lohani, B. 2005. *Financing the City. ADB's Perspectives*. Manila.

¹⁴ ADB. 1968. *Report and Recommendation of the President to the Board of Directors on Proposed Loan to Malaysia for the Penang Water Supply*. Manila. (Loan 4, approved on 19 September 1968).

¹⁵ ADB. 1999. *Report and Recommendation of the President to the Board of Directors on Proposed Loan to the People's Republic of China for the Suzhou Creek Rehabilitation Project*. Manila. (Loan 1692, approved on 29 June 1999).

¹⁶ ADB. 2003. *Report and Recommendation of the President to the Board of Directors on Proposed Loan to Indonesia for the Neighborhood Upgrading and Shelter Sector Project*. Manila. (Loan 2072/2073, approved on 19 December 2003); ADB. 2003. *Report and Recommendation of the President to the Board of Directors on Proposed Loan to the Republic of Fiji Islands for the Suva-Nausori Water Supply and Sewerage Project*. Manila. (Loan 2055, approved on 18 December 2003); ADB. 2004. *Report and Recommendation of the President to the Board of Directors on Proposed Loan to the People's Republic of China for the Liaoning Environmental Improvement Project*. Manila. (Loan 2112, approved on 25 November 2004); ADB. 2004. *Report and Recommendation of the President to the Board of Directors on Proposed Loan to Bangladesh for the Secondary Towns Integrated Flood Protection Project II*. Manila. (Loan 2117, approved on 2 November 2004); ADB. 2004. *Report and Recommendation of the President to the Board of Directors on Proposed Loan to Azerbaijan for the Urban Water Supply and Sanitation Project*. Manila. (Loan 2119/2120, approved on 7 December 2004).

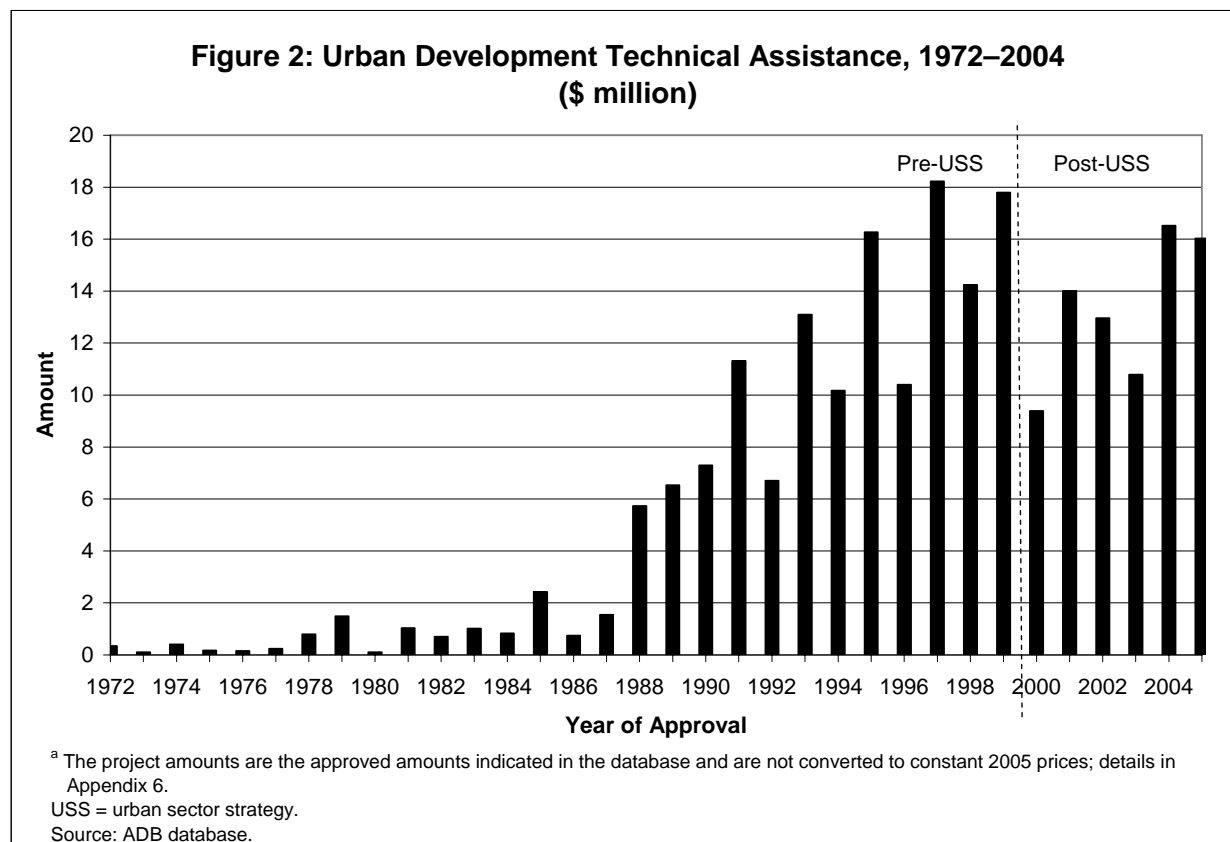


21. Urban development technical assistance (TA), including urban water supply and sanitation, began in 1972 (Figure 2 and Appendix 6). The pioneer TAs were (i) Vientiane Water Supply and Distribution in Lao People's Democratic Republic, (ii) Bandung Water Supply in Indonesia, and (iii) Laguna de Bay Water Resources Development Study in the Philippines.¹⁷ TAs that focused on institutional strengthening and capacity building began in the late 1980s. Some examples were (i) Institutional Strengthening of the National Environmental Protection Agency in the PRC; (ii) Institutional Strengthening of the Water Board in Papua New Guinea; (iii) Capacity Building for the Provision of Urban Services in Provincial Towns in Mongolia; and (iv) Capacity Building for Municipal Service Delivery in Kerala, India.¹⁸ Some of the recent TAs

¹⁷ ADB. 1972. *Technical Assistance to Lao People's Democratic Republic for the Vientiane Water Supply and Distribution*. Manila. (TA 61, approved on 7 February 1972, for \$50,000); ADB. 1972. *Technical Assistance to Indonesia for the Bandung Water Supply*. Manila. (TA 61, approved on 6 June 1972, for \$295,000); ADB. 1972. *Technical Assistance to the Philippines for the Laguna de Bay Water Resources Development Study*. Manila. (TA 72, approved on 8 August 1972, for \$1,284,300).

¹⁸ ADB. 1988. *Technical Assistance to PRC for the Institutional Strengthening of the National Environmental Protection Agency*. Manila. (TA 987, approved on 10 June 1988, for \$340,000); ADB. 1992. *Technical Assistance to Papua New Guinea for the Institutional Strengthening of the Water Board*. Manila. (TA 1803, approved on 15 December 1992, for \$400,000); ADB. 1997. *Technical Assistance to Mongolia for the Capacity Building for the Provision of Urban Services in Provincial Towns*. Manila. (TA 2881, approved on 30 September 1997, for \$825,000); ADB. 2004. *Technical Assistance to India for Capacity Building for Municipal Service Delivery in Kerala*. Manila. (TA 4497, approved on 17 December 2004, for \$800,000).

were (i) North Eastern Region Urban Development in India; (ii) Central Region Small and Medium Towns in Viet Nam; and (iii) Water Supply and Sanitation in Indonesia.¹⁹



22. In addition to investments in urban infrastructure, particularly in the sectors of transport, energy, and water supply and sanitation over the period 1996-2004, ADB has provided assistance for physical infrastructure projects through capability building for decentralization and good governance. ADB considers the development of human capital (specifically urban managers), community participation, and partnerships with the private sector key elements in enabling urban areas to optimize their potential and realize the full effect of investments. Recent examples of projects that have adopted this approach are shown in Box 1.

¹⁹ ADB. 2004. *Technical Assistance to India for the North Eastern Region Urban Development*. Manila. (TA 4348, approved on 8 June 2004, for \$1.0 million); ADB. 2004. *Technical Assistance to Viet Nam for the Central Region Small and Medium Towns*. Manila. (TA 4485, approved on 15 December 2004, for \$950,000); ADB. 2004. *Technical Assistance to Indonesia for Water Supply and Sanitation*. Manila. (TA 4411, approved on 12 October 2004, for \$900,000).

Box 1: Infrastructure Investments with Capacity Building and Institutional Strengthening Components

1. Metropolitan Bogor, Tangerang, and Bekasi Urban Development Sector Project in Indonesia (\$80 million), 19 December 1996
2. Urban Development and Low-Income Housing Project for Sri Lanka's Secondary Towns (\$70 million), 24 September 1998
3. Suzhou Creek Rehabilitation Project in the People's Republic of China (\$300 million), 29 June 1999
4. Pasig River Environmental Management and Rehabilitation Program in the Philippines (\$100 million policy loan, \$75 million investment loan, and \$1 million technical assistance grant), 20 July 2000
5. Mindanao Basic Urban Services Sector Project in the Philippines (\$30 million), 27 September 2001
6. North-West Frontier Province Urban Development Sector Project in Pakistan (\$20.80 million), 8 November 2001
7. Integrated Development of Basic Urban Services in Provincial Towns Project in Mongolia (\$20.10 million), 6 August 2002
8. Urban Governance and Infrastructure Improvement Sector Project in Bangladesh (\$60 million), 28 November 2002
9. Central Region Urban Environmental Improvement Project in Viet Nam (\$44 million), 8 December 2003
10. Urban Water Supply and Sanitation Project in Azerbaijan (\$30 million), 7 December 2004

Source: Asian Development Bank.

23. Apart from physical infrastructure investments, structural changes in institutions and communities have been considered critical elements in urban poverty reduction. Recognizing the importance of microfinance, ADB and other external support agencies are supporting microfinance development in DMCs. The \$30.50 million loan for the Development of Poor Urban Communities Sector Project in the Philippines²⁰ focuses on asset reform, such as land distribution and microfinance for housing, as well as capability building to strengthen decentralized shelter delivery mechanisms. The Neighborhood Upgrading and Shelter Sector Project in Indonesia,²¹ supported by a loan of \$88.60 million, also aims to provide mechanisms to ensure adequate shelter for the urban poor through housing microfinance.

24. The following examples demonstrate other ways to achieve structural change in institutions and communities. The Community and Local Government Support Sector Development Program in Indonesia consists of (i) a \$200 million policy loan to support the Government's decentralization efforts, (ii) \$120 million investment loan for poverty reduction and for capacity building at the community level in preparation for the new responsibilities under decentralization, and (iii) three TA grants worth \$2.50 million to help stakeholders develop the

²⁰ ADB. 2003. *Report and Recommendation of the President to the Board of Directors on Proposed Loan to the Republic of the Philippines for the Development of Poor Urban Communities Sector Project*. Manila. (Loan 2063, approved on 18 December 2003).

²¹ See footnote 16.

related skills and processes.²² The Community and Local Government Support Sector Development Program (completed in early 2005 with part of the \$320 million loan canceled) increased the involvement of local communities in decision making through the devolution of administrative and fiscal authority to district governments in Indonesia. The Community Water and Health Services Project²³ aims to improve the capacity of local governments in Indonesia to facilitate, regulate, and deliver quality services in water and sanitation to targeted communities.

25. ADB also provides many TAs for urban project preparation, research, policy reforms, and institutional development to help DMCs improve their understanding and handling of the complexities of urbanization. Some of the recent and continuing TAs include (i) Private Sector Participation Development Facility for Urban Infrastructure in Indonesia, (ii) Urban Poverty Reduction Sector in Indonesia, (iii) North Eastern Region Urban Sector Profile of India, (iv) Urban Development and Housing in Mongolia, (v) Integrated Urban Development in Tonga, and (vi) Urban Infrastructure in the Cook Islands.²⁴

E. OED Special Evaluation Study

26. OED conducted a special evaluation study to assess the impact of the USS on the urban sector and the report was submitted to the Development Effectiveness Committee in July 2006. The study used inputs from the RSDD review and conducted a comparative analysis of the 6 years before (January 1993–June 1999) and the 6 years after (July 1999–June 2005) USS adoption. Highlights of the findings include the following:

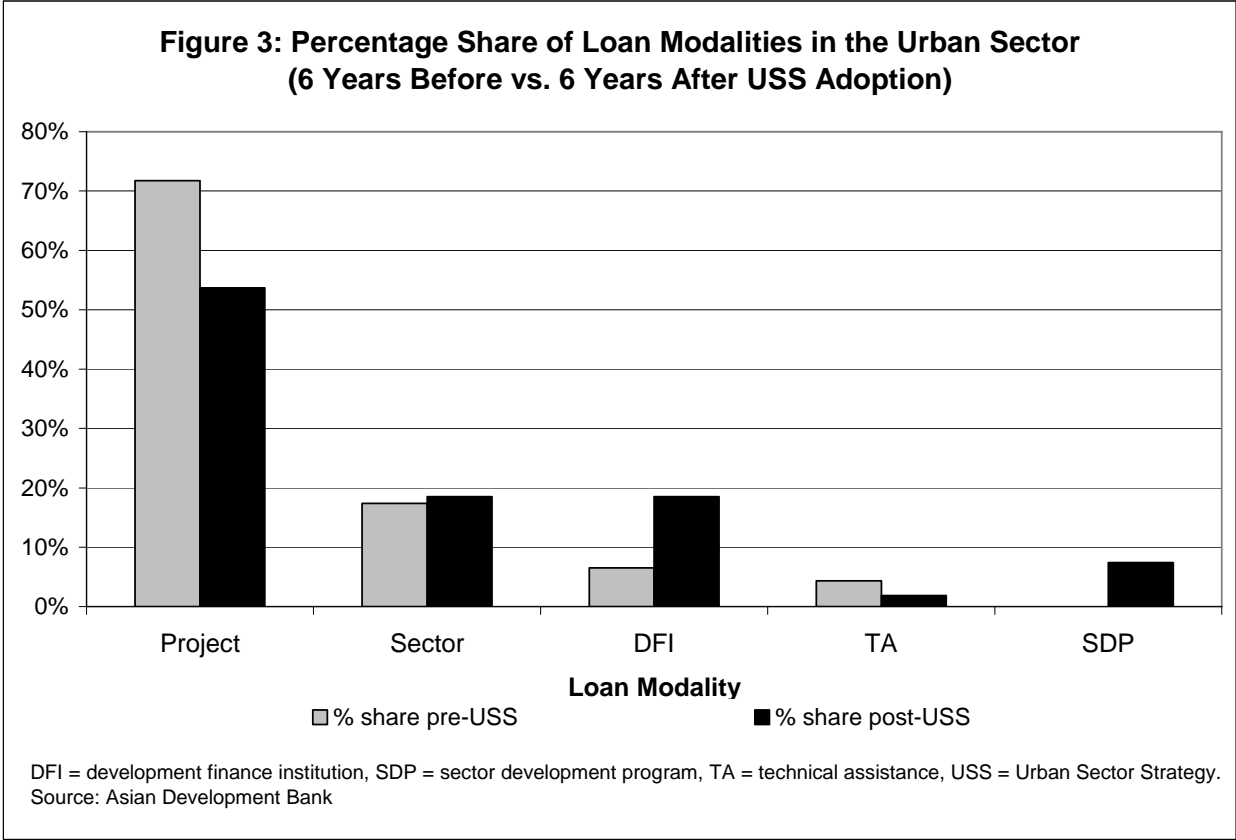
- (i) Loan volumes approved for the urban sector showed a modest increase of 5% annually, or a 30–35% increase over the 6-year period after the adoption of the USS. However, this performance fell well short of needs, because urbanization rose by 15% per annum during the same period. The number and volume of program loans also increased.
- (ii) Various lending modalities have been utilized in the urban sector, aside from the widely used project modality. The shift since USS adoption is illustrated in Figure 3. The use of development finance institutions has increased significantly from three loans before USS to 10 loans after USS adoption. Sector development programs also increased from zero before USS to four loans after USS adoption.
- (iii) Projects cofinanced by external agencies increased considerably in amount (554% from \$50.60 million to \$330.70 million), though only moderately in number (from 19% of total projects to 25% of total projects).

²² ADB. 1999. *Report and Recommendation of the President to the Board of Directors on Proposed Loan to the Republic of the Indonesia for the Development of Poor Urban Communities Sector Project*. Manila. (Loan 1677/1678, approved on 25 March 1999).

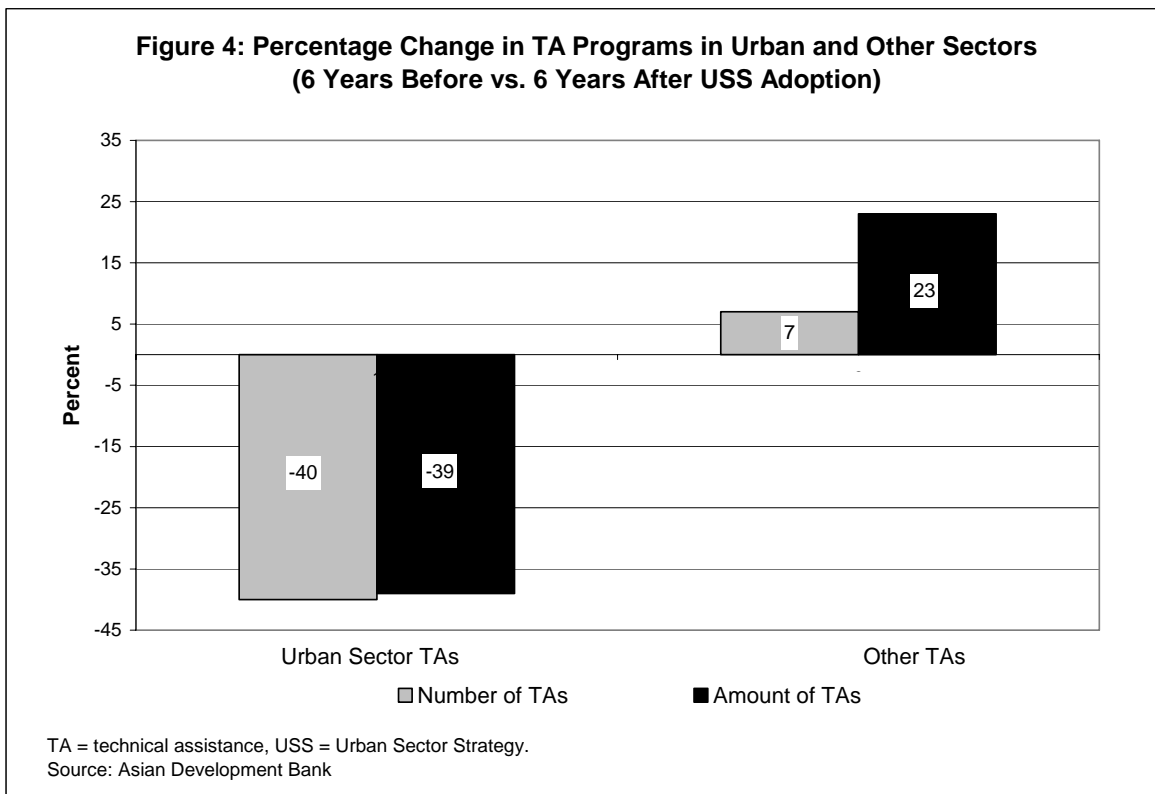
²³ ADB. 2005. *Report and Recommendation of the President to the Board of Directors on Proposed Loan to the Republic of the Indonesia for the Community Water and Health Services Project*. Manila. (Loan 2163/2164, approved on 7 April 2005).

²⁴ ADB. 2001. *Technical Assistance to Indonesia for Private Sector Participation Development Facility for Urban Infrastructure*. Manila. (TA 3804, approved on 17 December 2001, for \$600,000); ADB. 2001. *Technical Assistance to Indonesia for Urban Poverty Reduction*. Manila. (TA 3646, approved on 3 April 2001, for \$800,000); ADB. 2002. *Technical Assistance to Indonesia for Urban Poverty Reduction (Supplementary)*. Manila. (TA 3646, approved on 11 April 2002, for \$160,000); ADB. 2002. *Technical Assistance to India for Urban Poverty Reduction (Supplementary)*. Manila. (TA 3902, approved on 19 August 2002, for \$150,000); ADB. 2005. *Technical Assistance to Mongolia for Urban Development and Housing*. Manila. (TA 4632, approved on 18 August 2005, for \$600,000); ADB. 2005. *Technical Assistance to Tonga for Integrated Urban Development*. Manila. (TA 4648, approved on 16 September 2005, for \$700,000); ADB. 1998. *Technical Assistance to Cook Islands for Urban Infrastructure*. Manila. (TA 3085, approved on 6 October 1998, for \$750,000).

- (iv) The composition of executing agencies of projects changed from one in which national government agencies were predominant to one with stronger participation of provincial and local governments, as well as development finance institutions.
- (v) The participation of nongovernment organizations, community-based organizations, and other elements of civil society, as indicated in report and recommendation to the President documents, increased from 40.5% to 77.3%.
- (vi) Resettlement issues have received more attention. However, formulation of resettlement action plans became supply-driven after USS adoption. Since 1999, 31 such plans have been prepared, though a resettlement issue was raised in only 24 report and recommendation of the President documents.



- (vii) Gender issues have been considered more in the design of projects, and more gender action plans have been formulated.
- (viii) Since USS adoption, ADB grant-funded TA programs for the urban sector declined by 42% in number and 39% in amount, while other TAs increased by 12% in number and 29% in amount (Figure 4 and Appendix 7). This implies that, despite the intentions outlined in the USS, ADB has been less active in these strategic areas than before USS adoption.



- (ix) While the number of urban specialists increased,²⁵ ADB's reorganization in 2002²⁶ caused the abolition of the two water supply, urban development, and housing divisions in ADB (east and west). Consequently, the technical staff (including urban specialists) were dispersed from two units to five new units, which has lessened interaction and coordination of the urban specialists as the benefits from single management and daily interaction declined.

27. OED found that, during 1968–2004, ADB's urban sector lending averaged 10% of its total lending, which was similar to the World Bank. Multisector projects accounted for the largest share at 44% of lending, followed by water supply, sanitation, and waste management projects at 43%. Based on the 51 project completion reports issued from mid-1998 to mid-2005, OED considers the majority of the urban sector projects successful. Increasing local capacities might have caused the decline in project management activities, such as hiring of project management consultants, and creating project management and project implementation units. While the USS has emphasized the need for capacity building and institutional strengthening, institutional and/or capacity development consultants have not been used widely in the majority of the urban sector loans. Consulting services have focused on water supply, sanitation, and solid waste management projects, which have comprised only 35% of the urban sector loans since USS adoption. This might indicate that capacities are growing, though the situation should be examined further to ensure that assistance is sufficiently broad.

²⁵ In April 2005, ADB had one principal urban specialist, three senior urban development specialists, one senior housing and urban development specialist, six urban development specialists, two urban economists, one housing and urban development specialist, and one urban development and planning specialist.

²⁶ ADB. 2004. *Independent Assessment of the Effectiveness of the Reorganization of the Asian Development Bank, Diagnostic Report*. Manila.

28. Despite the growing concerns about urbanization and ADB's adoption of the USS, TAs in the urban sector surprisingly have decreased considerably. At the same time, TAs in other sectors have increased.

29. OED and the Urban Community of Practice noted four factors that influence urban projects and the implementation of the USS:

- (i) **New classification system for themes and sectors.** The new system has omitted "urban" as a sector. Thus, projects that are urban in nature are not identified as such.
- (ii) **Reorganization and staffing.** Weak human resource management at ADB has led to a loss of sector expertise. The 2002 reorganization caused a dispersal of urban development specialists, without a designated guardian for the USS.²⁷
- (iii) **Format and style of USS.** The USS does not have direct guidelines for identifying or developing projects. In addition, it does not set time-bound quantitative targets for cities and/or countries—for staff deployment, loans, or even TA amounts. Assessment of the urban sector's performance might be difficult without such measurable targets.
- (iv) **Use of the USS.** The urban sector profiles and country urban strategies make little reference to the USS.

V. CHALLENGES, EMERGING APPROACHES, AND AREAS FOR ACTION

30. In order to place an assessment of the USS in the context of current issues in the urban sector, the review undertook a study of current and emerging urbanization issues, challenges, and trends in the sector. The results are summarized in Appendix 8. To validate these findings, and to better gauge their implications for the USS, an EGM titled "Managing Urban Growth in Asia" was held on 28–29 July 2005 at ADB headquarters. The key implications for the USS review from that meeting relate to (i) challenges in the sector, (ii) emerging approaches to solving urban problems, (iii) areas for future action in the sector as a whole, and (iv) areas for ADB action.

A. Challenges

31. The EGM review of the USS generally endorsed the strategic objectives of the document, but found that the implementation of the strategy has been weak. The EGM identified nine challenges that the implementation of the USS has not been able to adequately address at a systemic level:

- (i) **Rapid and massive urban growth.** By 2020, Asia is expected to have a population of 4 billion, more than half of whom will be city dwellers. This growth is increasing population densities in inner city areas, while causing urban sprawl.

²⁷ One manifestation is that the urban sector was not given special attention in the *Medium-Term Strategy (2001–2005)*, even though urbanization was mentioned as the one of the eight development challenges in the Long-Term Strategic Framework (2001–2015). ADB. 2001. *ADB's Medium-Term Strategy (2001-2005)*. Manila; ADB. 2001. *Moving the Poverty Reduction Agenda Forward in Asia and the Pacific: The Long-Term Strategy of the Asian Development Bank (2001-2005)*. Manila.

- (ii) **Increasing urban poverty and environmental degradation.** Asian cities are experiencing a continuous influx of poor people. With increasing population densities, especially in slum areas, environmental and health problems are increasing. In addition to poverty reduction, managing the consumption of nonrenewable resources has become a serious concern.
- (iii) **Contribution of cities to national development.** Cities are important centers of economic growth, contributing a significant share to national wealth. Globalization is requiring cities to be globally competitive.
- (iv) **Huge gap between infrastructure services and available resources.** To support urban growth over the next 25 years, about \$250 billion per year in infrastructure investments will be needed, according to conservative estimates in 2004.
- (v) **Cities have diverse customers and demands.** In western PRC, for example, large cities deliver infrastructure, including hotel facilities, while the building of hotels is not part of basic infrastructure delivery in small cities. In eastern PRC, large cities focus on urban transport and poverty reduction of migrant workers, while small cities prioritize control of urban sprawl and environmental pollution.²⁸
- (vi) **Inadequate decentralization.** Many countries in the region are decentralizing. Local governments are assuming strategic roles in planning and decision making, although funding is not always commensurate with devolved functions. Thus, local autonomy is not fully in place in many cities.
- (vii) **Weak policy and regulatory frameworks.** National policy and legislative and regulatory frameworks affecting urban developments are not in harmony with laws at the local level in many instances. In some countries, planning tools are not supported by necessary legislation.
- (viii) **Need to strengthen urban management capacity.** Many cities need to develop additional capacity to manage urban growth and development. Project-based approaches to capacity building with short-term horizons have been shown to be ineffective.
- (ix) **Lack of forward-looking research.** Many urban projects are reactive, focused on solving problems, with little effort to develop a proactive approach. A wide range of subjects require research to develop innovative approaches to solving existing and likely future urban problems.

B. Emerging Approaches

32. The EGM recognized six emerging approaches to meet these challenges and to move toward sustainable development in the urban sector. The EGM felt that there was a need to

²⁸ Yeh, Anthony, and Jiang Xu. 2005. *China Urban Sector Strategy Review*. Paper presented at the Expert Group Meeting. ADB, Manila, July 2005.

strengthen ADB's operational responses in the urban sector to better embody these approaches. In summary these are:

- (i) **Formulation of city development strategies.** Several cities in the region have formulated development strategies based on long-term visions, as well as an analysis of their strengths, weaknesses, opportunities, and threats. These cities now understand better the essential link between national development policies and city development strategies, and the need for complementarity between the two.
- (ii) **Structural partnerships with the private sector.** Cities increasingly are partnering with the private sector in formulating development strategies, as well as in implementing improvements in urban management. Examples include (a) bond sales for project financing, (b) use of geographic information systems for better planning and financial management, (c) introduction of e-governance for more efficient delivery of services, and (d) creation of economic processing zones to become more globally competitive.
- (iii) **Local cooperation.** The links between rural and urban areas are becoming more widely appreciated, particularly in terms of cooperation among local areas in the face of the emergence of city-regions or multimodal metropolitan areas. City-regions are becoming the focus for integrated urban development, which is blurring the traditional distinction between "rural" and "urban."
- (iv) **Viewing cities as ecosystems.** With the growing interest in sustainable urban development, cities increasingly are viewed as living ecosystems, wherein a balance is sought among social, economic, and environmental concerns. Related to these, specific approaches to energy efficiency, disaster mitigation, and resource and cultural heritage conservation are being developed.
- (v) **City leaders as economic managers.** Cities whose leaders have shifted from a purely political orientation to an entrepreneurial and economic management approach are demonstrating success. Some of these cities have initiated experiments in innovative techniques adapted from the private business sector, such as asset management.
- (vi) **Efficient urban land markets.** The efficiency of urban land markets might be improved through (a) appropriate and affordable land use, (b) building standards and regulations, (c) improved procedures for land transfers, (d) measures to stop land speculators, and (e) improved information dissemination to the public on land market indicators.

C. Areas for Action by Governments

33. Participants of the EGM agreed that cities of the future should be competitive, livable, providers of efficient and affordable services, and well governed. To achieve this goal, the participants identified the following actions to be undertaken by governments:

- (i) Formulate a city development strategy, based on a shared vision, through a participatory process involving the city's key stakeholder groups.

- (ii) Support an enabling environment and remove barriers to cities' access to capital markets and nontraditional sources of revenue, as well as to land delivery, housing, and housing finance in support of urban poverty reduction.
- (iii) Enhance coordination of sectoral plans within a city, e.g., coordinate land use and transport plans with other sectoral plans, as well as with budgets and investment programs.
- (iv) Build capacities for urban management, in terms of individual competencies and organizational structures, especially among local governments, their stakeholders in central government, private sector, and communities.
- (v) Use appropriate technologies and management tools that will promote transparent, accountable, and responsive city development.
- (vi) Promote good governance by strengthening meaningful partnerships between government, private sector, and civil society organizations, and promotion of urban economy and/or local economy.
- (vii) Monitor the performance of cities by developing and applying appropriate indicators for managing urban growth and development.
- (viii) Conserve the cultural identity of cities to promote their distinctiveness in the face of globalizing sameness, and build upon this and other assets in pursuing economic development.
- (ix) Build in disaster mitigation measures that are not stand-alone projects, but essential components of local investments.
- (x) Enhance urban environmental planning and management.

D. Areas for ADB Action

34. The actions that DMC governments need to take to improve urban functions and quality of life suggest a wide range of supportive actions by ADB. Proposed actions to improve the implementation of USS are summarized below (details in Appendix 9):

- (i) **Engage More Effectively with Central and Local Governments.** Greater effort should be devoted to undertaking comprehensive urban sector assessments, resulting in national urban sector profiles, as a basis for policy dialogues and sector reform. ADB should also find ways to involve local governments, particularly municipalities, more effectively in project formulation and implementation, instead of dealing only with national Government institutions.
- (ii) **Develop Innovative Forms of Lending for Financing Urban Development.** While local governments are assuming more responsibilities, they lack sufficient local resources to meet the enormous cost of massive urban development. They need long-term, low-interest loans, which would enable them to wean themselves away from dependence on the central Government.

- (iii) **Strengthen Support to the Private Sector.** Policy and regulatory frameworks, as well as pricing structures, are needed to encourage and support private sector participation in urban projects and services. In addition, government capacity as an enabler needs to be strengthened.
- (iv) **Improve the Effectiveness of Urban Poverty Reduction Initiatives.** The urban poor must be empowered to move beyond survival toward greater economic productivity. In this respect, microfinance programs need to scale up from focusing on individual livelihood projects to supporting community economic enterprises.
- (v) **Provide Long-Term Support to Capacity Building.** Urban development, as a continuing and ever-changing process, needs to be accompanied by continuing capacity development. This suggests extending the period of relationship between ADB and project cities beyond the traditional project time frame.
- (vi) **Provide Guidelines for Developing Projects Applicable to All DMCs.** Ideally, sector-specific projects should be implemented under a long-term, integrated, urban development action plan, where country-specific issues and resources are considered. Further, prerequisites for adopting an integrated urban development approach (e.g., capacity building) should be provided.
- (vii) **Adopt an Integrated Approach to Urban Development.** If urban areas are to be viewed as living cities, broad intersectoral project support, especially for reducing urban poverty, must be provided. This could involve (a) support for preparation of city development agendas based on a participatory approach; (b) development of an urban research agenda, the mechanism for its implementation, and dissemination of outputs; and (c) incorporation of disaster risk-management tools and technologies in cities' capital investment projects.

VI. CONCLUSIONS

A. Conclusions

35. **Relevance of the USS.** While most features of the USS are relevant, it covers a wide range of concerns faced by DMCs that have different development levels and only at the strategic level. The USS was not accompanied by detailed guidance as to how to address this range of issues, in particular country circumstances. This might be the reason that urban sector profiles and country urban strategies have not referred to the USS. The USS also needs to be supplemented by specific operational toolkits to enable it to respond well to the needs of city managers and planners to improve their cities.

36. **ADB's Poverty Reduction Strategy.** Most of ADB's urban projects appear to have been designed to achieve policy actions in support of ADB's Poverty Reduction Strategy and commitments to the MDGs. However, these projects have focused on the provision of basic services. While necessary, these projects often have a single-sector orientation, which has resulted in insignificant or short-lived achievements against the multidimensional and intersectoral challenges of urban poverty.

37. **Urban Development Needs.** The review shows that the funding and capacity building needs of urban development are large and increasing. ADB's financial assistance to the urban

sector is relatively small, though it has a strong leveraging effect in mobilizing funding from other sources. However, DMCs' national and local budgets are severely limited, while the high cost of capital and weak policy and regulatory frameworks constrain the private sector's contribution.

38. National Urban Development Policies. Despite rapid urbanization, many Asian developing countries do not have explicit national urban development policies, much less agencies or departments dedicated to addressing urban issues. Thus, a coherent framework or strategy is lacking that could maximize the potential benefits of continued urban growth and mitigate its negative consequences. The absence of such a framework at the national level leaves local urban authorities on their own, which tends to result in inappropriate management and investment decisions.

39. Diversity of Urban Centers. Asian cities are at different levels or stages of development, and are growing at different rates. This is manifested in the diversity of urban centers throughout the region, and their significantly different needs: (i) metropolitan cities or megacities, which focus on managing growth; (ii) secondary cities, which focus on spurring further growth; (iii) tertiary urban centers, which focus on stimulating growth; and (iv) emerging urban nodes. Experience shows that a one-size-fits-all approach—addressing urbanization issues across and within countries as if urban centers are all the same—does not work. For example, metropolitan cities require higher order infrastructure (e.g., mass transit), while tertiary urban centers require basic services (e.g., water supply).

40. Integrated Urban Development Projects. Integrated projects support investments across many subsectors, including (i) solid waste management, (ii) water supply, (iii) drainage, (iv) urban transport, (v) urban roads and bridges, (vi) slum improvement, (vii) environmental sanitation, and (viii) sewerage and wastewater management. However, most central and local governments lack technical, financial, and managerial capacity to implement these integrated projects. This suggests the need to develop criteria to determine the applicability of an integrated approach.

41. Nonrevenue-Generating and Capacity Building Investments. Most local governments will accept grants, but not subloans, for investments in nonrevenue-generating investments. These include capacity building, city data banks, and management information systems, as well as local roads and bridges, drainage, and environmental protection. This appears to stem from the general lack of management and entrepreneurial orientation among local officials, many of whom still rely heavily on central Government support.

B. Way Forward

42. The conclusions point to the need for ADB to continue and expand its support to urban development, but to focus on the operational aspects of support to the sector. In particular, ADB must urgently take advantage of the opportunities from new modalities available under the Innovation and Efficiency Initiative. Such support is being formulated under the Urban Services Initiative (USI), which responds to the priorities set out in the Medium-Term Strategy II. The USI will comprise time-bound targets for the urban program, its core activities, expected outputs, and funding. To develop and effectively implement the urban development action plan, ADB has set up an interdepartmental coordinating group for the urban sector. Management reported the USI and its implementing arrangements to the Development Effectiveness Committee on OED's review of USS (para. 2), which endorsed it.

ELEMENTS OF THE ASIAN DEVELOPMENT BANK'S URBAN SECTOR STRATEGY

Table A1.1: Urban Development Objectives

Maximizing Economic Efficiency	Improving Quality of Life	Achieving Urban Sustainability	Reducing Urban Poverty
<ul style="list-style-type: none"> • GNP contribution • Employment creation • Inward investment • Availability of inputs (land, services, and labor) 	<ul style="list-style-type: none"> • Pollution control • Assistance to disadvantaged • Enhanced role for women • Reduced crime levels • Reduced morbidity • Availability of land, services, and infrastructure • Increased participation 	<ul style="list-style-type: none"> • Reduced use of nonrenewable resources • More use of energy-saving development • Increased social equity • Improved urban management 	<ul style="list-style-type: none"> • Reduced unemployment • Increased access to infrastructure • Improved quality-of-life indicators

GNP = gross national product.

Source: Asian Development Bank.

Table A1.2: Urban Sector Strategy Framework

Strategic Policy	Operational Policy	Monitoring Mechanisms
1. Promotion of Urban Governance	<ul style="list-style-type: none"> • Decentralize decision making. • Support participatory processes. • Adopt market-based approaches. • Support training for local officials. • Enhance regulatory framework. 	<ul style="list-style-type: none"> • National legislation, decrees, and executive orders • Performance benchmarks • Training courses and participants • Local legislation
2. Mobilization of Financial Resources	<ul style="list-style-type: none"> • Enhance city-level autonomy. • Use computer-based systems. • Establish economic pricing of services. • Use innovative land-related tools. • Utilize new funding sources. • Develop local capital markets and credit finance. 	<ul style="list-style-type: none"> • Extent of local finance self-sufficiency • Share of user charges • Use of municipal bonds, etc. • Public finance records • Monitoring reports
3. Improvement of Urban Management	<ul style="list-style-type: none"> • Establish clear roles for institutions. • Establish public-private sector partnerships. • Support skills training. • Improve mechanisms for land transfer. • Rationalize institutional and legal framework for land administration. • Modernize surveys for land 	<ul style="list-style-type: none"> • Legislation, local government codes, etc. • Improved staff incentives • Training courses and participants • Number of new land titles • Legislation, etc. • Ratio of price of serviced land and raw land • Extent of survey and mapping techniques

Strategic Policy	Operational Policy	Monitoring Mechanisms
	administration. <ul style="list-style-type: none"> • Accelerate delivery of serviced land. 	
	<ul style="list-style-type: none"> • Develop improved spatial planning processes. • Improve public participatory processes. • Stimulate demand for environmental improvements. • Improve industrial waste management. • Address urban air pollution. • Strengthen environmental management systems. 	<ul style="list-style-type: none"> • Ratio of serviced land supply and demand • Completion of plans and approval ratios • Extent of interaction with stakeholders • Environmental legislation • Number of pilot projects • Share of city resources for environmental improvement • Improved coordination mechanisms
4. Improvement in Design and Delivery of Subsector Projects	<ul style="list-style-type: none"> • Implement demand-driven approach. • Involve beneficiaries in operations and maintenance. 	
a. Integrated Urban Development Projects (IUDPs)	<ul style="list-style-type: none"> • Base IUDPs on improved institutional frameworks. • Implement demand-driven approach to city selection. • Expand scope of projects. 	<ul style="list-style-type: none"> • Performance monitoring • Choice of mechanisms in country papers • 10-year plans
b. Water Supply, Sanitation, and Solid Waste	<ul style="list-style-type: none"> • Increase autonomy in agencies. • Improve financial resource management. • Use performance indicators to measure efficiency. • Improve water resource demand management. 	<ul style="list-style-type: none"> • Performance monitoring
c. Urban Transport	<ul style="list-style-type: none"> • Maximize benefits of existing infrastructure. • Maximize benefits of new infrastructure. • Generate competitive markets. • Develop public transport alternatives. 	<ul style="list-style-type: none"> • Public and private vehicle travel times • Bus priority measures • Air pollution levels • Tariff changes • Public and private services • Subsidy levels • New and expanded public transport routes
d. Housing and Housing Finance	<ul style="list-style-type: none"> • Introduce legal and regulatory reforms. • Reduce use of subsidies. • Leverage financial resources. • Restructure public housing institutions. • Develop new low-income housing institutions. • Assist primary housing lenders. • Support development of secondary mortgage markets. 	<ul style="list-style-type: none"> • Legislation • Monitoring government budget • Number of community finance institutions • Performance monitoring • Funds leveraged • Number of subloans • Number of secondary mortgages

IUDP = integrated urban development project.

Source: Asian Development Bank.

Table A1.3: Urban Sector Strategy Outputs

Strategy Outputs	Targets	Monitoring Mechanisms
1. Loans	<ul style="list-style-type: none"> • Expand ADB's portfolio with more emphasis on neglected subsectors—sanitation, urban transport, land management, environmental management, and poverty reduction. • Continue to support improved IUDPS. • Provide policy-based loans in areas such as decentralization, fiscal management, pollution control, and land management. • Support private sector investments through equity and long-term loans. 	<ul style="list-style-type: none"> • ADB and DMC records, annual reviews, mission reports
2. Sector Activities	<ul style="list-style-type: none"> • Prepare country urban sector profiles and establish long-term partnerships with selected DMCs and cities, based on interest and demand from local government agencies. 	<ul style="list-style-type: none"> • ADB records, mission reports
3. Project Preparation Support	<ul style="list-style-type: none"> • Use pre-project investigations to enable better project identification and scoping. • Consider support for preparation of transport and drainage master plans through TA and program loans. 	<ul style="list-style-type: none"> • ADB records, mission reports
4. Regional Technical Assistance	<ul style="list-style-type: none"> • Develop local government data book. • Develop system for urban monitoring indicators and benchmarking. • Develop program for regional TAs based on key themes, such as urban management. 	<ul style="list-style-type: none"> • ADB records
5. Staff Advisory Services	<ul style="list-style-type: none"> • Provide ADB staff with expertise in institutional capacity building and urban management to strengthen advisory services to DMCs. • Provide staff with necessary backstopping and support on regional TAs, sector work, information networks, and research. 	<ul style="list-style-type: none"> • ADB records, mission reports, government feedback
6. Research	<ul style="list-style-type: none"> • Substantially expand ADB's research program, focusing first on economic aspects of urban services. • Designate staff focal points for research and in-house capacity building. • Coordinate research program within ADB, ADB Institute, and regional research activities. • Promote urban sector work, and disseminate findings via ADB publications, multimedia, and a subsector on the ADB Web site. 	<ul style="list-style-type: none"> • ADB records • Number of publications, volume of sales, visits to Web site
7. Capacity Building	<ul style="list-style-type: none"> • Expand and institutionalize ADB's urban performance improvement program. 	<ul style="list-style-type: none"> • ADB records

ADB = Asian Development Bank, DMC = developing member country, IUDP = integrated urban development project, TA = technical assistance.

Source: Asian Development Bank.

BRIEF DESCRIPTION OF COUNTRY STUDIES

A. Introduction

1. Urbanization is a global trend with neither positive nor negative implications per se. As the experiences of the India, Indonesia, Malaysia, People's Republic of China (PRC), Philippines, Thailand, and Viet Nam show, it is more than the process of rural–urban migration that attracts a high concentration of people to a certain area. More importantly, urbanization is not directly proportional to economic growth, and does not entail necessarily development for a country.
2. This appendix presents selected case studies that examine each country's urbanization trends, issues, challenges, and future plans of action.

B. India

3. Urbanization has been by far the most important social change in India since 1990. India's urban sector is commonly described as demographically large, economically important, and socially deficient.
4. The infrastructure of most cities and towns in India is severely stressed, as shown in the poor quality-of-life indexes and higher unit cost of production. Investing in urban infrastructure and services historically has been a public sector activity in India. However, the contemporary financing arrangements, including public sector funding, are deficient. Thus, the flow of resources for urban infrastructure has been far too inadequate.
5. Slums are the most visible manifestation of inadequate shelter and poverty in the urban areas. Most lack water and sanitation systems, and are often located in high-risk areas of cities. Environmental degradation represents one of the most formidable constraints on the productivity of the urban poor. Most cities and towns are exposed to air and water pollution, and problems related to (i) inadequate solid and liquid waste management, (ii) large-scale use of low-grade domestic fuels, and (iii) occupation of environmentally sensitive lands.
6. The responsibility for urban sector policy, programs, and projects is allocated to the state governments. However, in many states, municipal governments in India, which have the ultimate responsibility for day to day operations of these projects, are in no position to meet the service needs of the rapidly increasing urban population. The coterie of new institutions set up to supplement municipal capacities has been unable to fill the gap.
7. Private sector participation in urban service delivery and management is a relatively recent development in India.
8. Since the economic reforms of the early 1990s, several developments have had a direct bearing on the urban sector, including: (i) the incorporation of the 74th amendment into the Constitution in 1992, which was perhaps the most significant initiative toward strengthening functions and responsibilities of the municipal governments; and (ii) fiscal incentives in the form of tax exemptions to municipal governments (and other local authorities), which were designed to stimulate the municipal bond market.
9. The urban sector in India faces three major challenges. First, the level of investment in urban infrastructure and cities must be accelerated. The private sector has been indifferent to

urban infrastructure, partly because it gets no clear signal from the Government on whether it is needed for such services, and partly because the private sector is unsure of the returns on such investments. A key challenge is creating the conditions that will encourage private sector investment and management in urban infrastructure.

10. Second, the conditions for land and property markets to function must be created. Such markets—where people can buy and sell land and property—do not exist in India. At best, a few land and property-related transactions that can be sustained take place legally.

11. Third, municipal institutions must be revived. These institutions continue to be weak and dependent on state governments, whose control over them—even after the 1992 amendment—remains absolute. Their finances are in a shambles. This calls for the proper implementation of the Constitution's 74th Amendment.

12. The National Urban Renewal Mission aims to address these challenges.²⁹ It is designed to (i) accelerate investment in urban infrastructure and services, (ii) free the land and housing markets from the constraints imposed by the Urban Land (Ceilings and Regulation) Act of 1976, (iii) change rent control laws, (iv) lower the costs of registration, and (v) empower municipalities. The task is to make this mission move forward in a federal set-up with multiparty preferences and priorities.

C. Indonesia

13. Urbanization in Indonesia is characterized by (i) extension of urban areas through the growth of fringes, especially around large cities and metropolitan areas; (ii) integration of smaller cities and creation of metropolitan areas; (iii) expansion of physical boundaries of existing urban areas, or creation of new urban agglomerations or urban sprawl; (iv) reclassification of villages from rural to urban, especially in Java; (v) transborder provinces, rich in natural resources, which tend to have high growth rates; and (vi) slowing growth in inner metropolitan areas, and accelerating growth in surrounding areas.

14. The challenges faced by the urban sector are (i) the relatively high population growth and uneven population distribution (e.g., over-concentration in larger cities); (ii) lack of macroeconomic stability due to low productivity, limited use of current technology, and limited capacity of national and urban economic infrastructure; (iii) imbalanced regional development; and (iv) poor environmental conditions in urban areas.

15. The vision of the country's urban sector development is to build a city that is livable, socially just, prosperous, culturally vibrant, productive and sustainable; implemented inclusively by all stakeholders in a participatory manner, responsive to people's needs and aspirations; with transparent and accountable decision making processes. An urban development strategy and policy for Indonesia for the next 20–25 years requires the consideration of several strategic issues (paras. 24–27).

16. **Urbanizing of Urban Areas.** The urban population in the country is still concentrated in Java, particularly in Jabodetabek. This implies the need to (i) generate more jobs; (ii) provide more housing, and related infrastructure and basic services; and (iii) manage land development better.

²⁹ <http://urbanindia.nic.in/moud/programme/ud/main.htm>

17. **Urban Poverty.** Poverty is linked closely to inequality among the socioeconomic groups in cities, and to imbalances between urban and rural areas. This implies the need to (i) provide access to basic services, employment, capital, and information for the poor; (ii) provide adequate and affordable housing; and (iii) harmonize development among sociocultural groups, and reduce sources of conflicts.

18. **Quality of Life in Urban Areas.** Issues related to environmental quality, and to quality of life on the whole, include (i) physical aspects, such as the quality of air, water, and soil; (ii) housing conditions; (iii) infrastructure; (iv) availability of basic services, such as health and education; and (v) sociocultural and economic aspects, including inequality of socioeconomic conditions. Social cohesion and equity are also important factors of urban quality of life. This generally implies the need to (i) provide land for housing for the poor; (ii) provide basic infrastructure; and (iii) to set and implement appropriate rules and regulations related to the environment, safety, and health in urban areas.

19. **Local Capacity to Manage Urban Development.** Local capacity building requires a process of planning and decision making that involves all relevant stakeholders, including the private sector and the community. Improving local capacity, therefore, involves (i) human resources capacity (private sector, government, and community) in terms of skills, as well as understanding and awareness of issues; (ii) the structure and capacity of local institutions; (iii) support for laws and regulations; and (iv) management of financial resources. The underlying principle should be good governance.

20. With the implementation of Law 22/99 (Regional Autonomy) and Law 25/99 (Fiscal Balance Between Central and Local Governments), local governments are responsible for urban development. Therefore, Indonesia should have a two-part urban development strategy and policy: one for the national level, one for the local level. Urban development responsibilities that must be implemented by the national Government to ensure functional cities include (i) supporting national and interregional development objectives; (ii) addressing the poor and less-developed regions; (iii) balancing and synergizing regional development; (iv) addressing cross-border regional development plans; and (v) addressing special regions, such as international border regions and special growth regions.

21. Each region faces similar issues, with varying intensities and priorities. The urban areas in the regions also should be able to fulfill the needs and aspirations of their inhabitants. The local governments need to identify their urban development problems and issues, as well as the regional development objectives, priorities, and aspirations of stakeholders. They also need to develop or generate development policies and strategies with reference to their spatial development plans. Cross-border regional issues, such as the use of natural resources and development of regional infrastructure, should be discussed and developed with related regions and provinces.

D. Malaysia

22. Malaysia, like other countries in Asia, is experiencing fast economic and population growth. As a result, the Government must seek new strategies and partnerships to manage its urban centers, and to improve the quality of urban living. Increasing population and economic productivity, within the framework of sustainable development, has influenced greatly the movement of towns in Malaysia. This has contributed to the creation of cities and major towns encompassing new conurbations and growth centers. With accelerating urbanization, villages

have been transformed into major towns and cities, leading to changes in demography; land usage; settlement patterns; and cultural, social, and political dimensions.

23. The emphasis of economic growth in the country has shifted from agriculture to labor-intensive manufacturing industries to capital-intensive and high technology-based industries to the services sector. Specifically, the financial, tourism, education, health, and information and communications technology subsectors have been identified as the main areas of the services sector that will be developed. However, this places serious demands on cities, among them the need to make available sufficient (yet scarce) land in the cities, and to ensure that existing services meet international standards.

24. While cities address these new demands, urban centers also need to ensure that their residents are pre-equipped with the relevant skills for the new and emerging industries and services. Institutions of higher learning and training centers have been urged to meet these demands by redesigning their curriculums. The concept of life-long learning and improving skills, which pushes more training and educational centuries to provide appropriate programs for different groups of people, also is being emphasized.

25. Another emerging observation is that most cities in the country are competing in the same sector of the economy. However, as industries move into high-technology bases that employ fewer workers, and many other investors shift operations to neighboring countries in Asia, urban centers need to refocus into other, niche, areas.

26. Another specific issue that emerged from the urbanization process is urban poverty. Poverty no longer is confined to the rural areas in Malaysia. Urban poverty soon might become even more rampant, producing more urban than rural poor. Faced with an increasing population, the Government will need to address the issue of supply and demand for basic necessities—such as clean water, electricity, pollution, efficient traffic flow, health facilities—and a host of urban services and utilities that will need to be provided by the various ministries. Given these concerns, the Government should approach urban development and growth within a framework of urban management, which includes urban finance, capacity building, and environmental management.

27. Specifically, public–private partnership projects can be encouraged, as well as the participation of the public through nongovernment organizations. In Malaysia, international technical cooperation is still necessary and important, and should be included in the urban management framework.

E. PRC

28. More than one third of the PRC's population lives in cities, while the remainder is becoming increasingly dependent on cities and towns for economic survival and livelihood. The scale and speed of urbanization has made the management of urban areas difficult.

29. PRC cities face seven major challenges: (i) the imminent arrival of three urban population peaks (total population, number in labor force, and aged population); (ii) excessive use of energy and resources in urban areas; (iii) urban environment and sustainability; (iv) development and quality of urban infrastructure construction; (v) urban–rural income gap; (vi) urban information technology development and economic restructuring; and (vii) promotion of international urban competitiveness. To address these challenges, metropolises, medium- and small-sized cities, and small towns have worked together to develop a new strategy. To

take this further, many cities have aggressively promoted economic restructuring and developed a tertiary sector by encouraging the participation of private and foreign investors, as well as enlarging public spending.

30. The flood of rural–urban migration has exacerbated the infrastructure burden of cities. Unserved urban areas, where millions of migrant workers lack adequate access to basic urban services, have grown tremendously. An income gap in urban areas also is widening, while rural–urban and regional disparities are increasing. The Government has not reformed the outdated income taxation system to ensure equal opportunity and wealth distribution. Another way of addressing this problem is the promotion of free elementary education, or compulsory education nationwide.

31. Other problems need to be addressed urgently, including (i) widespread inadequate and poorly maintained infrastructure, (ii) misuse of land, (iii) urban sprawl, (iv) poor sanitation, (v) poor living environment in all cities, (vi) industrialization, (vii) traffic congestion, and (viii) increasing vehicle ownership.

32. To solve the problems related to the lack of urban infrastructure and sanitation services, some public facilities and services have been privatized, while governments increasingly are adopting an indirect enabling role. In addition, the central Government has begun to encourage public–private partnerships for providing services.

33. To address the challenges of traffic congestion, some large cities have developed mass transit systems. These costly investments have to be supported by already debt-burdened local finance sources. Mass transit systems also require overcoming coordination problems between land use and transport planning. Urban transport technologies and management are also still imperfect.

34. Many or most of the urbanization issues and challenges facing the PRC are due to poor urban governance. To compensate for this, many local governments have set up semi-government organizations³⁰ as their investment arms, in the form of (i) local international trust and investment corporations, (ii) urban development corporations, or (iii) corporations for specific projects. These organizations are set up to undertake infrastructure construction; and, more importantly, to raise funds through financiers, as well as foreign and private investment for large projects.

35. Major issues in urban governance also relate to community participation, which highlights the role of civil society and the private sector in social planning and service provision. Civil society can be a critical resource in developing social planning and management.

F. Philippines

36. The overall goal of urbanization in the Philippines is the development of an urban structure that (i) facilitates economic production, (ii) develops and strengthens local comparative advantages, and (iii) provides all residents with an improved quality of life.

37. The Government is implementing a 10-point priority program to address the complex problems and issues confronting the country, particularly in the urban areas. The program has the acronym BEAT THE ODDS: B for balanced budget with the right revenues collected and

³⁰ PRC has set up autonomous public companies that finance, operate, and regulate urban services.

judiciously spent; E for education for everyone of school age; A for automated elections that minimize fraud and doubt; T for the termination of insurgent (New People's Army and Moro Islamic Liberation Front) hostilities; H for healing the wounds of EDSA People Power;³¹ E for electricity provided for the entire country; O for opportunities for livelihood and jobs; D for decentralized development, with a network of transport and digital infrastructure linking the entire country; D for decongestion of Metro Manila, with economic activities growing and spreading to new centers of government, business, and community in Luzon, Visayas, and Mindanao; and S for Subic and Clark alliance that will make the Subic–Clark corridor the most competitive international service and logistics center in Southeast Asia. (Clark and Subic are former US military bases that have been converted to commercial uses.)

38. The first five points have serious, although indirect, implications on urban management. The last five points, however, impact directly on urban development. The problems in the agriculture or rural sectors further exacerbate the problems in the urban sector, which bears the brunt of high population densities, problems of housing and services shortage, unemployment, malnutrition, and environmental degradation.

39. This priority program is guided by, and anchored on, the National Urban Development and Housing Framework, the National Urban Policy Agenda, the National Anti-Poverty Action Agenda, and the Social Reform Agenda, all of which complement the Medium-Term Philippine Development Plan.

40. With the country's wide array of policy directions, programs, and projects aimed at promoting urban development, some issues have surfaced. One is the need to reconcile and synchronize their implementation. This involves a system for prioritizing resource allocation, legislation, and organization restructuring. Another issue is the need to determine how responsive and adequate policy agendas have been in enabling the Government to reduce urban development problems.

41. At the metropolitan level, a defined sector of decision makers consistently has preferred exploring all forms of metropolitan organization to improve governance of metropolitan areas and highly urbanized cities. Local governments, notwithstanding the Local Government Code and other complementary legislation, still have to assert their capability and willingness to undertake some urban development functions and responsibilities. The national and metropolitan governments still discharge many functions due to financial constraints of local governments, as well as their inadequate capability and administrative and technical skills at the local level.

42. To address the issues raised by rapid urbanization and congestion in the country, the following steps are recommended: (i) more meaningful intervention in demographic dynamics; (ii) improved governance structure; (iii) more meaningful roles of other stakeholders; (iv) wider implementation of technological advances; (v) achievement of the universal prerequisites affecting government programs and projects, including (a) upgrade of local government planning and fiscal management capacity, (b) greater emphasis on the participatory process, (c) more effective coordination with other government agencies, (d) improved ability to catalyze the private sector and nongovernment organizations, (e) use of appropriate low-cost technologies, (f)

³¹ Also referred as the Philippine Revolution of 1986, was a four-day nonviolent mass demonstration by millions of Filipinos in Metro Manila, which led to the downfall of the authoritarian regime of President Ferdinand Marcos and the installation of Corazon Aquino as president of the Republic. EDSA stands for *Epifanio de los Santos Avenue*, a main highway in Metro Manila and the main site of the demonstrations.

contracts with the private sector, and (g) elimination of corruption; (vi) cultural changes; and (vii) maximization of the role of international organizations.

43. Furthermore, some feasible proposals have not been given adequate attention, such as (i) alternative modes for metro governance; (ii) more productive and creative private sector involvement (e.g., commercialization of innovative technology, such as portable housing), and (iii) more responsive legislation at the local level (e.g., ordinances in the housing code). More serious research and/or implementation of these urban development proposals should be undertaken.

G. Thailand

44. Urbanization in Thailand, compared with other countries in Asia and countries of comparable level of development, is progressing slowly with unbalanced growth. The pattern of urbanization over the past two decades has been described as occurring in “new” regional constellations, particularly within 200 kilometers of Bangkok.

45. Two areas of concern over the urbanization process are (i) land, and the closely related economic and environmental impacts; and (ii) urban management tools.

46. Due mainly to weak enforcement of planning and control measures, private developers have had the biggest influence on urban land use patterns. The declaration of “control areas” places legal restraints on land usage, frontage access area, and floor space allocation. Despite these legal restraints, housing developments have continued to expand. The boom-and-bust pattern of land investments in the 1980s and 1990s resulted in problems such as (i) poor quality of life, (ii) congestion of living space, (iii) air and noise pollution, and (iv) inadequate transportation and urban services. With no tradition for cost sharing of public utilities and amenities, the public sector has been solely responsible for providing these services.

47. One major area of concern over uncontrolled expansion of urban areas is the loss of agricultural land. Further, inefficiency of urban land use is manifested in conflicting patterns of land use. With weak enforcement of land-use plans, mixtures of varying types of land use are not uncommon to find. Urban sprawl and mushrooming dormitory towns generally result in increases in average traveling distance, daily traveling hours, and traveling expenses.

48. The equity aspects of urban growth are similar to the European experience. More money is pumped into expanding road networks, while proportionally smaller sums are invested in public transport. Legal and bureaucratic procedures slow public sector solutions, while private sector initiatives have provided immediate answers. However, while the private sector solutions might alleviate problems in the short term, they might be highly problematic for future management and control.

49. The Government recognizes that failure to manage and control land use efficiently is due to the absence of a strategic plan, and the lack of appropriate town planning control measures. Explicit and implicit policy frameworks have been developed to address such shortcomings. Explicit policies refer to those that directly address urban development issues, such as transportation, housing, and catalytic projects that are expected to have strong impact on employment and income generation. Explicit policies also address management issues, such as those that deal with the role of local governments.

50. Implicit policies refer to the broader development measures that will affect the urbanization process, urban development, and management issues. They deal with the concerns of financial management and chronic poverty, and seek to enhance the level of national competitiveness in the global markets. Further, they aim to improve supporting sectors, such as health services and amenities, including the growing importance of information and communications technology.

51. The broader policy directives see Bangkok as a knowledge-based economy. They also envisage Bangkok playing a more effective role in linking up with the small- and medium-sized urban centers. The area-based strategy aims to (i) link up with the global economy to attract foreign direct investment; and (ii) promote the development of medium-sized urban centers to create a balanced urban system, as well as mechanisms to link the urban and rural economies effectively.

52. These, however, are general strategies that have to be translated into concrete measures. Working partnerships are indispensable not only for responsibility and cost-sharing purposes, but also because of the limitations of control functions and the need for resource users to identify and internalize those measures. Partnerships also can narrow the information and communications gap created by lack of information, as well as the absence of links and information sharing between public agencies that perform service functions and those that perform planning functions.

H. Viet Nam

53. Viet Nam has a low urbanization rate. However, the pace of urbanization is forecast to increase very quickly in the near future—by 50% in 2010 and 100% in 2020.

54. Like other developing countries, urbanization is creating some challenges for Viet Nam, such as (i) overpopulation caused by weak municipal social and engineering infrastructure; (ii) uncontrolled construction, and inefficient and unplanned use of urban land; (iii) unsustainable and unbalanced development; (iv) stress on the natural, social, and cultural environment; (v) poor administrative management by governments; and (vi) public insecurity, unequal income allocation, and urban poverty.

55. A number of courses of action are recommended (paras. 56–64) to achieve more sustainable urban development.

56. **Planning Structure and Spatial Development Orientation.** A national urban network should be formed based on core municipalities in 10 urbanized regions across the country.

57. **Allocation and Organization of Key Zones in Municipalities.** Existing industrial zones should be rearranged and reorganized to respond to urban development plans. New industrial zones should be provided with suitable links with residential areas. New residential zones should be set up, and existing residential zones rearranged and reorganized to satisfy an urban development master plan. Public utilities should be constructed to serve urban residents and others.

58. **Socioeconomic Development Strategy for 2001–2010.** This strategy seeks to (i) eliminate households without food, and rapidly reduce number of the poor; (ii) reduce the unemployment rate to less than 5%; and (iii) invest in urban infrastructure development to help the poor access better opportunities to improve their living conditions.

59. **General Strategy on Growth and Poverty Reduction.** The focus should be on urban development policies, such as (i) Government's support for urban communities through encouragement and job opportunities; (ii) urban infrastructure development projects; (iii) balanced development among urban and suburban areas; (iv) criteria, standards, and price frameworks for water supply services; and (v) sanitation that takes into account the poor. The poverty rate of the country is projected to be reduced to 15% by 2010.

60. **Policies and Measures for Urban Development Toward Poverty Reduction.** Management effectiveness needs strengthening, including a need to (i) develop preferential policies for investments and prepare funds for surveys, planning, and development of urban infrastructure; (ii) finalize and update housing and land policies for social stability and urban human resource development; and (iii) strengthen urban management policies for sustainable urban development toward industrialization and modernization.

61. **Completion of Legal Documents for Urban Planning Management.** The legal framework on urban planning and construction management in Viet Nam needs to be finalized. Construction design should include legal corridors for public participation, including the poor. Standards and qualifications for urban construction and housing are needed, and construction controls need strengthening. A justifiable investment mechanism to improve urban poor zones is required.

62. **Urban Planning.** The following should be continued, strengthened, and finalized: (i) categorization and classification of municipalities; (ii) urban municipality networks; (iii) planning for big cities; (iv) improvement of master plan qualities; and (v) studies, detailed planning, and urban design for quick improvement of urban accommodation conditions.

63. **Strengthening Urban Development Plan Implementation Management.** Urban development plans should be publicized and disseminated in various formats for easier access and implementation by civil society. Urban development and construction plans should be integrated to attract more investments into housing and infrastructure. Environment protection, especially in big cities and key economic zones, is needed.

64. **Trends in Labor Force Change.** The nature of the labor force is forecast to change considerably up to 2020. The proportion of labor employed in industry will increase to 41%, while the proportion in the service sector will rise to 49%. Agriculture's share of labor will decrease to 10%.

MILLENNIUM DEVELOPMENT GOALS AT THE CITY LEVEL ³²

A. Specific Reference to Cities

1. The Millennium declaration made three specific references to cities.
 - (i) Promote good urban governance (Millennium Declaration, paragraph 12).
 - (ii) Halve the proportion of people who are unable to reach or afford safe drinking water and sanitation in cities, and improve significantly the lives of at least 100 million slum dwellers as proposed in the Cities Without Slums initiative (Millennium Declaration, paragraph 19).
 - (iii) 60th Session of the UN General Assembly adopted a resolution on the implementation of the Millennium Declaration, with a specific emphasis on sustainable urbanization and worldwide slum upgrading (Target 11).

B. Critical Urban Issues: The Context for Target 11

2. The formulation of Target 11 acknowledged urban issues.
 - (i) Urbanization is an inexorable process, featuring increasing number of people living in cities, increasing number of cities, burgeoning megacities, and declining growth of population in the countryside.
 - (ii) Urban poverty is reproduced and exacerbated where the urbanization process and policy failures lead to the expansion of slums with the corresponding deprivations.
 - (iii) Economic development is mainly in cities. The level of urbanization is strongly correlated with the level of economic development. As the bulk of economic activities is generated in cities, cities continue to be engines of economic growth.

C. Areas for Action and Support

3. The Millennium Declaration endorsed several actions by city leaders.
 - (i) Formulate action plans at national and city levels for upgrading slums and for creating conditions for stopping new slum formulation by 2020.
 - (ii) Turn all cities into engines of sustainable development by addressing urban–rural imbalances and adopting sustainable urbanization policies.
 - (iii) Maximize urban opportunities, while minimizing urban risks. Improve the living conditions of current and future urban dwellers, and enhance urban management capabilities.
 - (iv) Motivate leadership at all levels, especially at the local government level, where the organization of the urban poor can enable them to participate as equal partners in political and economic life. Participatory planning, development, and services upgrading processes also are instituted at the local level.
 - (v) Fund large-scale slum upgrading through the mobilization of investments for slum upgrading and housing finance, and the use of market mechanisms in support of financial needs for shelter.

³² UN-HABITAT. 2005. *Habitat Debate* 11(3). Kenya: UN-HABITAT.

- (vi) Ensure accountability in urban governance, with political leadership that is committed to a democratic and equitable vision of civil society, participatory urban development, and pro-poor city development strategies.
- (vii) Promote the leading role of local authorities, including strengthening their capacities, especially in playing their role in achieving the Millennium Development Goals.
- (viii) Support decentralization and local democracy by ensuring that decentralized powers are accompanied by the resources necessary to exercise such powers. Support local authorities in accessing capital markets.
- (ix) Build partnerships to deliver basic services. Target 10 focuses on access to safe drinking water and basic sanitation. Urban slum dwellers often do not have access to affordable drinking water, as well as proper sanitation. Capacity building among partners is needed to enable effective partnerships.
- (x) Empower the urban poor by recognizing the urban poor as a resource, and making them central actors in policy making and governance. Promote security of tenure. Where relocation is unavoidable, all affected persons should have access to information, and should be consulted on possible alternatives and potential compensation modalities. Promote affordable shelter.
- (xi) Develop innovative financial systems. Traditional financing mechanisms (municipal finance, housing finance, and microfinance) have not been adequate to meet the challenge of slum upgrading. New public-private approaches are needed, as well as targeted public subsidies combined with optimal cost recovery on marketable services, such as water and electricity supply.

URBAN SECTOR EXPERIENCE OF OTHER ORGANIZATIONS

A. World Bank

1. The World Bank publication *Cities in Transition* is an illustration of the organization's commitment to promoting sustainable urban areas in an environment of government decentralization.³³ Action plans identified to optimize the effectiveness of the urban and local government strategies are (i) formulation of national urban strategies, (ii) support to city development strategies, (iii) scaling up programs of services for the poor, and (iv) enhanced assistance for capacity building. Livability, competitiveness, good governance and management, and bankability continue to be the pillars of the World Bank's urban development strategy.

2. In the recent past, urban development assistance in Asia and the Pacific has accounted for a significant share of World Bank's overall lending portfolio (Table A4.1).

Table A4.1: World Bank Urban Development Projects by Region, May 1999^a

Regions	Number of Active Projects	% Share of Active Projects	Commitments Outstanding (\$ million)	% Share of Commitments
East Asia and Pacific	19	21	2,191	32
Europe and Central Asia	18	20	1,464	21
Latin America and the Caribbean	13	14	1,214	17
Middle East and North Africa	13	14	996	14
South Asia	2	2	61	1
Sub-Saharan Africa	27	29	1,078	15
Total	92	100	7,004	100

^a Excludes urban water and sanitation and urban transport projects.

Source: World Bank. 2000. *Cities in Transition*. Washington, DC: World Bank.

3. Urban sector projects in the region approved for the first half of 2005 involve financing urban infrastructure investments, institutional development, and capacity building.³⁴ A considerable proportion of the \$75 million Sri Lanka tsunami project is dedicated to support urban services and housing access. The Third Urban Poverty Project³⁵ in Indonesia (\$138.70 million) aims to promote participation of community organizations in the urban development process for effective and efficient delivery of basic services. Also in Indonesia, the Urban Sector Development Reform Project³⁶ (\$45 million) focuses on municipal governance reforms and financing priority urban investments. The \$300 million Third Tamil Nadu Urban Development Project³⁷ in India is devoted to improving urban infrastructure and strengthening institutional and financial frameworks to support the implementation and sustainability of the project.

³³ World Bank. 2000. *Cities in Transition: World Bank Urban and Local Government Strategy*. Washington, DC: World Bank.

³⁴ Figures discussed in the paragraph are combined commitments of the International Bank for Reconstruction and Development and the International Development Association, and are from the online project database of the World Bank.

³⁵ World Bank. 2005. *Project Appraisal Document on a Proposed Loan in the amount of US\$67.3 Million and a Proposed Credit in the Amount of SDR47.4 Million (US\$71.4 Million Equivalent) to the Republic of Indonesia for a Third Urban Poverty Project*. Washington, DC: World Bank.

³⁶ World Bank. 2005. *Project Appraisal Document on a Proposed Loan in the Amount of USD45 Million to the Republic of Indonesia for an Urban Sector Development Reform Project*. Washington, DC: World Bank.

³⁷ World Bank. 2005. *Project Appraisal Document on a Proposed Loan in the Amount of USD300 Million to the Republic of India for the Third Tamil Nadu Urban Development Project*. Washington, DC: World Bank.

4. Table A4.2 compares the Asian Development Bank (ADB) with the World Bank with regard to the focus, goals, thrusts, main activities, and project design principles of their respective urban development strategies. While the two are somewhat similar, ADB's strategy views the totality of urban development, while the World Bank focuses on the role of local government in addressing urban issues.

Table A4.2: Comparison of Urban Development Strategies of ADB and World Bank

Strategy Elements	ADB	World Bank
Focus	Urban development in totality	Urban and local government issues
Goals	<ol style="list-style-type: none"> 1. Maximizing economic efficiency 2. Improving quality of life 3. Achieving urban sustainability 4. Reducing urban poverty 	<ol style="list-style-type: none"> 1. Livability (quality of life) 2. Competitiveness (economic buoyancy) 3. Good governance and management 4. Bankability (financial soundness)
Main Activities	<ol style="list-style-type: none"> 1. Promoting urban governance 2. Mobilizing financial resources 3. Improving urban management 4. Improving design and delivery of subsector projects 	<ol style="list-style-type: none"> 1. Formulating national urban strategies 2. Facilitating city development strategies 3. Scaling up services for the poor 4. Expanding assistance to capacity building
Project Design Principles	<ol style="list-style-type: none"> 1. Developing comprehensive urban sector policy frameworks 2. Formulating improved IUDPs 3. Providing subsector programs 4. Providing policy-based loans 5. Supporting private sector investment 6. Promoting cooperation with NGOs and CBOs 7. Catalyzing information dissemination 	<ol style="list-style-type: none"> 1. Lengthening time horizons 2. Expanding support to municipal finance intermediaries 3. Taking explicit market development and institution building approaches 4. Shifting from reactive to more proactive interventions 5. Balancing cross-sectoral urban assistance and subsector-specific approaches

CBO = community-based organization; IUDP = integrated urban development project; NGO = nongovernment organization.

Sources: ADB. 1999. *Urban Sector Strategy*. Manila; World Bank. 2000. *Cities in Transition: World Bank Urban and Local Government Strategy*. Washington, DC: World Bank.

B. Cities Alliance

5. The creation of the Cities Alliance, a new coalition of cities and development partners, is another confirmation of the growing impact of urban development issues and challenges on the agenda of international development assistance agencies. Launched by the World Bank and the

United Nations Centre for Human Settlements (UN-Habitat) in May 1999, the alliance focuses on two priority programs: (i) cities without slums, and (ii) city development strategies. Regional activities financed by the alliance from December 2001 to June 2005 received \$5.95 million in grants.³⁸

C. United Nations Agencies

6. The regional initiatives of UN-Habitat might complement the objectives of the Economic and Social Commission for Asia and the Pacific (UN-ESCAP) and the Economic and Social Commission for Western Asia (UN-ESCWA). However, UN-Habitat takes the lead in addressing urban development concerns, as mandated by the UN General Assembly. The continuing activity of UN-Habitat for the region is the Water for Asian Cities Program. UN-Habitat's partners include ADB, Citi Foundation, and Vikram Sarabhai Foundation, with the governments of Bangladesh, Cambodia, India, Kazakhstan, Lao People's Democratic Republic, Nepal, Netherlands, Norway, People's Republic of China, Philippines, Thailand, and Viet Nam. The program has three phases: (i) capability building, (ii) project preparation, and (iii) investments.

7. Apart from its region-wide program for Asia, UN-Habitat also has programs designed to support the urban sector needs of countries. Recent initiatives include slum upgrading with the cities without slums program, in cooperation with the Cities Alliance. This initiative features the establishment of the Slum Upgrading Facility (SUF)—a new global facility designed to lead and coordinate technical cooperation and seed capital initiatives to help promote affordable housing for low-income households. Another initiative is the Localization of the Millennium Development Goals program, which involves poverty reduction efforts at the local level. Other UN-Habitat programs are³⁹

- (i) Best Practices and Local Leadership, a global network for information sharing on successful solutions for sustainable development.
- (ii) Gender Policy Unit, a facility aimed at mainstreaming gender equality in human settlements development.
- (iii) Global Urban Observatory, an urban database management facility.
- (iv) Housing Policy and Development Section, a depository of information on housing policies and programs, housing rights, and building materials and construction technologies.
- (v) United Nations Housing Rights Programme, a facility focused on assisting stakeholders with the implementation of the Habitat Agenda.
- (vi) International Forum on Urban Poverty, a partnership of local stakeholders, academe, and external support agencies to combat urban poverty through knowledge sharing.
- (vii) Land and Tenure Section, a program for developing affordable land management systems and pro-poor flexible tenure types.
- (viii) Localising Agenda 21, a capacity building program designed to provide multiyear support to local authorities in carrying out the Local Agenda 21 process, with special focus on targeting secondary cities, promoting good urban governance, and targeting the urban poor.

³⁸ Figure was computed based on the list of financed activities posted on the Cities Alliance website (as of 30 June 2005).

³⁹ <http://www.unhabitat.org/>.

- (ix) Disaster Management Programme, a lead facility focused on protection and rehabilitation of housing, infrastructure, and public facilities; disaster prevention planning and management; etc.
- (x) Safer Cities Approach, a facility for scaling up urban violence prevention strategies at the city level.
- (xi) Sustainable Cities Programme, a joint facility with the United Nations Environment Programme focused on promoting urban environmental governance processes.
- (xii) Training and Capacity Building Branch, a facility for human resource development in human settlements management and development.
- (xiii) The Urban Economy and Finance Branch, a facility for urban economic and financial analyses, and development of systems for better municipal finance and of housing finance system institutions.
- (xiv) Urban Management Programme, a facility for of promoting innovative urban management practices, strengthening municipal networks, and influencing national urban policies and programs.
- (xv) Urban Transport Programme, a facility for developing plans and studies that will result in economically efficient, and environmentally and socially sustainable transportation systems.

D. Selected Bilateral Assistance Agencies

8. Bilateral support to the urban sector includes the Australian Agency for International Development, Canadian International Development Agency (CIDA), Department for International Development (DFID) of the UK, Dutch Ministry of Foreign Affairs' Directorate-General International Cooperation (DGIS), German Agency for Technical Cooperation (GTZ), Japan International Cooperation Agency, United States Agency for International Development (USAID), and others.

9. As the lead US agency in dealing with urbanization in developing countries, USAID launched Making Cities Work: USAID's Urban Strategy in February 2001. It has helped countries, such as Indonesia and India, in gaining access to private financing for urban infrastructure. The strategy also helped the community of Madras, India, to improve solid waste collection by forging partnerships with nongovernment organizations.

10. CIDA's An Urbanizing World: Statement on Sustainable Cities (1998) serves a backdrop for its development agenda for the urban sector. Its approach to the urban sector of the region considers (i) basic human needs; (ii) women in development; (iii) infrastructure services; (iv) human rights, democracy, and good governance; (iv) private sector development; and (v) the environment. Some of the recent projects in the region are (i) Local Government Support Program and the Philippines-Canada Environmental and Economic Management Project in the Philippines, (ii) Assistance to Open Cities in the People's Republic of China (PRC), (iii) Sewerage Operation and Maintenance Services in India (capability building component), and (iv) Localized Poverty Reduction in Viet Nam: Building Capacity for Policy Assessment and Project Planning. The Southeast Asia Urban Environmental Management Applications Project is an continuing initiative of CIDA with the Asian Institute of Technology for improving environmental conditions in selected member countries in the region through better implementation of urban environmental management policies; and knowledge sharing in the subsectors of water and sanitation, solid waste management, and air pollution.

11. GTZ's urban development projects in the region, aims to address the challenges confronting Asian urban planners and urban managers. Recent projects in Asia include (i) Environmentally Sound and Sustainable Urban Development in the cities of Yangzhou and Changzhou in Jiangsu Province, PRC; (ii) Urban Development in Nepal, which includes technical advisory services and infrastructure financing for 58 cities and small-scale urban renewal and monument conservation in Kathmandu Valley; and (iii) Air Pollution Control for Malaysian Cities: Transport and Industry, where development and implementation of a modern air pollution control policy is promoted at the national Government level, and use of local public transport and non-motorized transport is promoted at the local level.

13. The main component of DFID's urban development strategy is poverty reduction programs (PRPs), which are based on bottom-up, integrated, and multidisciplinary approaches. In Asia, the PRPs focus on Bangladesh, India, and Pakistan. DFID started with slum upgrading projects in India in the early 1990s, then moved to city-wide projects, such as (i) Kolkata Environment Improvement Project (2002–2007), (ii) the Andhra Pradesh Urban Project (2000–2006) in 32 cities, and (iii) the Calcutta Environmental Improvement Project (2004–2007). Other DFID urban development projects in Asia include Phnom Penh Urban Poverty Project in Cambodia (1995–2004), and several other projects in India.

14. DGIS is the principal Government of the Netherlands' department for development activities. DGIS has a rural and urban development division with an overall objective of poverty reduction. In the past, most of its support was concentrated on the rural sector. In the late 1990s, DGIS shifted more attention to urban concerns as developing countries experienced rapid urbanization. Its programs in Asia include solid waste management in India, strengthening community organizations to improve the living situations of slum dwellers, and strengthening community-based and nongovernment organizations in Bangalore, India.

**APPROVED URBAN LOANS
1968–2005**

Loan No.	Country	Project Title	Amount (\$ million)	Approval Date
2226	IND	Kerala Sustainable Urban Development	221.00	20 Dec 05
2212	PAK	Rawalpindi Environmental Improvement	40.00	13 Dec 05
2211	PAK	Rawalpindi Environmental Improvement	20.00	13 Dec 05
2207	PRC	Henan Wastewater Management and Water Supply Project	100.00	09 Dec 05
2204	PAK	Balochistan Devolved Social Services (TA Loan)	5.00	08 Dec 05
2203	PAK	Balochistan Devolved Social Services Program	65.00	08 Dec 05
2202	PAK	Balochistan Devolved Social Services Program	130.00	08 Dec 05
2201	SRI	Local Government Infrastructure Improvement	50.00	24 Nov 05
2195	VIE	Central Region Transport Network Project's	94.50	11 Nov 05
2193	INO	Local Government Finance and Governance Reform Program	300.00	03 Nov 05
2192	INO	Local Government Finance and Governance Reform Program	30.00	03 Nov 05
2178	PAK	Infrastructure Development	25.00	18 Aug 05
2176	PRC	Fuzhou Environmental Improvement Project	55.80	29 Jul 05
2175	PRC	Jilin Water Supply and Sewerage Development	100.00	18 Jul 05
2172	BAN	Second Urban Primary Health Care Project	30.00	31 May 05
2170	MLD	Regional Development Project Phase II	6.00	28 Apr 05
2164	INO	Community Water Services and Health	30.59	07 Apr 05
2163	INO	Community Water Services and Health	34.10	07 Apr 05
2151	IND	Mutisector Project for Infrastructure Rehabilitation in Jammu & Kashmir	250.00	21 Dec 04
2120	AZE	Urban Water Supply and Sanitation	10.00	07 Dec 04
2119	AZE	Urban Water Supply and Sanitation	20.00	07 Dec 04
2117	BAN	Secondary Towns Intergrated Flood Protection II	95.00	02 Dec 04
2112	PRC	Liaoning Environment Improvement	70.00	25 Nov 04
2073	INO	Neighborhood Upgrading and Shelter Sector Project	20.00	19 Dec 03
2072	INO	Neighborhood Upgrading and Shelter Sector Project	68.60	19 Dec 03
2063	PHI	Development of Poor Urban Communities Sector Project	30.50	18 Dec 03
2060	PAK	Southern Punjab Basic Urban Services Project	45.00	18 Dec 03
2061	PAK	Southern Punjab Basic Urban Services Project	45.00	18 Dec 03
2059	NEP	Kathmandu Valley Water Services Sector Development Project	10.00	18 Dec 03
2058	NEP	Kathmandu Valley Water Services Sector Development Program	5.00	18 Dec 03
2055	FIJ	Suva-Nausori Water Supply and Sewerage Project	47.00	18 Dec 03
2046	IND	Urban Water Supply and Environmental Improvement Project	200.00	12 Dec 03
2034	VIE	Central Region Urban Environmental Improvement Project	44.00	08 Dec 03
2026	SAM	Sanitation and Drainage Project	8.00	27 Nov 03
2024	PRC	Xi'an Urban Transport	270.00	27 Nov 03
2013	CAM	Provincial Towns Improvement (Supplementary Loan)	6.30	28 Oct 03
2012	PHI	MWSS New Water Source Development	3.26	14 Oct 03
2008	NEP	Community-Based Water Supply and Sanitation Sector	24.00	30 Sep 03
1996	PRC	Wuhan Wastewater Management	83.00	25 Apr 03
1995	PRC	Harbin Water Supply	100.00	11 Mar 03
1994	LAO	Small Towns Development Sector	16.00	28 Jan 03
1993	SRI	Secondary Towns and Rural Community-Based Water Supply and Sanitation	60.29	16 Jan 03

Loan No.	Country	Project Title	Amount (\$ million)	Approval Date
1990	VIE	Housing Finance	30.00	20 Dec 02
1985	PRC	Hebei Province Wastewater Management	82.36	19 Dec 02
1971	VIE	GMS: Mekong Tourism	8.50	12 Dec 02
1970	LAO	GMS: Mekong Tourism	10.90	12 Dec 02
1969	CAM	GMS: Mekong Tourism	15.60	12 Dec 02
1966	NEP	Urban and Environmental Improvement	30.00	10 Dec 02
1950	PAK	Punjab Community Water Supply and Sanitation Sector	50.00	28 Nov 02
1947	BAN	Urban Governance and Infrastructure Improvement (Sector)	60.00	28 Nov 02
1907	MON	Integrated Development of Basic Urban Services in Provincial Towns	20.10	06 Aug 02
1880	VIE	Third Provincial Towns Water Supply and Sanitation	60.00	13 Dec 01
1854	PAK	North-West Frontier Province Urban Development Sector	20.80	08 Nov 01
1847	MON	Housing Finance (Sector)	15.00	18 Oct 01
1843	PHI	Mindanao Basic Urban Services Sector	30.00	27 Sep 01
1842	UZB	Urban Water Supply	36.00	27 Sep 01
1834	LAO	Vientiane Urban Infrastructure and Services	25.00	23 Aug 01
1832	COO	Waste Management	2.20	17 Jul 01
1820	NEP	Melamchi Water Supply	120.00	21 Dec 00
1813	IND	Calcutta Environmental Improvement	250.00	19 Dec 00
1812	PNG	Provincial Towns Water Supply and Sanitation	15.35	14 Dec 00
1797	PRC	Tianjin Wastewater Treatment and Water Resources	130.00	11 Dec 00
1758	IND	Housing Finance II - Housing and Urban Development Corporation	0.00	21 Sep 00
1761	IND	Housing Finance II - ICICI	80.00	21 Sep 00
1760	IND	Housing Finance II - Housing Development Finance Corporation	0.00	21 Sep 00
1759	IND	Housing Finance II - National Housing Bank	40.00	21 Sep 00
1757	SRI	Water Resources Management	19.70	19 Sep 00
1755	NEP	Small Towns Water Supply and Sanitation Sector	35.00	12 Sep 00
1746	PHI	Pasig River Environmental Management and Rehabilitation Sector Development Program - Project Loan	75.00	20 Jul 00
1745	PHI	Pasig River Environmental Management and Rehabilitation Sector Development Program - Program Loan	100.00	20 Jul 00
1742	KGZ	Community-Based Infrastructure Services Sector	36.00	08 Jun 00
1725	CAM	Provincial Towns Improvement	20.00	17 Dec 99
1721	IND	Urban and Environmental Infrastructure Facility (IDFC)	30.00	17 Dec 99
1720	IND	Urban and Environmental Infrastructure Facility (ICICI)	80.00	17 Dec 99
1719	IND	Urban and Environmental Infrastructure Facility (HUDCO)	90.00	17 Dec 99
1710	LAO	Water Supply and Sanitation	20.00	16 Nov 99
1704	IND	Karnataka Urban Development and Coastal Environmental Management	175.00	26 Oct 99
1702	VIE	Ho Chi Minh City Environmental Improvement	70.00	07 Oct 99
1692	PRC	Suzhou Creek Rehabilitation	300.00	29 Jun 99
1678	INO	Community and Local Government Support Sector Development Program	200.00	25 Mar 99
1677	INO	Community and Local Government Support Sector Development Program	120.00	25 Mar 99
1663	PHI	Metro Manila Air Quality Improvement (Investment Loan)	200.00	03 Dec 98
1664	PHI	Metro Manila Air Quality Improvement (Pollution Control Facility)	22.87	03 Dec 98
1665	PHI	Metro Manila Air Quality Improvement (Policy Loan)	71.00	03 Dec 98
1658	PHI	Clark Area Municipal Development	24.30	15 Dec 98

Loan No.	Country	Project Title	Amount (\$ million)	Approval Date
1648	KIR	Sanitation, Public Health, and Environment Improvement	10.24	08 Dec 98
1647	IND	Rajasthan Urban Infrastructure Development	250.00	03 Dec 98
1646	THA	Samut Prakarn Wastewater Management (Supplementary)	80.00	03 Dec 98
1640	NEP	Melamchi Water Supply (Engineering)	5.00	10 Nov 98
1636	PRC	Fuzhou Water Supply and Wastewater Treatment	102.00	30 Sep 98
1632	SRI	Urban Development and Low Income Housing	70.00	24 Sep 98
1625	BHU	Urban Infrastructure Improvement	5.70	30 Jul 98
1599	PHI	Subic Bay Area Municipal Development	22.00	19 Dec 97
1587	INO	Metropolitan Medan Urban Development	116.00	08 Dec 97
1575	SRI	Third Water Supply and Sanitation (Sector)	75.00	06 Nov 97
1572	INO	Capacity Building in Urban Infrastructure Management	42.00	04 Nov 97
1560	MON	Provincial Towns Basic Urban Services	6.80	30 Sep 97
1551	IND	Housing Finance (Housing Development Finance Corporation)	100.00	25 Sep 97
1550	IND	Housing Finance (Housing and Urban Development Corporation)	100.00	25 Sep 97
1549	IND	Housing Finance (National Housing Bank)	100.00	25 Sep 97
1544	PRC	Zhejiang-Shanxi Water Supply Project (Phase I)	100.00	24 Sep 97
1539	PAK	Korangi Wastewater Management	70.00	18 Sep 97
1528	THA	Nong Khai-Udon Thani Water Supply	50.00	21 Aug 97
1527	INO	Capacity Building of Water Supply Enterprises for Water Loss Reduction Sector	66.00	17 Jul 97
1525	LAO	Secondary Towns Urban Development	27.00	26 Jun 97
1514	VIE	Second Provincial Towns Water Supply and Sanitation	69.00	27 Feb 97
1511	INO	Metro Botabek Urban Development (Sector)	80.00	19 Dec 96
1491	PRC	Anhui Environmental Improvement Project for Municipal Wastewater Treatment	112.00	26 Nov 96
1490	PRC	Anhui Environmental Improvement Project for Municipal Wastewater Treatment	28.00	26 Nov 96
1472	PHI	Small Towns Water Supply Sector	50.00	30 Sep 96
1468	CAM	Phnom Penh Water Supply and Drainage	20.00	26 Sep 96
1459	FSM	Water Supply and Sanitation	10.60	19 Sep 96
1448	VAN	Urban Infrastructure	10.00	27 Jun 96
1416	IND	Karnataka Urban Infrastructure Development	20.00	14 Dec 95
1415	IND	Karnataka Urban Infrastructure Development	85.00	14 Dec 95
1410	THA	Samut Prakarn Wastewater Management Pollution Control	150.00	07 Dec 95
1389	RMI	Majuro Water Supply and Sanitation	9.20	29 Sep 95
1384	INO	West Java Urban Development (Sector)	70.00	26 Sep 95
1383	INO	Sumatra Urban Development (Sector)	130.00	26 Sep 95
1376	BAN	Secondary Towns Infrastructure Development Project II	65.00	19 Sep 95
1367	PHI	Regional Municipal Development	30.00	30 Aug 95
1362	LAO	Vientiane Integrated Urban Development	20.00	17 Aug 95
1361	VIE	Provincial Towns Water Supply and Sanitation	66.00	17 Aug 95
1326	THA	Chonburi Water Supply	38.50	18 Oct 94
1323	PAK	Sukku Bridge	45.00	29 Sep 94
1313	PRC	Dalian Water Supply	160.00	20 Sep 94
1292	INO	Eastern Islands Urban Development Sector	85.00	21 Dec 93
1273	VIE	Ho Chi Minh City Water Supply and Sanitation Rehabilitation	65.00	29 Nov 93
1269	PHI	Municipal Water Supply	43.20	25 Nov 93
1267	LAO	Northern Provincial Towns Water Supply and Sanitation	13.00	18 Nov 93

Loan No.	Country	Project Title	Amount (\$ million)	Approval Date
1264	BAN	Second Water Supply and Sanitation	31.00	16 Nov 93
1260	PAK	Urban Water Supply and Sanitation	72.00	04 Nov 93
1250	RMI	Majuro Water Supply (TA Loan)	0.70	09 Sep 93
1240	NEP	Kathmandu Urban Development	12.00	29 Jun 93
1235	SRI	Second Water Supply and Sanitation	40.00	17 Jun 93
1211	PNG	Third Urban Water Supply	11.30	15 Dec 92
1204	SRI	Urban Development Sector	27.00	08 Dec 92
1202	BAN	Secondary Towns Integrated Flood Protection	55.00	03 Dec 92
1198	INO	Central Java and D.I. Yogyakarta Urban Development (Sector)	150.00	26 Nov 92
1197	MAL	Rehabilitation and Upgrading of Water Supply Systems Sector	105.00	26 Nov 92
1190	LAO	Rehabilitation and Upgrading of Vientiane Water Supply	9.50	17 Nov 92
1165	NEP	Third Water Supply and Sanitation Sector	20.00	25 Jun 92
1158	INO	Water Pollution Control	8.40	04 Feb 92
1150	PHI	Manila South Water Distribution	31.40	19 Dec 91
1124	BAN	Dhaka Integrated Flood Protection	91.50	21 Nov 91
1122	LAO	Southern Provincial Towns Water Supply	9.60	19 Nov 91
1111	INO	Bogor and Palembang Urban Development	140.00	31 Oct 91
1096	SRI	Low-Income Housing	20.00	29 Aug 91
1078	INO	Bandar Lampung Urban Development	33.00	31 Jan 91
1077	INO	Botabek Urban Development	80.00	31 Jan 91
1069	INO	Second IKK Water Supply Sector	39.00	18 Dec 90
1059	BAN	Secondary Towns Infrastructure Development	43.00	04 Dec 90
1057	PHI	Metropolitan Cebu Water Supply	6.00	29 Nov 90
1056	PHI	Metropolitan Cebu Water Supply	16.00	29 Nov 90
1005	FIJ	Low Income Housing Development	9.60	21 Dec 89
1004	PAK	Second Urban Development	66.00	14 Dec 89
1002	PAK	Karachi Sewerage	34.00	14 Dec 89
1001	PAK	Karachi Sewerage	51.00	14 Dec 89
0986	PHI	Angat Water Supply Optimization	130.00	14 Nov 89
0984	INO	Secondary Cities Urban Development (Sector)	50.00	09 Nov 89
0983	INO	Secondary Cities Urban Development (Sector)	70.00	09 Nov 89
0949	NEP	Second Water Supply Sector	14.40	31 Jan 89
0947	PHI	Second Manila Water Supply Rehabilitation	26.40	24 Jan 89
0942	BAN	Dhaka Urban Infrastructure Improvement	24.20	12 Jan 89
0919	INO	Second Medan Urban Development	175.00	10 Nov 88
0909	KOR	Fifth Sewage Treatment	20.60	13 Oct 88
0872	KOR	Tenth Water Supply	10.40	08 Dec 87
0854	KOR	Fourth Sewage Treatment	22.80	03 Nov 87
0829	BHU	Urban Centers Sewerage	3.30	03 Mar 87
0817	SRI	Water Supply Sector	30.00	11 Dec 86
0793	PAK	Karachi Urban Development	55.20	14 Oct 86
0768	INO	Second Bandung Urban Development	132.40	12 Dec 85
0763	KOR	Third Sewage Treatment	35.00	03 Dec 85
0736	THA	Shelter Sector	38.00	23 Apr 85
0735	THA	Third Bangkok Water Supply	130.90	21 Mar 85
0731	INO	IKK Water Supply Sector	40.20	17 Jan 85
0729	MAL	Kedah Regional Development (Sector)	45.00	08 Jan 85

Loan No.	Country	Project Title	Amount (\$ million)	Approval Date
0720	KOR	Ninth Water Supply	27.00	11 Dec 84
0705	KOR	Eighth Water Supply	67.00	15 Nov 84
0652	MAL	Kedah Water Supply	24.50	15 Nov 83
0650	KOR	Second Sewage Treatment	62.80	10 Nov 83
0645	PHI	Manila Water Supply Rehabilitation	39.30	27 Oct 83
0635	KOR	Small Towns Water Supply Sector	60.00	23 Aug 83
0629	INO	Small Towns Urban Development Sector	36.70	09 Jun 83
0584	MYA	Mandalay Water Supply	15.00	30 Sep 82
0583	MAL	Second Trengganu Tengah Development	30.20	28 Sep 82
0571	BAN	District Towns Water Supply	14.40	17 Jun 82
0551	IND	Housing Finance Project (Nhb/Hudco/Hdfc)	300.00	25 Sep 97
0550	INO	Medan Urban Development	39.30	26 Nov 81
0547	INO	Semarang Water Supply	35.50	25 Nov 81
0545	PHI	Water Supply Sector	46.00	25 Nov 81
0539	KOR	Provincial Cities Water Supply	38.10	12 Nov 81
0538	KOR	Second Low-Income Urban Housing	60.00	12 Nov 81
0498	KOR	Sewage Treatment	27.90	15 Dec 80
0493	INO	Small Towns Water Supply Sector	32.00	11 Dec 80
0481	THA	Bang Plee New Town	20.00	18 Nov 80
0478	SOL	Honiara Water Supply	1.65	30 Oct 80
0457	PHI	Manila Sewerage	42.80	24 Jun 80
0452	HKG	Second Sha Tin Urban Development	20.00	28 Feb 80
0443	THA	Second Bangkok Water Supply	68.00	17 Dec 79
0424	KOR	Low Cost Urban Housing	30.00	23 Nov 79
0416	SIN	Bedok Sewage Treatment Plant Expansion	15.10	09 Oct 79
0409	KOR	Sewage Treatment	2.10	30 Aug 79
0401	INO	Bandung Water Supply (Supplementary)	8.00	29 May 79
0400	INO	Bandung Urban Development	32.30	29 May 79
0398	KOR	Second Busan Water Supply	15.00	26 Apr 79
0382	MYA	Rangoon Water Supply (Supplementary)	7.96	18 Dec 78
0364	MAL	Johor, Perak and Trengganu Water Supply	31.74	07 Nov 78
0351	PHI	Second Manila Water Supply	49.00	07 Sep 78
0346	PNG	Second Water Supply	5.40	25 Jul 78
0344	MAL	Trengganu Tengah Township Development	16.00	29 Jun 78
0336	KOR	Regional Water Supply	30.00	20 Dec 77
0331	PAK	Faisalabad Water Supply, Sewerage and Drainage	39.50	15 Dec 77
0316	MAL	Sabah Water Supply	15.30	08 Nov 77
0297	HKG	Sha Tin Urban Development (Housing)	20.50	14 Apr 77
0283	MAL	Johore and Kelantan Water Supply	15.00	23 Nov 76
0278	PNG	Water Supply	13.50	11 Nov 76
0271	INO	Bandung Urban Development and Sanitation	1.15	26 Aug 76
0263	PAK	Hyderabad Water Supply and Sewerage	22.00	13 Apr 76
0262	SIN	Second Water Supply	23.60	13 Apr 76
0251	PHI	Provincial Cities Water Supply	16.80	16 Dec 75
0234	HKG	Sha Tin Sewage Treatment	20.00	09 Oct 75
0195	INO	Bandung Water Supply	11.50	07 Nov 74
0190	PHI	Manila Water Supply	51.30	28 Aug 74
0183	LAO	Vientiane Water Supply	6.00	18 Apr 74
0163	MYA	Rangoon Water Supply	4.50	11 Dec 73

Loan No.	Country	Project Title	Amount (\$ million)	Approval Date
0162	MYA	Rangoon Water Supply	8.50	11 Dec 73
0145	MAL	Kuching-Sibu Water Supply	6.46	30 Oct 73
0140	VIE	Saigon Water Distribution	1.45	27 Sep 73
0139	VIE	Saigon Water Distribution	3.15	27 Sep 73
0137	THA	Bangkok Water Supply	19.60	24 Jul 73
0119	KOR	Metropolitan Water Intake	25.60	21 Dec 72
0107	MAL	Greater Ipoh Water Supply	6.10	09 Nov 72
0095	KOR	Busa and Daegu Water Supply	5.70	16 Jun 72
0064	KOR	Seoul Water Supply	8.80	30 Mar 71
0057	SIN	Water Supply	8.30	23 Dec 70
0041	MAL	Malacca Water Supply	5.00	12 Nov 70
0004	MAL	Penang Water Supply	7.20	19 Sep 68

AZE=Azerbaijan; BAN=Bangladesh; BHU=Bhutan; CAM=Cambodia; COO=Cook Islands; FIJ=Fiji Islands; FSM=Federated States of Micronesia; HKG=Hong Kong, China; IND=India; INO=Indonesia; KGZ=Kyrgyz Republic; KIR=Kiribati; KOR=Republic of Korea; LAO=Lao PDR; MAL=Malaysia; MON=Mongolia; MYA=Myanmar; NEP=Nepal; PAK=Pakistan; PHI=Philippines; PNG=Papua New Guinea; PRC=People's Republic of China; RMI=Marshall Islands; SIN=Singapore; SOL=Solomon Islands; SRI=Sri Lanka; THA=Thailand; UZB=Uzbekistan; VAN=Vanuatu; and VIE=Viet Nam.

Source: Asian Development Bank.

**APPROVED URBAN TECHNICAL ASSISTANCE PROJECTS
1972–2005**

TA No.	Country	Project Name	Type	Total Amount (\$)	Approval Date
4753	PAK	Mega-city Project I	PPTA	1,000,000	21 Dec 05
4752	NEP	Regional Development Strategy	ADTA	700,000	21 Dec 05
6291	REG	Rolling Out Air Quality Management in Asia	RETA	655,000	19 Dec 05
4724	PRC	Application of Public-Private Partnership in Urban Railbased	ADTA	500,000	08 Dec 05
4707	BAN	Participation of the Urban Poor in Municipal Governance	ADTA	500,000	02 Dec 05
4703	SRI	Local Government Infrastructure Improvement	ADTA	500,000	28 Nov 05
4694	PRC	Urban Poverty Strategy Study	ADTA	500,000	23 Nov 05
4683	INO	Second Community and Local Government Support	PPTA	600,000	03 Nov 05
4678	IND	North East Region Urban Development - Phase II	PPTA	800,000	31 Oct 05
4673	PAK	Balochistan Capacity Building for Devolved Social Services	ADTA	300,000	26 Oct 05
6265	REG	Implementing Pilot Projects for Small Piped Water Networks	RETA	400,000	26 Oct 05
4650	BAN	Dhaka Water Supply and Sanitation	PPTA	1,000,000	22 Sep 05
4648	TON	Preparing the Integrated Urban Development Project	PPTA	700,000	16 Sep 05
4646	TIM	Urban Water Supply and Sanitation Project	PPTA	600,000	15 Sep 05
6257	REG	Improving Delivery of Infrastructure Services	RETA	800,000	15 Sep 05
4632	MON	Urban Development and Housing Project	PPTA	350,000	18 Aug 05
6252	REG	ADB's Continued Participation in the Cities Alliance	RETA	600,000	18 Aug 05
4628	PRC	Hefei Urban Environment Improvement Project	PPTA	750,000	09 Aug 05
4616	PHI	Metro Manila Services for the Urban Poor	PPTA	700,000	19 Jul 05
4617	PRC	Nanjing Qinhuai River Environmental Improvement Project	PPTA	600,000	19 Jul 05
4611	IND	Uttaranchal Urban Development	PPTA	600,000	14 Jul 05
4609	TIM	Infrastructure Sectors Capacity Development	ADTA	600,000	14 Jul 05
4606	PAK	North-West Frontier Province Devolved Social Services Program	PPTA	450,000	01 Jul 05
4604	PRC	Nanjing Water Utility Long Term Capital Finance in Commercial Markets	ADTA	550,000	28 Jun 05
4585	KAZ	Strengthening the Water Supply Sector Program	ADTA	150,000	29 Apr 05
6240	REG	Small Scale TA for Special Evaluation Study on Urban Sector Strategy and Operations	RETA	150,000	21 Apr 05
4578	PAK	Megacity Development (SSTA)	PPTA	150,000	11 Apr 05
4568	BAN	Second Urban Primary Health Care Project Bridging Support	ADTA	150,000	25 Feb 05
4558	THA	Commercial Financing for Local Government Units	ADTA	670,000	12 Jan 05
4535	BAN	Secondary Towns Water Supply and Sanitation	PPTA	800,000	23 Dec 04
4533	BHU	Urban Infrastructure Development	PPTA	600,000	23 Dec 04
4534	PAK	Sindh Basic Urban Services	PPTA	795,000	23 Dec 04
4531	SRI	Greater Colombo Waste Water Management	PPTA	850,000	23 Dec 04
4530	IND	Karnataka Urban Infrastructure Development III	PPTA	400,000	23 Dec 04
4515	IND	Preparation of the Jammu and Kashmir Urban Infrastructure Development	PPTA	500,000	21 Dec 04
4518	IND	Capacity Building for Kerala Sustainable Urban Development	ADTA	500,000	20 Dec 04
4497	IND	Capacity Building for Municipal Service Delivery in Kerala	ADTA	800,000	17 Dec 04
4498	IND	Capacity Building for Municipal Service Delivery in Kerala	PPTA	750,000	17 Dec 04
4485	VIE	Central Region Small and Medium Towns	PPTA	950,000	15 Dec 04
4465	AZE	Institutional Strengthening of WSS in Secondary Towns	ADTA	500,000	07 Dec 04
4436	PRC	Wuhan Wastewater and Stormwater Management	PPTA	700,000	18 Nov 04
4402	PRC	Heating Supply for Urban Poor in Liaoning Province	ADTA	500,000	05 Nov 04
4415	AFG	Kabul Air Quality Management	ADTA	450,000	15 Oct 04

TA No.	Country	Project Name	Type	Total Amount (\$)	Approval Date
4411	INO	Water Supply and Sanitation	PPTA	900,000	12 Oct 04
4385	PRC	Guangxi Nanning Urban Infrastructure Development	PPTA	560,000	03 Sep 04
4377	LAO	Northern and Central Region Water Supply and Urban Development	PPTA	200,000	18 Aug 04
4361	INO	Urban Air Quality Improvement Sector Development Program	PPTA	700,000	20 Jul 04
4352	MON	Developing an Urban Development and Housing Sector Strategy	ADTA	350,000	02 Jul 04
4348	IND	North Eastern Region Urban Development	PPTA	1,000,000	08 Jun 04
4348	IND	North Eastern Region Urban Development	PPTA	1,000,000	08 Jun 04
4335	PRC	Town-Based Urbanization Strategy Study	ADTA	750,000	06 May 04
4335	PRC	Town-Based Urbanization Strategy Study	ADTA	750,000	06 May 04
4327	PRC	Flood Management Strategy Study	ADTA	500,000	14 Apr 04
6016	REG	Clean Air Initiative for Asian Cities (Supplementary)	RETA	466,500	12 Apr 04
4317	INO	Community Water Services and Health Project: Meeting the Millenium Development Goals in the Decentralized Context	PPTA	150,000	27 Feb 04
4096	NEP	Kathmandu Valley Management Support (Supplementary)	PPTA	100,000	12 Jan 04
4296	SRI	Basic Social Infrastructure Development	PPTA	500,000	19 Dec 03
4293	PHI	Capacity Building for Housing Microfinance	ADTA	1,500,000	18 Dec 03
4270	FIJ	Capacity Building in Water and Sewerage Services	ADTA	783,000	18 Dec 03
6151	REG	ADB's Continued Participation in the Cities Alliance	RETA	350,000	17 Dec 03
4233	PRC	Henan Wastewater Management	PPTA	800,000	03 Dec 03
4229	SAM	Institutional Strengthening for Drainage and Wastewater Management	ADTA	400,000	27 Nov 03
4227	PRC	Jilin Water Supply and Sewerage Development	PPTA	650,000	26 Nov 03
4214	TUV	Effective Waste Management and Recycling	ADTA	150,000	12 Nov 03
6016	REG	Clean Air Initiative for Asian Cities (Supplementary)	RETA	92,020	05 Nov 03
6130	REG	Study of Urban Violence in Asia: Towards More Effective Urban Upgrading	RETA	150,000	30 Oct 03
4184	SRI	Greater Colombo Wastewater Management Sector Review	ADTA	150,000	26 Sep 03
4182	IND	Urban Clean Fuel	PPTA	995,000	24 Sep 03
4170	BAN	Arsenic Mitigation Review and Strategy Formulation	ADTA	120,000	03 Sep 03
6121	REG	Rural, Urban and Subregional Linkages in the Mekong Region	RETA	400,000	02 Sep 03
4162	IND	Urban Sector Review and Strategy	ADTA	480,000	13 Aug 03
4106	IND	Kerala Sustainable Urban Development	PPTA	1,000,000	09 May 03
4098	PAK	Rawalpindi Environmental Improvement	PPTA	350,000	21 Apr 03
4096	NEP	Kathmandu Valley Water Management Support	PPTA	1,400,000	11 Apr 03
4086	IND	Capacity Building for Project Management and Community Mobilization in Madhya Pradesh	ADTA	520,000	06 Mar 03
4063	INO	Community Water Services and Health	PPTA	1,000,000	19 Dec 02
4061	PRC	Songhua River Water Quality and Pollution Control Management	ADTA	1,000,000	19 Dec 02
4049	SRI	Strengthening the Regulatory Framework for Water Supply and Sanitation	ADTA	285,000	18 Dec 02
4042	BHU	Housing Sector Reform	ADTA	500,000	18 Dec 02
4014	PRC	Fuzhou Environmental Improvement	PPTA	600,000	05 Dec 02
4003	BAN	Supporting Urban Governance Reform	ADTA	400,000	28 Nov 02
4000	BAN	Secondary Towns Integrated Flood Protection II	PPTA	900,000	25 Nov 02
3986	TIM	Integrated Water Resources Management	ADTA	600,000	15 Nov 02
3963	PRC	Study of Carrying Capacity of Water Resources	ADTA	600,000	04 Nov 02
3903	LAO	Northern and Central Regions Water Supply and Sanitation	PPTA	700,000	20 Aug 02

TA No.	Country	Project Name	Type	Total Amount (\$)	Approval Date
3902	IND	North Eastern Region Urban Sector Profile	ADTA	150,000	19 Aug 02
3896	MLD	Regional Development Project (Phase II)	PPTA	400,000	12 Jul 02
3895	INO	Shelter Sector Project	PPTA	1,000,000	11 Jul 02
3878	INO	Water Supply and Sanitation Sector	PPTA	150,000	07 Jun 02
3863	PRC	Mudanjiang Water Supply	PPTA	150,000	15 May 02
3862	PAK	Punjab Community Water Supply and Sanitation	PPTA	125,000	04 May 02
3860	SAM	Implementation of the Urban Planning and Management Strategy	ADTA	400,000	25 Apr 02
3646	INO	Urban Poverty Reduction (Supplementary)	PPTA	160,000	11 Apr 02
3853	VIE	Housing Finance	PPTA	400,000	05 Apr 02
3291	PHI	Development of Poor Urban Communities (Supplementary)	PPTA	150,000	02 Apr 02
3848	PHI	Metro Manila Solid Waste Management	ADTA	1,250,000	18 Mar 02
6026	REG	Promoting Urban Poverty Reduction through Participation in the Cities Alliance	RETA	670,000	13 Mar 02
3844	NEP	Community-Based Water Supply and Sanitation	PPTA	750,000	13 Mar 02
3638	PRC	Wuhan Wastewater Treatment (Supplementary)	PPTA	199,000	01 Mar 02
3838	KIR	Community Development and Sustainable Participation	ADTA	420,700	01 Mar 02
6016	REG	Clean Air Initiative for Asian Cities	RETA	150,000	19 Dec 01
3809	VIE	Central Region Urban Development	PPTA	1,000,000	18 Dec 01
3804	INO	Private Sector Participation Development Facility for Urban Infrastructure	PPTA	600,000	17 Dec 01
3802	PAK	Southern Punjab Basic Urban Services	PPTA	800,000	14 Dec 01
3770	IND	Support for Improvements in the Accounting System of the Calcutta Municipality Corporation	ADTA	150,000	14 Dec 01
3784	IND	Conservation and Livelihood Improvement in the Indian Sundarbans	ADTA	450,000	04 Dec 01
3782	INO	Reform of Water Enterprises	ADTA	600,000	29 Nov 01
3774	AZE	Urban Water Supply and Sanitation	PPTA	740,000	15 Nov 01
3761	INO	Regulatory Framework for Private and Public Water Supply and Wastewater Enterprises	ADTA	790,000	06 Nov 01
3760	PHI	Metro Manila Urban Services for the Poor	PPTA	1,000,000	05 Nov 01
3759	IND	Integrated Urban Development in Madhya Pradesh	PPTA	1,000,000	02 Nov 01
3749	PRC	National Guidelines for Urban Wastewater Tariffs and Management Study	ADTA	700,000	25 Oct 01
3729	UZB	Capacity Building for Urban Water Supply	ADTA	600,000	27 Sep 01
3703	PHI	Capacity Building for the Regulatory Office of the Metropolitan Waterworks and Sewerage System	ADTA	800,000	08 Aug 01
3700	NEP	Optimizing Water Use in Kathmandu Valley	ADTA	775,000	07 Aug 01
3690	BAN	Urban Governance and Infrastructure Improvement	PPTA	350,000	27 Jul 01
3685	MON	Integrated Development of Basic Urban Services in Secondary Towns	PPTA	700,000	19 Jul 01
3673	PRC	Pro-Poor Urban Heating Tariff Reforms	ADTA	850,000	19 Jun 01
3646	INO	Urban Poverty Reduction	PPTA	800,000	03 Apr 01
3645	THA	Planning for Sustainable Urbanization	ADTA	500,000	30 Mar 01
3638	PRC	Wuhan Wastewater Treatment	PPTA	500,000	19 Mar 01
3637	THA	Independent Review of the Samut Prakarn Wastewater Management	ADTA	150,000	12 Mar 01
3587	SRI	Secondary Towns Water Supply and Sanitation	PPTA	1,000,000	15 Dec 00
3586	IND	Building HUDCO's Capacity for Lending to Community-Based Finance Institutions	ADTA	150,000	15 Dec 00
3571	PRC	Harbin Water Supply	PPTA	720,000	12 Dec 00

TA No.	Country	Project Name	Type	Total Amount (\$)	Approval Date
3570	THA	Solid Waste Management Sector	PPTA	0	12 Dec 00
3566	SAM	Capacity Building for Urban Planning and Management	ADTA	500,000	11 Dec 00
3521	PRC	Assessment of Small and Medium Cities Urban Infrastructure Development	ADTA	150,000	25 Oct 00
3517	THA	Community Assessment and Development for the Samut Prakarn Wastewater Management	ADTA	150,000	20 Oct 00
3488	PRC	Hebei Province Wastewater Treatment	PPTA	850,000	30 Aug 00
3487	VIE	Low Income Housing and Secondary Towns Urban Development Needs Assessment Study	ADTA	500,000	30 Aug 00
3492	LAO	Small Towns Development	PPTA	700,000	29 Aug 00
5926	REG	Public-Private Community Partnerships in Urban Services for the Poor	RETA	550,000	18 Aug 00
3480	IND	Reducing Poverty in Urban India	ADTA	300,000	16 Aug 00
3475	PHI	Institutional Strengthening of Housing and Urban Development Sector	ADTA	150,000	02 Aug 00
3469	PHI	Capacity Building Support for Pasig River Environmental Management and Rehabilitation	ADTA	1,000,000	20 Jul 00
3452	KGZ	Institutional Strengthening for Community Based Infrastructure Services	ADTA	650,000	08 Jun 00
3447	PRC	Strengthening Urban Solid Waste Management	ADTA	600,000	25 May 00
3440	UZB	Urban Social Infrastructure Development	PPTA	720,000	18 May 00
3434	SRI	Accounting Review of the National Water Supply and Drainage Board	ADTA	100,000	10 May 00
3406	MON	Housing Sector Finance	PPTA	600,000	02 Mar 00
3379	IND	Strengthening Disaster Mitigation and Management at the State Level	ADTA	1,000,000	28 Dec 99
3377	PRC	Urban Poverty Study	ADTA	410,000	27 Dec 99
3364	NEP	Urban Environmental Improvement	PPTA	750,000	23 Dec 99
3344	IND	Strengthening Microfinance Institutions for Urban and Environmental Infrastructure Finance	ADTA	500,000	17 Dec 99
3333	LAO	Vientiane Urban Infrastructure and Services	PPTA	600,000	10 Dec 99
3331	LAO	Capacity Building for Urban Development Administration Authorities	ADTA	600,000	10 Dec 99
3326	INO	Urban Sector Development in a Decentralizing Environment	ADTA	600,000	08 Dec 99
3324	IND	Community Participation in Urban Environmental Improvement	ADTA	150,000	03 Dec 99
3323	VIE	Third Provincial Towns Water Supply and Sanitation	PPTA	1,000,000	03 Dec 99
3321	INO	Independent Monitoring of Assistance for the Provision of Clean Water in West Timor	ADTA	150,000	02 Dec 99
3297	BAN	Urban Transport and Environmental Improvement	ADTA	645,000	16 Nov 99
3291	PHI	Development of Poor Urban Communities	PPTA	850,000	10 Nov 99
3288	IND	Housing Finance II	PPTA	405,000	08 Nov 99
3272	NEP	Urban Sector Strategy	ADTA	200,000	06 Oct 99
3263	SRI	Institutional Strengthening of the Ministry of Provincial Councils and Local Government	ADTA	470,000	24 Sep 99
3250	PRC	Water Tariff Study II	ADTA	950,000	03 Sep 99
3243	FIJ	Urban Sector Strategy Study	ADTA	670,000	18 Aug 99
3226	BAN	Urban Sector Strategy	ADTA	150,000	16 Jul 99
3216	PRC	Tianjin Wastewater Treatment and Water Resources Protection	PPTA	800,000	02 Jul 99

TA No.	Country	Project Name	Type	Total Amount (\$)	Approval Date
3215	PRC	Helongjiang Water Supply	PPTA	1,000,000	01 Jul 99
3211	PRC	Improving Environmental Management in Suzhou Creek	ADTA	840,000	29 Jun 99
3209	IND	Strengthening Institutional Capacities for Urban Infrastructure Finance and Development	ADTA	500,000	17 Jun 99
5846	REG	Development of the Cities Data Book for the Asian and Pacific Region	RETA	400,000	04 Jun 99
3196	PHI	National Urban Policy Framework	ADTA	150,000	20 May 99
3185	NEP	Institutional Strengthening of Kathmandu Metropolitan City	ADTA	450,000	16 Apr 99
3179	INO	Capacity Building for Participatory Planning, Monitoring and Evaluation	ADTA	1,540,000	25 Mar 99
3178	INO	Capacity Building for Setting Up District-Level Financial and Budgetary Systems	ADTA	460,000	25 Mar 99
3177	INO	Capacity Building to Support Decentralized Administrative Systems	ADTA	500,000	25 Mar 99
3173	PNG	Provincial Towns Water Supply and Sanitation	PPTA	908,000	23 Mar 99
3170	FIJ	Implementation of Corporatization of Water Supply and Sewerage Services	ADTA	146,500	15 Mar 99
2893	PRC	Hohhot Urban Development (Supplementary)	ADTA	150,000	23 Dec 98
3137	INO	Water Supply and Sanitation Sector	PPTA	600,000	22 Dec 98
3130	PAK	Water Resources Strategy Study	ADTA	650,000	15 Dec 98
3124	PAK	Urban Sector Strategy Study	ADTA	150,000	15 Dec 98
3109	KIR	Community Development and Participation Initiatives	ADTA	300,000	08 Dec 98
3108	KIR	Management and Financial Advisory Services for the Public Utilities Board	ADTA	1,200,000	08 Dec 98
3096	PRC	Urban Policy Workshop	ADTA	150,000	11 Nov 98
3095	PRC	Hai River Basin Wastewater Management and Pollution Control	ADTA	570,000	10 Nov 98
3090	MON	Institutional Strengthening of the Housing Sector	ADTA	800,000	19 Oct 98
3089	IND	Calcutta Environmental Improvement	PPTA	1,000,000	16 Oct 98
3088	INO	Development of Rural Urban Linkages	PPTA	890,000	15 Oct 98
3085	COO	Urban Infrastructure	PPTA	750,000	06 Oct 98
3067	IND	Restructuring State-Level Housing Institutions	ADTA	500,000	11 Sep 98
3059	NEP	Small Towns Water Supply and Sanitation	PPTA	600,000	20 Aug 98
3055	FIJ	Suva-Nausori Water Supply and Sewerage	PPTA	800,000	18 Aug 98
3053	BAN	Promoting Good Urban Governance in Dhaka	ADTA	150,000	03 Aug 98
3049	PRC	Zhejiang-Shanxi Water Supply (Phase II)	PPTA	540,000	21 Jul 98
3048	KGZ	Community-Based Infrastructure Services Sector	PPTA	600,000	20 Jul 98
3044	SAM	Evaluation of Sewage Treatment Options	ADTA	115,000	10 Jul 98
3025	PRC	Suzhou Creek Environmental Rehabilitation	PPTA	965,000	04 Jun 98
3022	BHU	Capacity Building in the Urban Sector	ADTA	500,000	02 Jun 98
3021	PHI	Mindanao Urban Planning and Basic Services Sector	PPTA	1,000,000	27 May 98
2890	MON	Housing Sector Policy (Suppl.)	ADTA	60,000	26 Mar 98
2998	NEP	Urban Water Supply Reforms in Kathmandu Valley	ADTA	800,000	16 Mar 98
2726	PRC	Water Quality Management Planning for Suzhou Creek (Suppl)	ADTA	400,000	13 Feb 98
2972	LAO	Support for Urban Development Administration Authorities	ADTA	500,000	31 Dec 97
5764	REG	Enhancing Municipal Service Delivery Capability in Selected DMCs	RETA	550,000	24 Dec 97

TA No.	Country	Project Name	Type	Total Amount (\$)	Approval Date
2959	VIE	Preparation of a Development Strategy for the Central Region of Viet Nam	ADTA	898,000	22 Dec 97
2940	PAK	North West Frontier Province Urban Development	PPTA	950,000	12 Dec 97
2936	IND	Urban and Environmental Infrastructure Fund	PPTA	400,000	12 Dec 97
2928	PAK	Quetta Water Supply and Environmental Improvement	PPTA	900,000	05 Dec 97
2916	PHI	Water Supply and Sanitation Sector Plan Study	ADTA	600,000	24 Nov 97
2906	PRC	Leadership Training on Urban Environmental Management in Key Cities	ADTA	600,000	03 Nov 97
2903	THA	Border Towns Urban Development	PPTA	800,000	27 Oct 97
2895	MLD	Atoll Development	PPTA	625,000	16 Oct 97
2893	PRC	Hohhot Urban Development	ADTA	430,000	14 Oct 97
2890	MON	Housing Sector Policy	ADTA	150,000	08 Oct 97
2881	MON	Capacity Building for the Provision of Urban Services in Provincial Towns	ADTA	825,000	30 Sep 97
2837	INO	Capacity Building for Private Sector Participation in Urban Development	ADTA	850,000	11 Aug 97
2835	PHI	Metro Manila Air Quality Improvement	PPTA	150,000	05 Aug 97
2833	IND	Strengthening Housing Finance Institutions	ADTA	600,000	24 Jul 97
2666	BHU	Urban Infrastructure Improvement (Supplementary)	PPTA	100,000	14 Jul 97
2820	THA	Capacity Building for Waste Management Program Administration	ADTA	300,000	27 Jun 97
2816	BAN	Third Urban Development	PPTA	600,000	24 Jun 97
2811	KIR	Corporatization Plan for the Public Utilities Board	ADTA	100,000	17 Jun 97
2807	PHI	Clark Area Municipal Development	PPTA	600,000	10 Jun 97
2806	IND	Karnataka Coastal Environmental Management and Urban Development	PPTA	800,000	06 Jun 97
2805	INO	Strengthening of Urban Waste Management Policies and Strategies	ADTA	600,000	02 Jun 97
2804	PRC	Build-Operate-Transfer (BOT) Chengdu Water Supply	ADTA	600,000	02 Jun 97
2803	PHI	Pasig River Environmental Management and Rehabilitation	PPTA	800,000	29 May 97
2791	SRI	Urban Development and Low-Income Housing	PPTA	1,100,000	08 May 97
2790	VIE	Ho Chi Minh City Environmental Improvement	PPTA	600,000	07 May 97
2773	PRC	Water Supply Tariff Study	ADTA	600,000	24 Mar 97
2770	PRC	Fuzhou Water Supply and Wastewater Treatment	PPTA	598,000	14 Mar 97
5728	REG	Chiang-Rai-Kunming Road Improvement via Lao People's Democratic Republic	RETA	600,000	27 Feb 97
2751	PRC	Capacity Building of Wastewater Treatment Operations in Anhui Province	ADTA	400,000	27 Jan 97
2726	PRC	Water Quality Management Planning for Suzhou Creek (Suppl)	ADTA	400,000	13 Feb 98
2729	PRC	Industrial Pollution Investigation and Assessment in Town and Village Enterprises	ADTA	600,000	24 Dec 96
2726	PRC	Water Quality Management Planning for Suzhou Creek	ADTA	600,000	23 Dec 96
2711	LAO	Small Towns Water Supply and Sanitation	PPTA	500,000	13 Dec 96
2708	SAM	Assistance to Housing Sector	ADTA	100,000	12 Dec 96
2700	IND	Housing Finance Facility	PPTA	100,000	05 Dec 96
2698	THA	Khon Kaen Water Supply and Sanitation	PPTA	550,000	04 Dec 96
2689	CAM	Integrated Urban Development	PPTA	800,000	20 Nov 96
2669	CAM	Institutional Support to the Water Supply Subsector	ADTA	500,000	24 Oct 96
2666	BHU	Urban Infrastructure Improvement	PPTA	400,000	17 Oct 96

TA No.	Country	Project Name	Type	Total Amount (\$)	Approval Date
2661	BAN	Modernization of Land Administration (Phase II)	ADTA	600,000	11 Oct 96
2655	INO	Metropolitan Bandung Urban Development	PPTA	600,000	30 Sep 96
2646	FSM	Capacity Building for Management and Operation of Water Supply and Sanitation Systems	ADTA	587,000	19 Sep 96
2639	PAK	Urban Institutional Strengthening	ADTA	100,000	09 Sep 96
2621	FIJ	Corporatization of the Water and Sewerage Section of the Ministry of Public Works, Infrastructure and Transport	ADTA	600,000	30 Jul 96
2597	VAN	Sanitation Master Plan for Port Vila	ADTA	360,000	27 Jun 96
2596	VAN	Urban Growth Management Strategy for Port Vila	ADTA	600,000	27 Jun 96
2592	CAM	Stung Chinit Water Resource Development	PPTA	800,000	25 Jun 96
2582	MON	Provincial Towns Basic Urban Services	PPTA	600,000	07 Jun 96
2581	PHI	Infrastructure Improvement of Subic Bay Area Municipalities	PPTA	800,000	06 Jun 96
2568	THA	Northeast Region Water Supply and Sanitation	PPTA	600,000	14 May 96
2517	INO	Capacity Building in Human Settlements in Infrs. Management	PPTA	1,100,000	28 Dec 95
2515	INO	Preparation of Metropolitan Medan Urban Development	PPTA	100,000	27 Dec 95
2511	PRC	Zhejiang-Shanxi Water Conservancy	PPTA	1,000,000	26 Dec 95
2507	INO	Water Loss Reduction (Sector)	PPTA	100,000	26 Dec 95
2504	PRC	Seminar on BOT in the Water Supply Sector	ADTA	100,000	22 Dec 95
2502	PHI	Private Sector Participation in Urban Development	ADTA	500,000	22 Dec 95
2501	INO	Water Tariff Structure and Financial Policies of Water Enterprises	ADTA	600,000	22 Dec 95
2500	INO	Regional Development Account	PPTA	100,000	22 Dec 95
2499	THA	Strengthening National Financing and Cost Recovery Policies for the Wastewater Management Sector	ADTA	600,000	21 Dec 95
5662	REG	Impact Evaluation Study of Bank Assistance in the Urban Dev. And Housing Sector	RETA	400,000	18 Dec 95
2480	SAM	Integrated Urban Development	PPTA	552,000	18 Dec 95
2471	IND	Resource Mobilization Study for Local Governments in Karnataka	ADTA	300,000	14 Dec 95
2456	PRC	Pilot Environmental Plans for Selected Medium Size Cities	ADTA	537,000	04 Dec 95
2445	PRC	Xian-Xianyang-Tongchuan Environment Improvement	PPTA	500,000	16 Nov 95
5646	REG	Regional Study on Urban Infrastructure Finance	RETA	480,000	10 Oct 95
2412	INO	Development of Madrasah Aliyahs	PPTA	600,000	02 Oct 95
2410	BAN	Urban Poverty Reduction	PPTA	600,000	28 Sep 95
2401	PHI	MWSS Privatization Support	ADTA	582,000	21 Sep 95
2396	LAO	Secondary Towns Integrated Urban Development	PPTA	600,000	12 Sep 95
2377	LAO	Establishing Municipal Administration Systems	ADTA	700,000	17 Aug 95
2376	VIE	Community Environmental Health Improvements for the Provincial Towns	ADTA	500,000	17 Aug 95
2375	VIE	Capacity Building for Provincial Water Supply and Sanitation Planning and Management	ADTA	700,000	17 Aug 95
2373	IND	Rajasthan Urban Infrastructure Development	PPTA	600,000	15 Aug 95
2369	THA	Solid Waste Management Sector Plan	PPTA	400,000	28 Jul 95
2368	IND	Institutional Strengthening of Karnataka Urban Infrastructure Finance Corporation	ADTA	100,000	28 Jul 95
2327	PAK	Bahawalpur Division Area Development	PPTA	600,000	09 May 95
2319	TUV	Urban Planning and Environment Management	ADTA	310,000	10 Apr 95
2307	BAN	Modernization of Land Administration	ADTA	600,000	07 Mar 95

TA No.	Country	Project Name	Type	Total Amount (\$)	Approval Date
2303	THA	Bangkok Metropolitan Region Wastewater Management Action Plan and Feasibility Study	PPTA	600,000	24 Feb 95
2302	PRC	Symposium on Urban Transport	ADTA	100,000	22 Feb 95
2292	THA	Nongkai-Udonthani Water Supply and Sanitation	PPTA	600,000	23 Jan 95
2281	CAM	Urban Development Strategy Study	ADTA	500,000	04 Jan 95
2280	CAM	Urban Water Supply and Sanitation	PPTA	600,000	04 Jan 95
2211	PRC	Capacity Building of the Beijing Industrial Hazardous Waste Management Center	ADTA	425,000	29 Dec 94
2210	PRC	Capacity Building of the Beijing Municipal Environmental Protection Bureau and Affiliated Agencies	ADTA	600,000	29 Dec 94
2212	PRC	Beijing Urban Transport	ADTA	715,000	28 Dec 94
2289	PAK	Impact Assessment of Policy and Institutional Reform Measures	ADTA	80,000	27 Dec 94
2272	PHI	Small Towns Water Supply and Sanitation Sector	PPTA	100,000	27 Dec 94
2262	KAZ	Almaty Air Quality Study	PPTA	100,000	27 Dec 94
2263	PHI	MWSS Water Supply Improvement Study	PPTA	582,000	27 Dec 94
2254	PHI	MWSS Operational Strengthening Study	ADTA	600,000	24 Dec 94
5611	REG	Megacities Management in Asia and the Pacific	RETA	550,000	22 Dec 94
2246	BAN	Study of Urban Poverty in Bangladesh	ADTA	190,000	19 Dec 94
2245	FIJ	Restructuring of the Housing Authority	ADTA	450,000	19 Dec 94
2202	IND	Capacity Building for Improved Infrastructure Development in Selected Municipalities in Karnataka State	ADTA	600,000	09 Nov 94
2198	KIR	Integrated Urban Plans and Program Study	ADTA	385,000	02 Nov 94
2196	PNG	Water Supply and Sanitation Sector Study	ADTA	390,000	02 Nov 94
2187	PRC	Anhui Municipal Wastewater Treatment	PPTA	283,000	19 Oct 94
2185	INO	Java Flood Control	PPTA	900,000	19 Oct 94
2182	THA	Strengthening Financial Management and Planning	ADTA	440,000	18 Oct 94
2148	VIE	Urban Sector Strategy Study	ADTA	300,000	07 Sep 94
2146	VIE	Second Provincial Towns Water Supply and Sanitation	PPTA	550,000	01 Sep 94
2137	FSM	Water Supply and Sewerage	PPTA	250,000	18 Aug 94
2106	PAK	Institutional Strengthening of the Public Health Engineering Department in the Province of Punjab and North West Frontier	ADTA	520,000	23 Jun 94
2098	IND	Urban Sector Profile	ADTA	400,000	14 Jun 94
2094	INO	Second West Java and Sumatra Urban Development Sector	PPTA	100,000	02 Jun 94
2074	PAK	Sukkur Bridge	PPTA	100,000	30 Mar 94
2070	COO	Integrated Urban Infrastructure	PPTA	455,000	15 Mar 94
2055	MAL	Impact Evaluation Study of the Water Supply and Sanitation Sector	ADTA	100,000	05 Jan 94
2040	VIE	Ho Chi Minh City Environmental Improvement Planning	ADTA	600,000	29 Dec 93
2031	CAM	Water Supply and Sanitation Sector Needs Assessment Study	ADTA	100,000	27 Dec 93
2016	INO	Private Sector Participation in Urban Development (Bandung and Semarang)	ADTA	600,000	14 Dec 93
2015	PRC	Urban Environmental Improvement Planning	ADTA	480,000	14 Dec 93
2014	THA	Wastewater Management and Pollution Control in Samut Prakarn	PPTA	600,000	14 Dec 93
2012	BAN	Khulna-Jessore Drainage Rehabilitation	ADTA	920,000	14 Dec 93
2006	PAK	Second Urban Water Supply and Sanitation	PPTA	500,000	03 Dec 93
2009	INO	Industrial Pollution Control in Cimahi	PPTA	590,000	01 Dec 93

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2000	VIE	HCMC Water Supply Master Plan	ADTA	600,000	29 Nov 93
1999	VIE	Institutional Strengthening of HCMC Water Supply Company	ADTA	600,000	29 Nov 93
1998	VIE	National Water Tariff Policy Study	ADTA	600,000	29 Nov 93
1995	PHI	Institutional Strengthening of Local Water Utilities Administration and Water Districts	ADTA	590,000	25 Nov 93
1987	LAO	Strengthening Planning Capabilities in Nam Papa Lao	ADTA	257,000	18 Nov 93
1980	BAN	Institutional Strengthening of Pourashavas for Urban Water Supply and Sanitation Services	ADTA	450,000	16 Nov 93
1979	BAN	Institutional Strengthening of the Department of Public Health Engineering	ADTA	350,000	16 Nov 93
1980	BAN	Institutional Strengthening of Pourashavas for Urban Water Supply and Sanitation Services	ADTA	450,000	16 Nov 93
1977	IND	Urban Infrastructure Development	PPTA	600,000	12 Nov 93
1958	MAL	Urban Transport Planning	ADTA	600,000	29 Sep 93
1952	VAN	Urban Infrastructure	PPTA	536,000	13 Sep 93
1946	RMI	Institutional Strengthening of the Majuro Water and Sewer Company (MWSC)	ADTA	250,000	09 Sep 93
1916	PRC	Institutional Strengthening of the Environmental Protection Bureaus in Tangshan and Chengde Municipalities	ADTA	450,000	28 Jul 93
1917	PRC	Beijing Environmental Improvement	PPTA	600,000	28 Jul 93
1513	PHI	Manila North-East Water Supply (Supplementary)	PPTA	48,000	23 Jul 93
1335	NEP	Bagmati Command Area Development (Supplementary)	PPTA	16,000	22 Jul 93
1911	LAO	Vientiane Integrated Urban Development	PPTA	600,000	21 Jul 93
1908	MAL	Socioeconomic Impact Study of the Kedah Regional Development (Sector)	ADTA	40,000	13 Jul 93
1907	THA	Privatization of Water Supply Operations	ADTA	317,000	02 Jul 93
1900	SRI	Management Strengthening of the National Water Supply and Drainage Board	ADTA	552,000	17 Jun 93
1852	PRC	Dalian Water Supply	PPTA	100,000	10 Mar 93
1845	PHI	Second Provincial Towns Water Supply	PPTA	99,500	25 Jan 93
1835	PRC	Haihe Basin Environmental Management and Planning Study	ADTA	1,240,000	31 Dec 92
1829	PHI	Subic Bay Area Urban Development	ADTA	600,000	29 Dec 92
1803	PNG	Institutional Strengthening of the Waterboard	ADTA	400,000	15 Dec 92
1797	SRI	Urban Land Management	ADTA	290,000	08 Dec 92
1787	LAO	Institutional Support to Nam Papa Lao	ADTA	210,000	17 Nov 92
1784	PRC	Tertiary Sector Economic Reform Policies and Redevelopment Planning for the Huai Hai Road Area	ADTA	600,000	17 Nov 92
1775	RMI	Majuro Water Supply	PPTA	100,000	30 Oct 92
1762	PAK	Third Urban Development	PPTA	600,000	01 Oct 92
1744	PAK	Water Supply and Sanitation Authority for Rawalpindi	ADTA	100,000	18 Aug 92
1718	NEP	Strategic Planning for the DWSS	ADTA	280,000	25 Jun 92
1713	INO	Institutional Support to Water Supply Enterprises	ADTA	600,000	15 Jun 92
1685	THA	Small Towns Water Supply	PPTA	585,000	02 Apr 92
1684	BAN	Second Water Supply and Sanitation	PPTA	495,000	31 Mar 92
1670	BAN	Housing Sector Institutional Strengthening	ADTA	600,000	04 Feb 92
1513	PHI	Manila North-East Water Supply (Supplementary)	PPTA	48,000	23 Jul 93
1609	BAN	Formulation of Land Development Controls and Procedures for Dhaka City	ADTA	570,000	21 Nov 91
1607	LAO	Northern Provincial Towns Water Supply Development	PPTA	420,000	19 Nov 91
1606	LAO	Institutional Strengthening of the Water Supply Sector	ADTA	630,000	19 Nov 91
1603	MAL	Rehabilitation and Upgrading of Water Supply Systems	PPTA	597,000	18 Nov 91

TA No.	Country	Project Name	Type	Total Amount (\$)	Approval Date
1596	LAO	Vientiane Water Supply Rehabilitation and Upgrading	PPTA	100,000	13 Nov 91
1592	NEP	Kathmandu Valley Urban Development	PPTA	100,000	31 Oct 91
1588	INO	Urban Transportation Planning and Management	ADTA	596,000	31 Oct 91
1584	SRI	Second Water Supply Sector	PPTA	250,000	25 Oct 91
1556	SRI	Housing Sector Development	ADTA	680,000	29 Aug 91
1555	SRI	Institutional Support to HDFC and SMIB	ADTA	630,000	29 Aug 91
1268	PHI	Cebu Water Supply - Phase II (Supplementary)	PPTA	53,000	24 Jul 91
1529	TON	Tonga Water Supply	PPTA	100,000	26 Jun 91
1518	PRC	Formulation of Economic Reform Policies and Infrastructure Planning for the Development of Pudong	ADTA	920,000	28 May 91
1513	PHI	Manila North-East Water Supply	PPTA	1,283,000	07 May 91
1510	NEP	Third Water Supply and Sanitation	PPTA	80,000	18 Apr 91
1508	SRI	Urban Development	PPTA	600,000	18 Apr 91
1486	SRI	Financial Accounting and Reporting Assistance to the National Water Supply and Drainage Board	ADTA	100,000	27 Feb 91
1265	PHI	Urban Development Program (Supplementary)	PPTA	50,000	20 Feb 91
1475	INO	Study of Urban Planning and Transport in Bandar Lampung	ADTA	440,000	31 Jan 91
1474	INO	Study of Water Supply and Sewage Disposal in Bandar Lampung	PPTA	320,000	31 Jan 91
1473	INO	Environmental Management of Urban Development Projects	ADTA	500,000	31 Jan 91
1472	INO	Urban and Regional Development of Eastern Islands	PPTA	600,000	31 Jan 91
1471	INO	Botabek Institutional Development	ADTA	600,000	31 Jan 91
1466	BAN	Secondary Towns Infrastructure Development II	PPTA	600,000	18 Jan 91
1457	THA	Institutional Strengthening of the National Economics and Social Development Board for Urban Transport Planning & Policy	ADTA	500,000	02 Jan 91
1443	INO	Institutional Strengthening for Second IKK Water Supply Sector	ADTA	290,000	18 Dec 90
1437	PNG	Third Urban Water Supply and Sewerage	PPTA	587,000	10 Dec 90
1429	BAN	Institutional Strengthening of Pourashavas	ADTA	978,000	04 Dec 90
1423	PHI	Second Manila Sewerage	PPTA	250,000	23 Nov 90
1397	INO	Secondary Cities Urban Development Sector	PPTA	600,000	24 Oct 90
1396	BAN	Secondary Towns Integrated Flood Protection	PPTA	600,000	24 Oct 90
1349	PAK	Urban Water Supply and Sanitation	PPTA	635,000	08 Aug 90
1339	LAO	Southern Provincial Water Supply	PPTA	362,000	24 Jul 90
1332	SAM	Housing Sector Study	ADTA	350,000	06 Jul 90
1318	BAN	Dhaka Integrated Flood Protection	PPTA	600,000	07 Jun 90
1293	SRI	Low-Income Housing Development	PPTA	108,000	26 Apr 90
1270	PHI	Umiray-Angat Transbasin Study	PPTA	1,267,000	19 Feb 90
1268	PHI	Cebu Water Supply - Phase II	PPTA	670,000	29 Jan 90
1265	PHI	Urban Development	PPTA	550,000	26 Dec 89
1254	FIJ	Housing Sector Resource Mobilization Study	ADTA	199,000	21 Dec 89
1253	FIJ	Strengthening the Department of Town Country Planning (DTCP)	ADTA	340,000	21 Dec 89
1252	FIJ	Housing Authority Manpower Training	ADTA	202,000	21 Dec 89
1257	PNG	Urban Sector Profile	ADTA	100,000	19 Dec 89
1249	PAK	Urban Infrastructure Needs Assessment	ADTA	600,000	19 Dec 89
1248	PAK	Urban Financial Management and Accounting	ADTA	700,000	19 Dec 89
1246	PAK	Strengthening of Billing and Collection Operations of the KWSB	ADTA	183,700	14 Dec 89
1219	PHI	Angat Water Supply Optimization	ADTA	300,000	10 Nov 89

TA No.	Country	Project Name	Type	Total Amount (\$)	Approval Date
1172	NEP	Kathmandu Valley Urban Development Plans and Progress	ADTA	600,000	29 Jun 89
943	PAK	Second Urban Development (Supplementary)	PPTA	51,000	09 Mar 89
1118	NEP	Strengthening the Department of Water Supply and Sewerage	ADTA	140,000	31 Jan 89
1109	THA	Accelerated Water Supply and Sewerage Program	ADTA	380,000	16 Jan 89
1107	INO	Water Supply and Sanitation Sector Study	ADTA	350,000	13 Jan 89
1105	BAN	Feasibility Study for Secondary Towns Infrastructure and Services Development	PPTA	350,000	12 Jan 89
1104	BAN	National Environmental Monitoring and Pollution Control	ADTA	750,000	12 Jan 89
1103	BAN	Institutional Strengthening of the Housing and Settlement Directorate	ADTA	440,000	12 Jan 89
1100	SRI	Housing Development Finance Corporation	ADTA	295,000	05 Jan 89
1083	INO	Water Quality Management Sector	PPTA	590,000	08 Dec 88
1061	INO	Medan Urban Land Development Study	ADTA	500,000	10 Nov 88
1060	INO	Medan Urban Transportation Study	ADTA	600,000	10 Nov 88
1057	PHI	Manila Metropolitan Region Environmental Improvement Study	ADTA	551,000	08 Nov 88
1039	PHI	Angat Water Supply Optimization	PPTA	100,000	21 Sep 88
1013	INO	Strengthening the Capability for Environmental Impact Assessment in the Ministry of Public Works	ADTA	475,000	19 Jul 88
1003	COO	Rarotonga Water Supply	PPTA	85,000	07 Jul 88
1002	SRI	Urban Sector Profile	ADTA	98,000	05 Jul 88
987	PRC	Institutional Strengthening of the National Environmental Protection Agency	ADTA	340,000	10 Jun 88
981	PAK	Low-Income Housing	PPTA	100,000	07 Jun 88
976	FIJ	Fiji Housing Authority	ADTA	96,000	09 May 88
979	BHU	Low-Income Housing Finance	PPTA	96,000	05 May 88
968	INO	Second Medan Urban Development	PPTA	75,000	05 Apr 88
657	THA	Provincial Towns Water Supply (Supplementary)	PPTA	40,000	17 Mar 88
963	PAK	Urban Water Supply and Sanitation Sector Study	ADTA	350,000	11 Mar 88
959	MAL	Coastal Villages Environmental Improvement	PPTA	195,000	04 Mar 88
953	INO	Urban Public Works Institutional Development	PPTA	350,000	10 Feb 88
880	MAL	Development of Selected Urban Centers (Supplementary)	PPTA	75,000	08 Feb 88
947	KOR	Training System for Sewage Treatment Plant Personnel	ADTA	350,000	21 Jan 88
943	PAK	Second Urban Development	PPTA	350,000	08 Jan 88
942	PAK	House Building Finance Corporation	ADTA	318,000	08 Jan 88
915	BAN	Dhaka Environmental Infrastructure	PPTA	75,000	29 Oct 87
880	MAL	Development of Selected Urban Centers	PPTA	350,000	04 Jun 87
877	THA	Study on Control of Non-Revenue Water in Provincial Water Supplies	ADTA	340,000	20 May 87
876	NEP	Second Water Supply Sector	PPTA	250,000	18 May 87
462	BAN	District Towns Sanitary Drainage Study (Supplementary)	PPTA	29,000	03 Apr 87
861	BHU	Urban Centers Sewerage	ADTA	350,000	03 Mar 87
858	THA	Water Supply and Sanitation Sector Profile	ADTA	75,000	26 Feb 87
843	MYA	Advisory Services for Prestressed Concrete Pipe Plant	ADTA	75,000	12 Jan 87
755	KOR	Tenth Water Supply	PPTA	83,850	06 Aug 86
789	THA	Samutprakan Industrial Pollution Control and Management	ADTA	295,000	05 Aug 86
779	PHI	Water Supply and Sanitation	ADTA	50,000	20 Jun 86
769	MAL	Second Sabah Water Supply	PPTA	150,000	21 May 86
762	THA	Upper South Regional Development	PPTA	75,000	07 May 86

TA No.	Country	Project Name	Type	Total Amount (\$)	Approval Date
462	BAN	District Towns Sanitary Drainage Study (Supplementary)	PPTA	15,000	07 Mar 86
744	SRI	Water Supply Rehabilitation	PPTA	75,000	29 Jan 86
741	THA	Fourth Bangkok Water Supply	PPTA	75,000	31 Dec 85
740	MYA	Provincial and Small Towns Water Supply	PPTA	270,000	31 Dec 85
736	PNG	Water Supply and Sewerage Systems Review	ADTA	200,000	28 Dec 85
737	PHI	Island Provinces Water Supply Sector	PPTA	75,000	26 Dec 85
731	MAL	Klang Valley Environmental Program	ADTA	350,000	19 Dec 85
720	SOL	Water Supply and Sanitation	PPTA	75,000	20 Nov 85
696	KOR	Sewage Treatment Sector	PPTA	75,000	09 Aug 85
692	MAL	Kelantan Regional and Township Development	PPTA	300,000	02 Aug 85
690	MAL	Urban Development Policy and Program Study	ADTA	285,000	29 Jul 85
677	MAL	Water Supply & Sanitation Sector Profile	PPTA	75,000	25 Apr 85
675	THA	Shelter Sector	ADTA	576,000	23 Apr 85
674	KOR	Third Sewage Treatment	PPTA	68,000	15 Apr 85
657	THA	Provincial Towns Water Supply	PPTA	350,000	26 Dec 84
641	PAK	Urban Sector Profile	PPTA	75,000	10 Dec 84
619	THA	Bangkok Flood Control Management	ADTA	250,000	03 Aug 84
615	KOR	Ninth Water Supply	PPTA	50,000	23 Jul 84
601	INO	Water Supply & Sanitation Sector Profile	PPTA	50,000	28 May 84
592	KOR	Water Supply & Sanitation Sector Profile	PPTA	50,000	15 Mar 84
574	INO	West Java Urban Development Sector	PPTA	250,000	23 Dec 83
563	MAL	Urban Development Sector	PPTA	50,000	07 Dec 83
548	BAN	District Towns Water Supply II	PPTA	520,000	31 Oct 83
547	BHU	Urban Centers Water Supply and Sanitation Program	PPTA	150,000	27 Oct 83
535	MYA	Rangoon Water Distribution	PPTA	45,000	10 Aug 83
501	INO	IKK and Small Towns Water Supply Sector	PPTA	250,000	23 Dec 82
484	MYA	Mandalay Water Supply	ADTA	250,000	30 Sep 82
483	INO	Urban Development Sector Study	PPTA	50,000	27 Sep 82
482	NEP	Water Supply and Sanitation Sector Profile	PPTA	50,000	15 Sep 82
462	BAN	District Towns Sanitary Drainage	PPTA	100,000	17 Jun 82
444	MAL	Public Low Cost Housing	PPTA	500,000	23 Dec 81
433	PHI	Bulacan Bulk Water Supply Scheme	PPTA	150,000	25 Nov 81
427	KOR	Second Provincial Cities Water Supply	PPTA	50,000	13 Nov 81
425	KOR	Small Towns Water Supply Sector	PPTA	150,000	12 Nov 81
401	INO	Small Towns Kampung Improvement	PPTA	180,000	24 Apr 81
346	INO	Water Supply Sector	PPTA	100,000	21 Mar 80
328	SOL	Honiara Water Supply	PPTA	97,000	18 Dec 79
302	KOR	Sewage Treatment	PPTA	150,000	30 Aug 79
297	PAK	Rawalpindi Water Supply and Sewerage	PPTA	200,000	28 Jun 79
294	INO	Bandung Urban Development	PPTA	150,000	29 May 79
283	MYA	Mandalay Water Supply	PPTA	240,000	08 Mar 79
282	BAN	Study of Integrated Urban Development of Dacca Metropolitan Area	PPTA	649,000	06 Mar 79
271	BAN	District Towns Water Supply	PPTA	580,000	18 Dec 78
269	MYA	Rangoon Water Supply	PPTA	142,000	18 Dec 78
262	VIE	Saigon Water Distribution	ADTA	70,000	29 Nov 78
224	KOR	Sewage Treatment	PPTA	89,000	20 Dec 77
211	MAL	Sandakan Water Supply	PPTA	150,000	08 Nov 77
183	KOR	Integrated Water Supply	PPTA	50,000	14 Dec 76
175	INO	Bandung Urban Development and Sanitation	PPTA	100,000	26 Aug 76
179	PNG	Water Supply	ADTA	165,000	11 Nov 75

TA No.	Country	Project Name	Type	Total Amount (\$)	Approval Date
154	INO	Bandung Urban Development and Sanitation	PPTA	0	06 Nov 75
120	PAK	Hyderabad Water Supply, Sewerage and Drainage Development	PPTA	150,000	02 Jul 74
119	PAK	Lyalipur Water Supply, Sewerage and Drainage Development	PPTA	150,000	02 Jul 74
107	LAO	Vientiane Water Supply	ADTA	103,000	18 Apr 74
93	INO	Irian Jaya Water Supply	PPTA	50,000	18 Jul 73
87	PHI	Manila Water Supply	PPTA	49,200	05 May 73
66	INO	Bandung Water Supply	PPTA	295,000	06 Jun 72
61	LAO	Vientiane Water Supply and Distribution	PPTA	50,000	07 Feb 72

ADTA=advisory technical assistance; AZE=Azerbaijan; BAN=Bangladesh; BHU=Bhutan; CAM=Cambodia; COO=Cook Islands; FIJ=Fiji Islands; FSM=Federated States of Micronesia; IND=India; INO=Indonesia; KGZ=Kyrgyz Republic; KIR=Kiribati; KOR=Republic of Korea; LAO=Lao PDR; MAL=Malaysia; MON=Mongolia; MYA=Myanmar; NEP=Nepal; PAK=Pakistan; PHI=Philippines; PNG=Papua New Guinea; PPTA=program/project preparatory technical assistance; PRC=People's Republic of China; RETA= regional technical assistance; RMI=Marshall Islands; SAM=Samoa; SOL=Solomon Islands; SRI=Sri Lanka; TA=technical assistance; THA=Thailand; TON=Tonga; UZB=Uzbekistan; VAN=Vanuatu; and VIE=Viet Nam.

Source: Asian Development Bank.

PARTIAL LIST OF COUNTRY-LEVEL URBAN STRATEGIES

Strategy	Year
Bangladesh Urban Sector Strategy Study	1995
Viet Nam Urban Sector Strategy Study Report	1995
India Urban Sector Strategy	1998
Lao People's Democratic Republic Urban Sector Strategy Study	1998 ^a
Fiji Islands Urban Sector Strategy Study	1999
Cambodia Urban Sector Strategy Study	1999
Nepal Urban Sector Strategy	2000
Sri Lanka Urban Development Sector Study	2000
Pakistan Urban Sector Strategy	2000
Mongolia Urban Development and Housing Sector Strategy	2005
People's Republic of China Town-Based Urbanization Strategy Study	2005

^a An update is being prepared.

Source: Asian Development Bank.

URBANIZATION TRENDS, ISSUES, AND CHALLENGES

A. An Urbanized World

1. Urbanization in the 20th century resulted in a world network of competitive centers that set the physical reference points for today's economic globalization. Over the past half century, cities became (i) supermarkets for employment; (ii) incubators of technology; (iii) suppliers of social services and shelter; (iv) portals to the rest of the world; (v) processors of agriculture produce; (vi) adders of manufactured value; (viii) centers of learning; and, above all, (ix) places to make money through trade, industry, finance, and real estate with the attendant crime and corruption. However, burdened with all the problems of growth, cities in developing countries increasingly are subject to dramatic crises. The main concerns include unemployment; environmental degradation; lack of urban services; deterioration of infrastructure; and lack of access to land, finance, and adequate shelter. The development of contemporary societies will depend largely on understanding and managing the growth of cities. The city increasingly will become the test bed for (i) the adequacy of political institutions; (ii) the performance of government agencies; and (iii) the effectiveness of programs to combat urban poverty and social exclusion, to protect and repair the environment, and to promote human development.

2. The United Nations forecasts Asia's population will grow 1.1% per year between 2000 and 2015, rising from 3.68 billion people to 4.35 billion.⁴⁰ During the same period, urban population growth is expected to be 2.4% per year, increasing from 1.35 billion (36.7% of the total) in 2000 to 1.94 billion (47.7%) in 2015. Overall, urban growth is expected to be more than double the rate of population growth.

3. Urban centers worldwide are increasing in size and number. In 2000, a United Nations Center for Human Settlements review of the world's 25 largest cities⁴¹ found that 13 are in Asia. This includes 11 megacities, each with a population exceeding 10 million (Beijing, Calcutta, Delhi, Dhaka, Jakarta, Karachi, Metro Manila, Mumbai, Osaka, Shanghai, and Tokyo), and two cities with more than 9 million people (Tianjin and Seoul). With the exception of Tokyo and Osaka, all are in developing member countries.

B. Rural–Urban Equilibrium

4. Several trends in urban–rural links have been observed in the past decade. First, the implementation of structural adjustment policies has forced many urban households to seek additional sources of income and food, including urban agriculture. Second, retrenchment and deepening of urban poverty occasioned by structural adjustment has triggered “return migration,” with some households returning to their rural homes to survive. Third, urban-to-rural household remittances are declining, while the ability of poorer urban households to import food for their own consumption from their rural relatives is increasingly difficult due to spiraling costs of transport. Fourth, in some countries, many temporary agricultural workers employed by commercial farms, especially during the harvest season, are urban-based, giving rise to a diversification of income sources among poor urban households. This is testing traditional definitions of “urban” and “rural,” as the physical and occupational boundaries increasingly are becoming blurred. Fifth, globalization is creating new forms of links for cities, as well as small towns and their rural hinterlands, sometimes referred to as “city-regions.” A web of horizontal and vertical networks among

⁴⁰ United Nations. 2001. *World Urbanization Prospects*. New York.

⁴¹ United Nations. 2004. *World Urbanization Prospects*. New York.

settlements is emerging, fueled by recent technological advances in formation and communication technologies.

C. Cities as Engines of National Prosperity

5. As urban population growth continues, urban centers also are becoming more and more important to national economies as engines of growth. In general, they contribute much more than 50% of the gross national product, and are the focal points for economic activities such as trade, commerce, industry, and government administration. Cities and towns are also the centers of excellence for education, health care, technological innovation, entrepreneurship, social services, culture, and governance. They provide access to large markets for a wide range of goods and services, as well as communications with the world. Cities create opportunities for employment and livelihood. As focal points for rural hinterlands, they play an essential role in rural poverty reduction.

6. In Asia, economic development is clearly manifested in its urban centers. Large-scale investments in urban economic activities such as manufacturing, entrepreneurship, finance, and information and communications technology are signs of high domestic productivity. Urban workers have higher salaries and wages than those of the corresponding rural labor force. The gross domestic product (GDP) per capita is linked to the significant contribution and the economic productivity of cities—more urbanized countries are in general more productive.⁴² Further, larger cities have become more productive, with high employment generation linked to jobs in the expanding industries of manufacturing, trade, and services.⁴³

D. Social Impact of Urban Development

1. Urban Poverty and Social Exclusion

7. In many parts of Asia, the globalization of trade has generated increased opportunities and employment for many, but not all. Globalization now is associated with increased social inequities, higher levels of unemployment, and poverty, all of which reinforce crime, social violence, and corruption. Despite the potential of cities to improve living standards, the benefits are not shared equally. Often, Asian cities are divided into the haves and have-nots.

8. About 70% of the world's poor live in Asia. Urban poverty has reached critical levels, and continues to increase, affecting some 800 million people. Nearly one third of the urban poor do not have access to safe water, and half do not have access to adequate sanitation. About the same number live in environmentally dangerous areas and/or slums without any security of tenure. High levels of environmental stress compound poverty. The economic impacts of pollution in Asian urban areas, in terms of loss of productivity and health costs, have been estimated at 1–5% of GDP.

2. Education and Health

9. A review of recent trends in Asian developing countries shows that urbanization and access to education are not always parallel phenomena, as they might have been historically. Instead, two patterns emerge in Asian cities. One, access to education comes with a lag time, i.e., attainment of education becomes possible only with the second or third generation after migration

⁴² World Bank. 2004. *World Development Indicators, 2004*. Washington, DC; and United Nations. 2004. *World Urbanization Prospects*. New York.

⁴³ ADB. 1999. *Urban Sector Strategy*. Manila.

to the city. Two, vast numbers of rural migrants, and their children and grandchildren, remain illiterate or uneducated throughout their lives, even as city residents. This has direct implications for the social and economic development level of cities in general, because basic education of children and especially of mothers has an impact on family welfare. Investing in education is important to development. Benefit-cost surveys by the World Bank on investments in education show that social rates of return on investment for primary, secondary, and tertiary education are 23%, 17%, and 13%, respectively.

10. Worldwide, epidemiological and demographic information suggests that health, health services, and survival rates are better in cities than in rural areas. The epidemiological transition—the shift from a predominance of noncommunicable disease—took place fastest in countries with high levels of urbanization. The transition generally occurred first in urban areas. However, some old and new communicable diseases, such as HIV,⁴⁴ predominate in urban areas. Meanwhile, research into intra-urban differentials indicates that low-income urban populations suffer the most in terms of communicable and noncommunicable diseases.

E. Urban Shelter

1. Adequate Housing

11. Around 30–60% of the urban population in Asia and Pacific region live in inadequate housing, mostly in sprawling slums and squatter settlements. Such areas are regarded as one of the most visible expressions of human poverty. The lack of adequate housing in Asian cities is one of the most pressing problems of the 21st century, and the cost of providing adequate shelter is immense. Most deficient housing units worldwide are found in the cities of developing countries, and more than half of all less-than-adequate housing units are in the Asia and Pacific region. Adequate shelter means more than a roof over someone's head. It also means adequate privacy, space, physical accessibility, security, structural stability, lighting, heating, ventilation, basic infrastructure, location relative to work and basic facilities, and security of tenure—all of which should be available at affordable cost.

12. Formal construction in the cities of Asian developing countries principally serves moderate- to upper-income groups, leaving lower-income populations to address their housing needs through informal means. Widespread unauthorized housing disregards building regulations and might not come with legal titles. Some of these dwellings are built by the prospective occupants, some by informal-sector developers, and much of the rest by “slumlords” for rent to low-income people. Often these units are of poor quality and located in hazardous areas off-limits to legal housing. If such housing were produced according to building regulations, the cost would be beyond the reach of the poor.

2. Security of Tenure

13. Tenure security is a means of recognizing the rights of the poor by extending a sense of permanence and stability to previously marginalized people, allowing them to design shelter and survival strategies on the basis of their protected human rights. Security of tenure alone does not solve the problem of homelessness, poverty, unsafe living environments, and inadequate housing. However, it is one of the essential elements of a successful shelter strategy. Security of tenure implies that a known set of rules underpins the right of access to, and use of, land and property, and that this right is justifiable. The tenure can be achieved in a variety of ways, depending on

⁴⁴ Human Immunodeficiency Virus (HIV).

constitutional and legal frameworks, social norms, and cultural values. Almost all countries in the Asia and Pacific region promote housing rights in their legislation.

3. Land Supply

14. Numerous factors constrain the supply of land. In some countries, supply is concentrated in the hands of government or private speculators, imposing further bottlenecks on land markets. Other bottlenecks include (i) lengthy procedures and inappropriate institutional structures, (ii) out-of-date cadastral systems, (iii) inappropriate land-use regulations and adjudication processes, (iv) fragmented land ownership, and (v) inequitable or poorly developed valuation and tax systems. In capital and large cities, the high cost or scarcity of urban residential land can result from competition with more economically productive uses. Economic growth is driving up land costs in central city areas, contributing to shortages in affordable housing. Entry to the housing market has become severely limited in the more attractive inner city areas.

4. Housing Finance

15. In most countries, specialized housing finance institutions and private banks provide housing finance. Under stable economic conditions, with low inflation and interest rates, housing finance systems work well. In inflationary economies, particularly in developing countries, affordable housing credit is difficult to obtain even for middle- and upper-income groups. Therefore, many developing countries, including those in Asia, have set up public sector housing finance institutions. These usually provide loans at interest rates below the market or even the inflation rate, using funds from budget allocations and captive savings in the public sector. However, public housing finance institutions or banks have become ineffective in some Asian developing countries. Insufficient flow of new financial resources to compensate interest rate subsidies, poor management, and political interference lead to gradual decline of the value of assets of public funds that are used for the purpose. The number of nonperforming loans increases during inflationary periods or economic crises, leading to large-scale default. Attempts to stabilize inflation through interest rate increases (demand management) make it more difficult for public housing banks to serve low-income groups.

5. Basic Services

16. Local housing markets operate in ways that are closely related to the quality of basic services. Such services are essential for healthy human settlements. Many services demand a complex infrastructure designed for peak loads, which often leads to high indivisible investments. These are public services, meaning they should be available to every person. The supply of basic services is an important part of land development, and supply gaps might cause inefficiencies in urban land markets. Some trends related to basic urban services can be identified. Populations at the outer edges of cities (peri-urban areas) in developing countries are growing twice as fast as those in the formal city. With distant informal settlements, high investments in infrastructure are required, even for the delivery of modest services. However, due to unrealistically high prices and poor cost recovery, per capita investment in basic urban services is declining. Current levels of services in many developing countries cannot meet basic needs, while insecurity of tenure offers little incentive for residents to invest in services themselves.

6. Urban Transport

17. One of the most salient features of urban life in the past century has been the rise of the private automobile, which has reshaped urban life at every level: physical, environmental, social, and political. Developing countries are experiencing the same car-related social and environmental

ills as those in developed countries. Moreover, increases in rates of motorization are approaching 10% per year in many of them—substantially than ever found in automobile-bound societies such as Australia, Canada, and United States. This is causing a wide range of problems, making the management of transport systems an urban policy priority.

F. Environmental Impact of Urban Development

18. Asia's rapid urbanization has resulted in many environmental risks and problems. These have an adverse effect on a healthy urban environment in its broadest sense and, by extension, on long-term growth and development. In the cities of developing Asian countries, the risks and the problems are great, because of the overwhelming scale and speed of urbanization. These cities face a rate of urban growth that was not anticipated. The result is a conflict between their environmental resource base and development needs. This conflict damages the environment and the economy. Apart from its effect on health and well-being, environmental degradation constrains development and the growth of cities.

1. Waste and Pollution

19. Many Asian cities lack access to appropriate environmental services. Less than half of the cities' population is covered by water supply. About half of the population in cities has sewerage connections, with the other half having no or inadequate waste water treatment facilities. Further, only 50% of solid waste is collected and disposed, with uncollected wastes finding their way to rivers, drainage canals, and other waterways. Moreover, the majority of Asian cities do not have proper waste disposal facilities, including less costly systems, such as sanitary landfills. All these contribute to major public health problems through the spreading of communicable diseases, especially in informal settlements where the majority of the urban poor reside.

2. Disasters

20. In the 1990s, disasters affected almost 2 billion people worldwide. More than 80% of the affected people lived in Asia. Much economic growth has been at the expense of the environment, undermining ecological defenses against extreme events. Faced with this onslaught, the atmosphere is warming at a dramatic rate, raising sea levels and increasing the frequency of extreme weather events, such as El Niño and La Niña. Unless action is taken to reverse this trend, small islands and small-island states, such as the Pacific island countries, might partly or entirely disappear. The possibility of flooding in coastal cities such as Bangkok, Hong Kong, Manila, Mumbai, Shanghai, and Tokyo will increase, necessitating billions of dollars for sea defenses. Many—especially the poor—who live in unplanned settlements on land vulnerable to floods and landslides, or contaminated with industrial waste, are becoming ensnared in disasters. Under such conditions, risk is not a matter of choice, but a daily unavoidable reality. The impact of disasters is much more severe in countries with poorly developed preparedness, mitigation, prevention, and response capacities.

3. Heritage Conservation

21. Over the past years, largely as result of economic forces, many Asian cities have been transformed from concentrated and identifiable towns into amorphous urban areas. The forces of urban growth often destroy the social, cultural, and environmental fabric that they were intended to improve. Changes accompanying urban growth frequently have involved the destruction of distinctive and meaningful human-made and natural elements, eradicating the physical expression of former indigenous ways of life that are part of the settlement culture in Asia. Many Asian cities that have grown around historic sites are threatened by a host of factors, including (i) neglected

and crumbling infrastructure, (ii) overcrowding, (iii) inadequate public services to meet population needs, and (iv) financially weak governments. Cultural resources tend to be particularly vulnerable to changing values and development priorities. The need to press much harder for the promotion of a “development with conservation” planning approach in all cities with historic significance is obvious. Cultural heritage conservation can be an effective antidote to the increasing “globalizing sameness” that is engulfing many cities in Asia.

G. Urban Management and Governance

1. The Changing Role of Government

22. Many national governments in the Asia and Pacific region retain direct control over the cities within their national boundaries. Provinces and localities, however, are becoming more important arenas for decision making, with lower levels and many more actors involved in the planning and management of urban settlements. The overriding principle in government reform today is subsidiarity, implying that decision making and public responsibility should be exercised at the level of authority most responsive to the public. Thus, many Asian localities in recent years have witnessed decentralization policies and the introduction of so-called direct democracy provisions. Notwithstanding the regional trend of decentralization, central governments continue to be important in the governance of cities, holding critical fiscal and regulatory powers, as well as normative and political legitimacy. The new role for the state is to create frameworks and facilitate collective action with less direct intervention.

23. Decentralization to subnational and local levels of government has become a key strategy in many Asian countries. The rationale for strengthening lower levels of government is political (enhancing democratic practices) and economic (more effective and efficient implementation of public policies and programs). In some countries, constitutional reform has facilitated decentralization. In India, the 74th Constitutional Amendment Act is historic, because it prescribes the decentralization and participation across the country, while promoting functional and financial autonomy for cities. In other Asian countries, such as Indonesia, Philippines, PRC, and Thailand, similar decentralization policies have been adopted.

2. Planning

24. As the political process has become more inclusive, representative, and democratic in recent decades, so has planning process, especially at the local level. The planning profession has changed, often leading the way to new and varied forms of planning to respond to structural adjustments in the political scene. City planning has adopted many of the methods and objectives of advocacy planning to bring a broader range of citizens into the decision-making process. In the past five decades, planning has gone from a purely physical approach to one that places equal importance on economic, social, and environmental issues. This reflects a shift toward political equity, which leaves politicians to face the classic problem of trade-offs among these three domains. Each can be an ideological world view with its own staunch advocates. Thus, one of the most useful functions of planning in any city is the intelligence function—providing assessments of the social, economic, and environmental trends—and offering advice on what choices to make to achieve multiple, and sometimes conflicting goals.

25. From this political “tri-lemma,” the current trend toward participatory forms of governance also has emerged. After letting planners try out techniques, such as modeling and simulation, to put the full range of citizens’ concerns in proper perspective, many city politicians have realized that they still cannot address their constituents’ needs or resolve thorny issues in a politically satisfactory way. Many nongovernment, community-based, and civil society organizations have not

waited for an invitation. Their active involvement in pressing social and environmental issues has been a strong factor in the development of participatory planning.

3. Finance

26. Municipal finance addresses the financial health of cities, the management of revenue and expenditure, and the cost-effective delivery of public services. Good governance ensures the efficient mobilization and use of financial and human resources for providing and delivering high-quality public services. A large portion of local revenue in many developing countries, with few exceptions, consists of governmental transfers—84% in the case of Indonesia.

27. For many Asian developing countries, taxes (mainly property taxes) account for a small percentage of local government revenue. Such low property tax revenues are largely the result of institutional weaknesses, such as (i) inadequate comprehension of local taxation schemes by local government officials and taxpayers; (ii) lack of personnel to enforce collections; and (iii) a general absence of administrative tools, including records and maps. Still, property tax is a particularly appropriate means of strengthening local government because of its local base.

28. Well-established municipal governments use borrowing as a source of revenue. In contrast, borrowing is rarely a source of revenue for local governments in Asian developing countries, because (i) bond raters might perceive the sovereign state as unstable, (ii) central government will not approve such borrowing, or (iii) municipalities lack collateral assets and are perceived by lending institutions as high risks. This has started to change, however. Several cities in India and the Philippines have issued municipal bonds to raise funds for capital projects.

4. Information and Communication

29. Information and communications technologies are revolutionizing the economic, political, and cultural spheres of an increasing number of Asian cities. In digital cities (locations with high levels of Internet access), such as Seoul and Shanghai, these technologies are rapidly revolutionizing how local governments do business. Three factors are driving the process: (i) the potential of new technologies to improve the efficiency of local service delivery, (ii) citizens' demands for improved customer care, and (iii) the need to improve local revenue generation.

AREAS FOR ADB ACTION

- 1. Engage More Effectively with Central and Local Governments.** Greater effort should be devoted to undertaking comprehensive urban sector assessments, resulting in national urban sector profiles, as a basis for policy dialogues and sector reform. Support should be extended for the formulation of national urban development policies and city development strategies, taking into account the diversity of city sizes and functions. Megacities, which are rapidly increasing in number, require particular attention. However, in addition to coherent urban policy and city strategies, national multiyear urban development plans and investment programs are needed. These can help ensure that ADB's TA and lending programs support and complement the country's priorities, resources, and capacities. The development and refinement of urban sector road maps should be continued as a regular exercise to provide the strategic background for ADB's urban projects. ADB should find ways to involve local governments, particularly municipalities, more effectively in project formulation and implementation with regard to finance and economic planning (i.e., local government support and formulation of city development strategies), instead of dealing only with national Government institutions. In this respect, ADB could support studies on development and/or legal and financial policy frameworks in support of urban development led by local government. Engagement with governments also would be improved through the exchange of urban knowledge, ideas, and experiences among cities and with international partners.
- 2. Develop Innovative Forms of Lending for Financing Urban Development.** One important way is to provide long-term loans to local governments for targeted beneficiaries. While local governments are assuming more responsibilities, they lack sufficient local resources to meet the enormous cost of massive urban development. They need long-term, low-interest loans, which would enable them to wean themselves away from dependence on the central Government. Further support is needed to increase the number of local governments that have started to access capital markets through bond sales and direct borrowings. However, onlending requirements and procedures need to be simplified. The Innovation and Efficiency Initiative⁴⁵ is a step in the right direction. ADB's credit enhancement products (i.e., guarantees) also can be used. Explicit guidelines for financing land acquisition (e.g., when and where to apply) are needed.
- 3. Strengthen Support to the Private Sector.** Urban development, such as industrial investments, commercial development, and land and housing development, are private sector-led activities. Policy and regulatory frameworks, as well as pricing structures, are needed to encourage and support private sector participation in urban projects and services. Support should be extended to DMCs to improve the environment for private sector involvement and demand-led investment. In addition, government capacity as an enabler needs to be strengthened. Investments should be targeted only in strategic areas, leaving the bulk of capital investment opportunities to the private sector.
- 4. Improve the Effectiveness of Urban Poverty Reduction Initiatives.** The provision or improvement of basic services and affordable housing should be continued. However, it needs to be complemented with programs to enhance the capacities of the urban poor to participate actively in urban economic activities that lead to greater spending power. The urban poor must be empowered to move beyond survival toward greater economic productivity. In this respect, microfinance programs need to scale up from focusing on individual livelihood projects to

⁴⁵ ADB. 2005. *Innovation and Efficiency Initiative—Cost Sharing and Eligibility of Expenditures for Asian Development Bank Financing: A New Approach*. Manila; ADB. 2005. *Innovation and Efficiency Initiative—Pilot Financing Instruments and Modalities*. Manila.

supporting community economic enterprises. Moreover, households affected by resettlement need to be involved in decisions relating to relocation and/or resettlement.

5. **Provide Long-Term Support to Capacity Building.** Urban development, as a continuing and ever-changing process, needs to be accompanied by continuing capacity development. Given the severe lack of capacity in many DMCs to address urban problems and challenges effectively, capacity building support should be long term, rather than a project add-on that stops at project completion. Many project appraisal reports have identified a lack of capacity as a major reason for failure. In pursuing integrated urban development projects, for instance, capacity development could be made a prerequisite to project approval. To help ensure their effectiveness, capacity building programs (e.g., mentoring programs and executive-level urban management courses) should be linked to civil service policies, particularly those relating to position classification, salary scales, and personnel career development. This suggests extending the period of relationship between ADB and project cities beyond the traditional project time frame. The recently adopted multitranche financing facility responds well to this requirement.

6. **Provide Guidelines for Developing Projects Applicable to All DMCs.** An urban development action plan must be as broad and flexible as possible, reflecting regional and country differences. Guidelines stating when to implement sector-specific or integrated urban development projects must be provided. This decision rests on the need and resources of the country and the urban area. Ideally, sector-specific projects should be implemented under a long-term, integrated, urban development action plan, where country-specific issues and resources are considered. Further, prerequisites for adopting an integrated urban development approach (e.g., capacity building) should be provided.

7. **Adopt an Integrated Approach to Urban Development.** If urban areas are to be viewed as living cities, broad intersectoral project support, especially for reducing urban poverty, must be provided. This could involve (i) support for preparation of city development agendas based on a participatory approach; (ii) development of an urban research agenda, the mechanism for its implementation, and dissemination of outputs; and (iii) incorporation of disaster risk-management tools and technologies in cities' capital investment projects.