

Future Cities: Potential Collaboration between ADB and Japan

Gil-Hong Kim

**Director, Sustainable Infrastructure Division
Regional & Sustainable Development Department
Asian Development Bank**

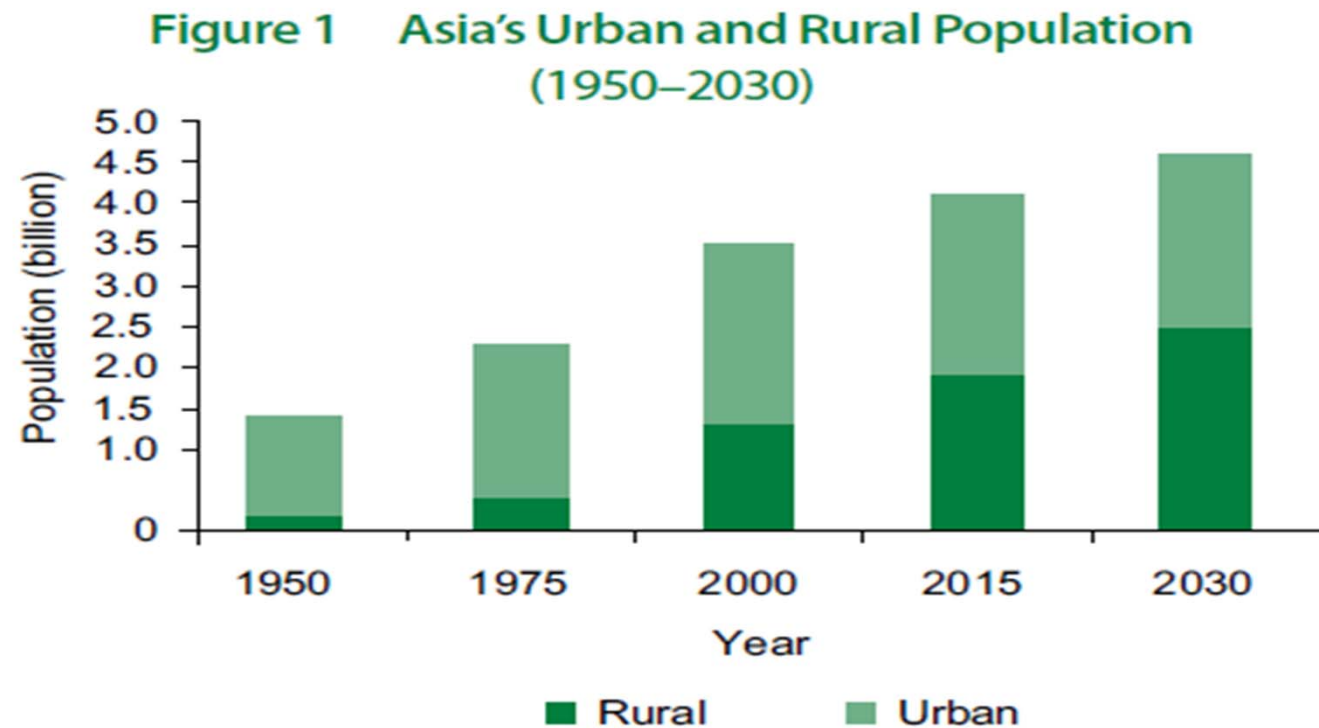
Asia's Urban Challenge

Cities provide up to 80% of the economic base — but large disparities have emerged as poverty has urbanized — over 200 million people live in poverty in Asia's cities and many more are vulnerable to economic and environmental shocks.

Addressing the needs of these cities requires:

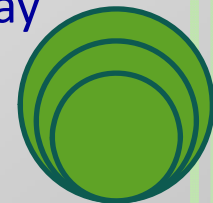
- > New forms of engagement
- > New forms of finance and
- > The flexibility to adapt to the circumstances of each community

The Scale of Urbanization



Source: Computations based on figures from *World Urbanization Prospects: The 2003 Revision*. United Nations. 2004.

- ◆ This means 44 million more people every year: 120,000 each day
- ◆ Requiring over 20,000 new dwellings, 250 km of new roads and more than 6 megalitres of potable water EACH DAY.



Asia's Global Environmental Challenges

City Region Economies and the climate issues

- Cities use about 85% of energy and generate about 75% of GHGs to produce about 80 % of the GDP – over half the BAU increment will come from Asia's cities
- CO₂-emissions are per capita in many third world cities as high as in cities of high income countries and pollution is much worse

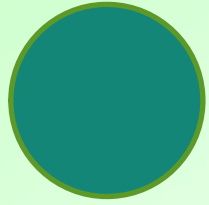
Asian Cities

- show an enormous population growth (average 3 %/a) compounding their global environmental impact
- are especially vulnerable to climate change

Rise in pollution and sea levels puts trillions in economic output and hundreds of millions of people at risk

Urgent need for efficiency gains, reduction in pollution and GHGs and integrated planning for adaptation and mitigation

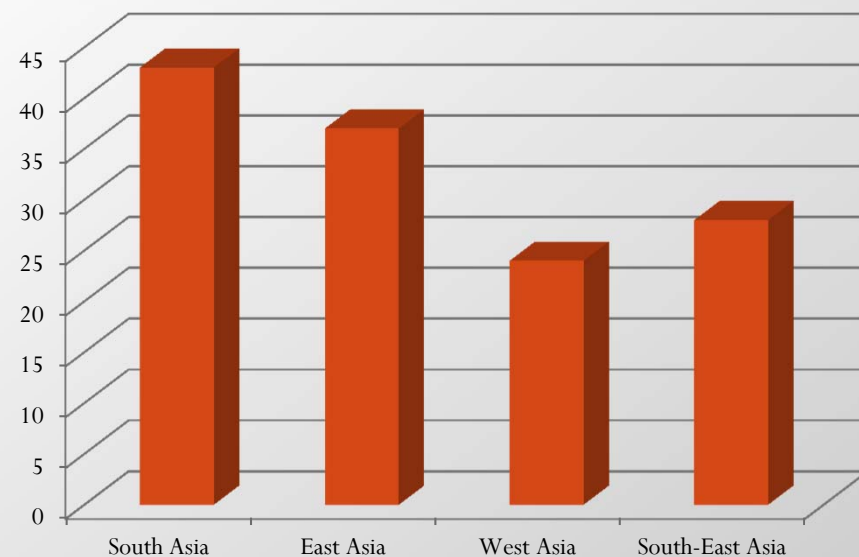




With growth and urbanization, poverty also urbanizes

- ◆ Over 240 million urban dwellers live on less than \$1/day in asia
- ◆ Poverty has income, access, and power dimensions
- ◆ The poor are most vulnerable to environmental problems and the effects of climate change
- ◆ The Asia-Pacific region remains host to over half of the world slum population: in 2010 this amounted to an estimated 505.5 million people of world slum population of 828 million people.

Prevalence of slums in Asia's cities (% of urban population)



Source: State of the world's cities 2008/2009

What City Regions Can Do for 'Planet Positive Growth'

- ◆ **Local land use and transportation patterns.** Municipal land use and transportation planning decisions directly influence whether people and businesses will have mobility choices that allow them to save energy and money.
- ◆ **Building construction and energy efficiency.** Through zoning codes, building codes and the permitting process, municipalities can encourage building designs that save energy and resources.
- ◆ **Local economic activity.** Municipal economic development initiatives are opportunities to encourage development in low-energy, zero-carbon directions, by both incentive and example.



What is the Role of ADB?

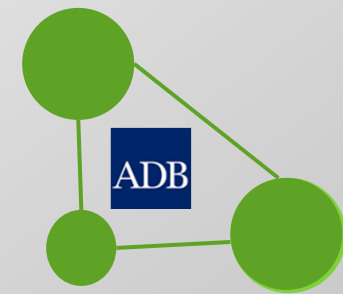
In context of \$100 b/yr funding gap

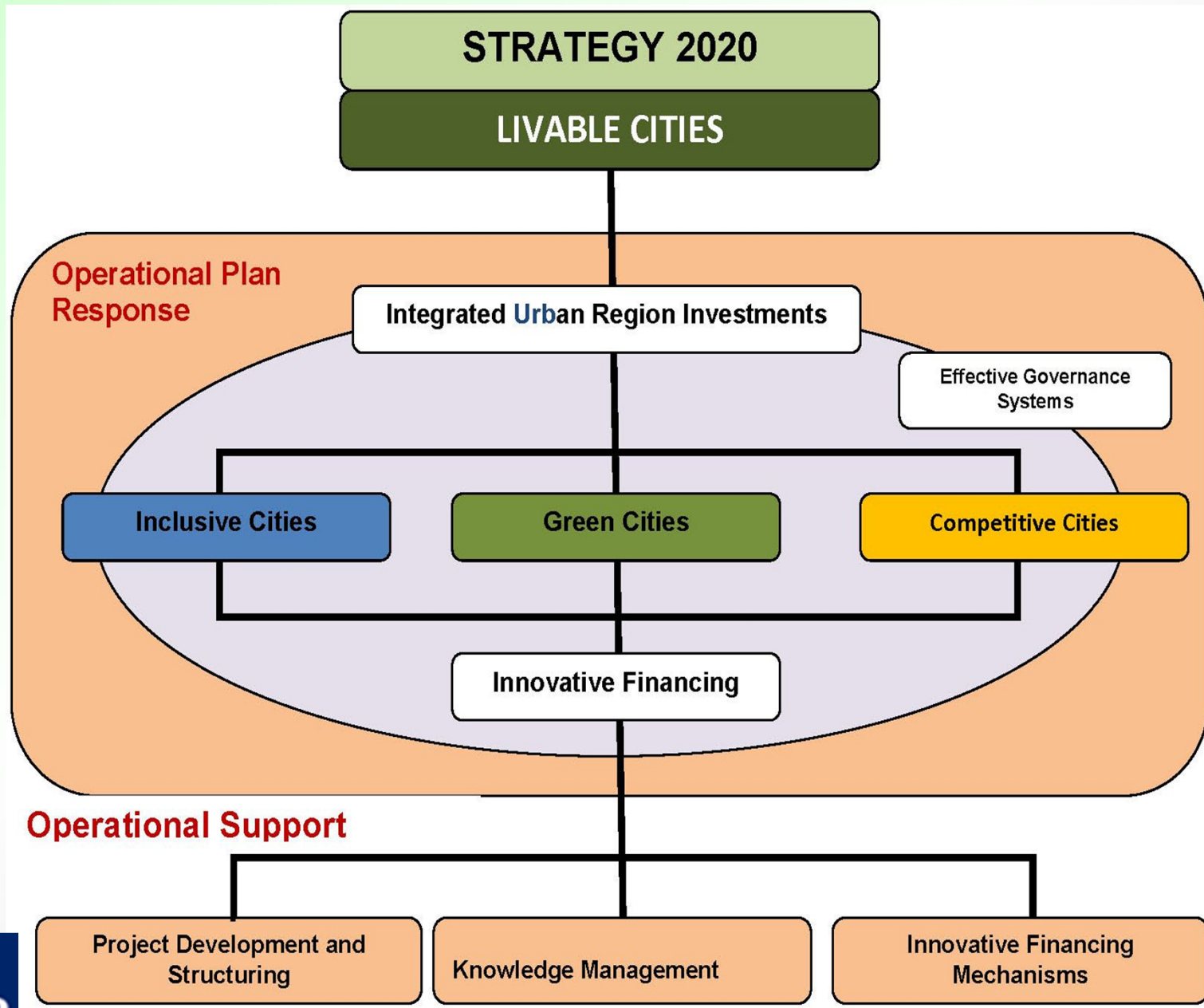
- ◆ ADB is a \$15 b/yr AAA+ rated bank
 - ◆ The 2013 urban pipeline is approximately \$3.5 billion
 - ◆ But we have limited the bulk of assistance to grants to prepare projects funded by sovereign loans
- ◆ We need
 - ◆ Partners to leverage our money – which requires better
 - ◆ Project structuring systems to include
 - ◎ Community, Sub-sovereign government and the Private Sector cofinance
 - ◎ Capacity to integrate knowledge and good practice into project designs
 - ◎ While preserving AAA rating

ADB's Response under Strategy 2020

Urban Operations Plan - addressing the core issues

- ◆ Continuing focus on regional public goods - poverty reduction and environment
- ◆ Planning and financing integrated investments in infrastructure for
 - ◆ Inclusive economic development
 - ◆ Pro- poor interventions in basic infrastructure and slum upgrading
 - ◆ Infrastructure for local environmental improvement and GHG reduction





Inclusive Cities

Example: STEP-UP in Philippines

Strategic Private Sector Partnerships for Urban Poverty Reduction (STEP-UP) in Metro Manila, Philippines

STEP-UP is important for Government's response to urban poverty. Implemented by the Philippine Business for Social Progress, an NGO supported by the CSR contributions, the project had 3 components:

- ◆ strategic partnership building, focused on coalescing three groups deemed critical to urban poverty reduction: business; local government and the homeowners associations
- ◆ housing improvement; microenterprise support; upgrading of community infrastructure (roads, drainage, water supply, multipurpose centers, and access to health/ sanitation)
- ◆ risk reduction and management issues relating to natural and artificial disasters.



Green Cities

Example: Low Carbon Transport

- ● ●

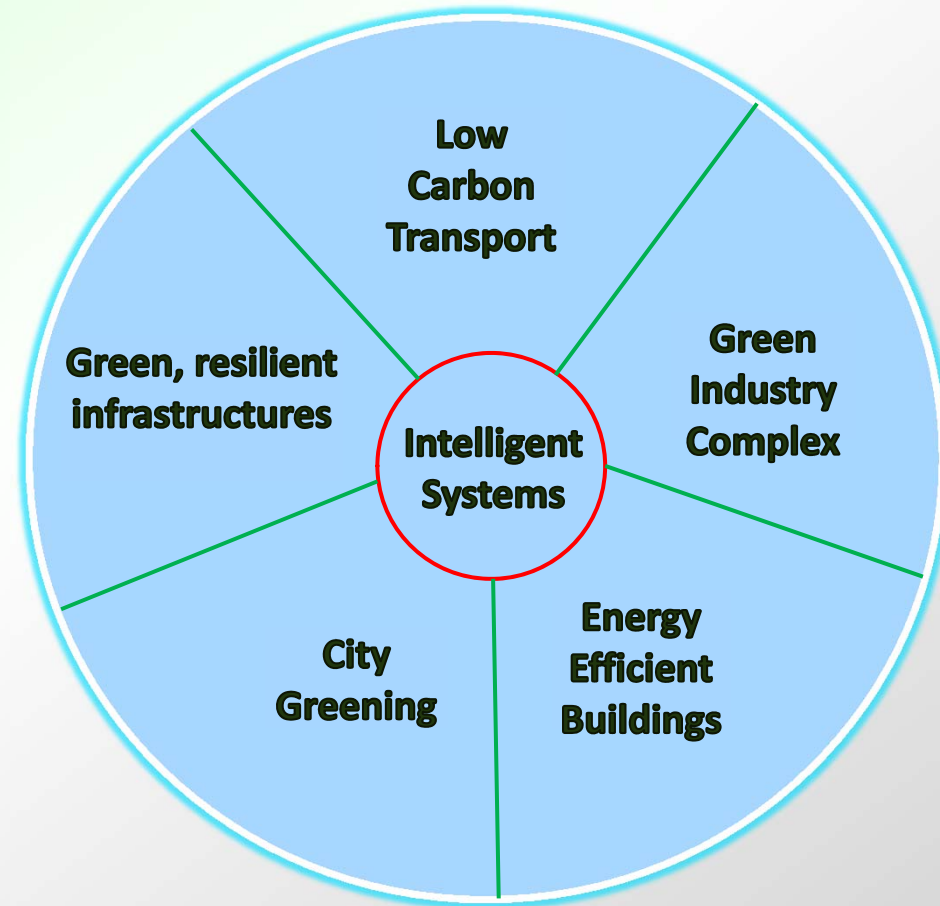
Case study: Guangzhou Bus-Rapid Transit (BRT) system

- Integrated with metro system and other non-motorized transport means
- Integrated with surrounding buildings
- Pedestrian-friendly and accessibility features
- Passenger information services



INVESTMENTS FOR GREEN CITIES

SMART INFRASTRUCTURE IS CENTRAL

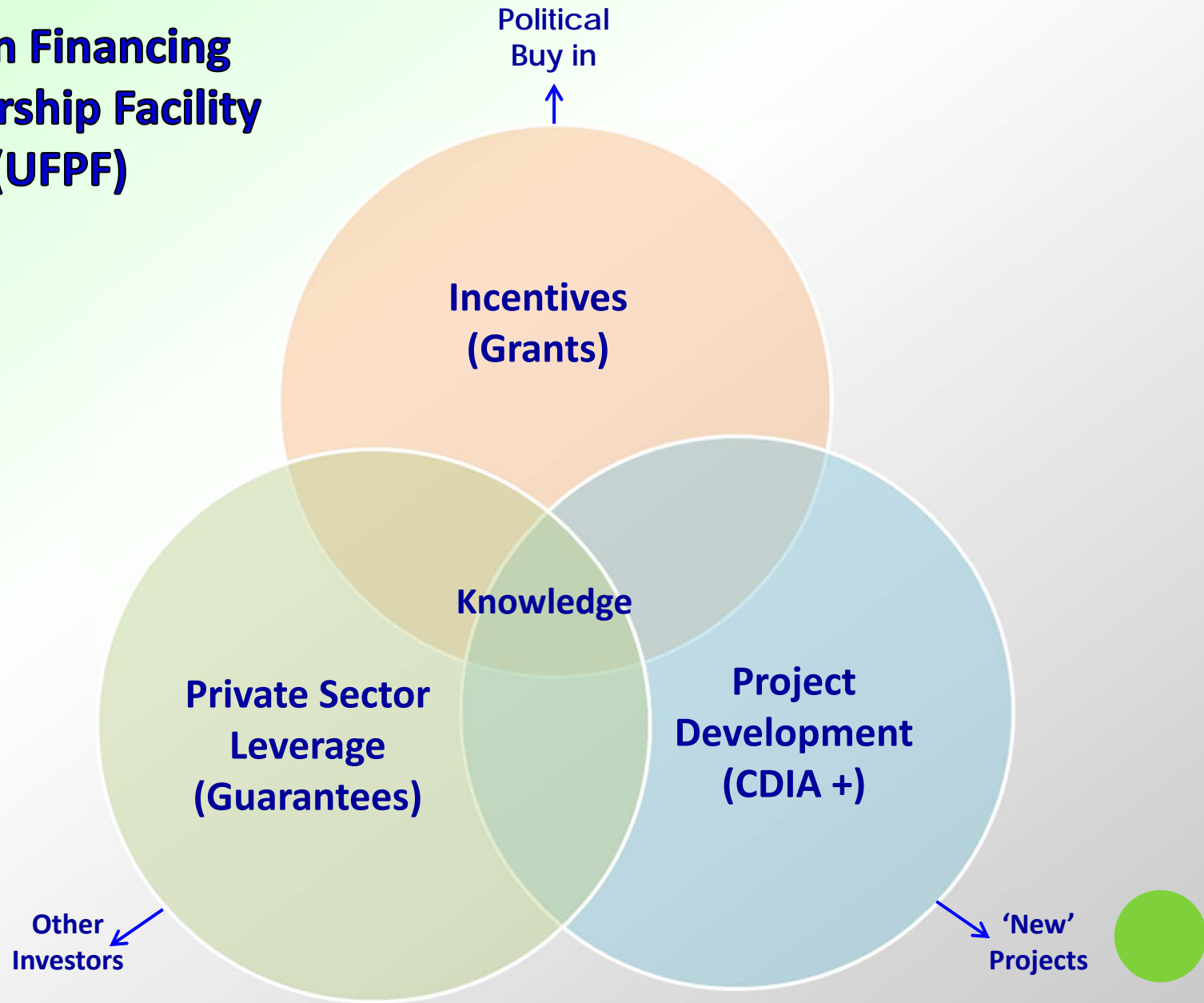


ADB's Financing Principles

- ◆ Need to address BOTH supply and demand sides
- ◆ At sub-sovereign level
- ◆ Supply side – how to generate pipeline? how do fund sub-sovereign governments? how do we collaborate with private sector finance? How do we leverage institutional money?
- ◆ Demand side – what is affordability? possible cost recovery mechanisms? Sustainable tariffs? Subsidies (and targeting)?



Urban Financing Partnership Facility (UFPF)



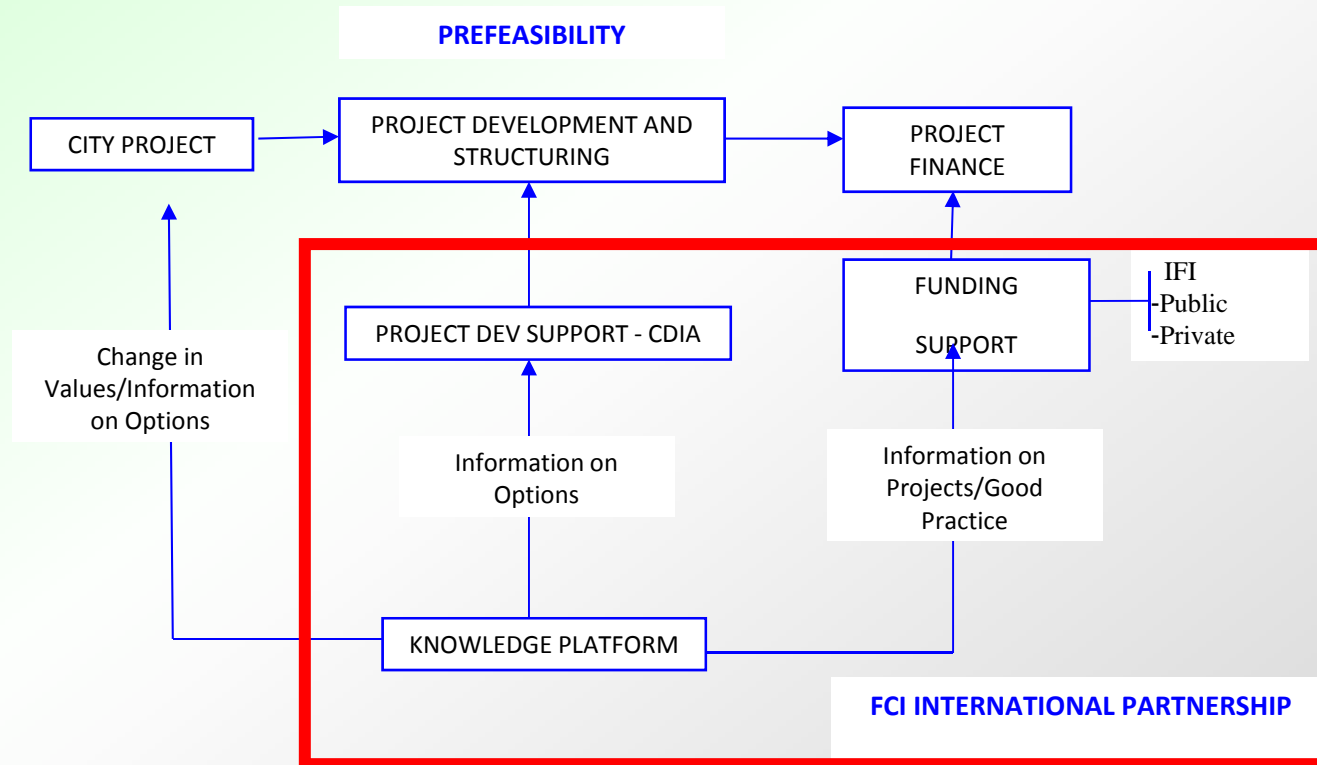
Potential Collaboration on Future Cities Initiative

The key elements of the FCP could be:

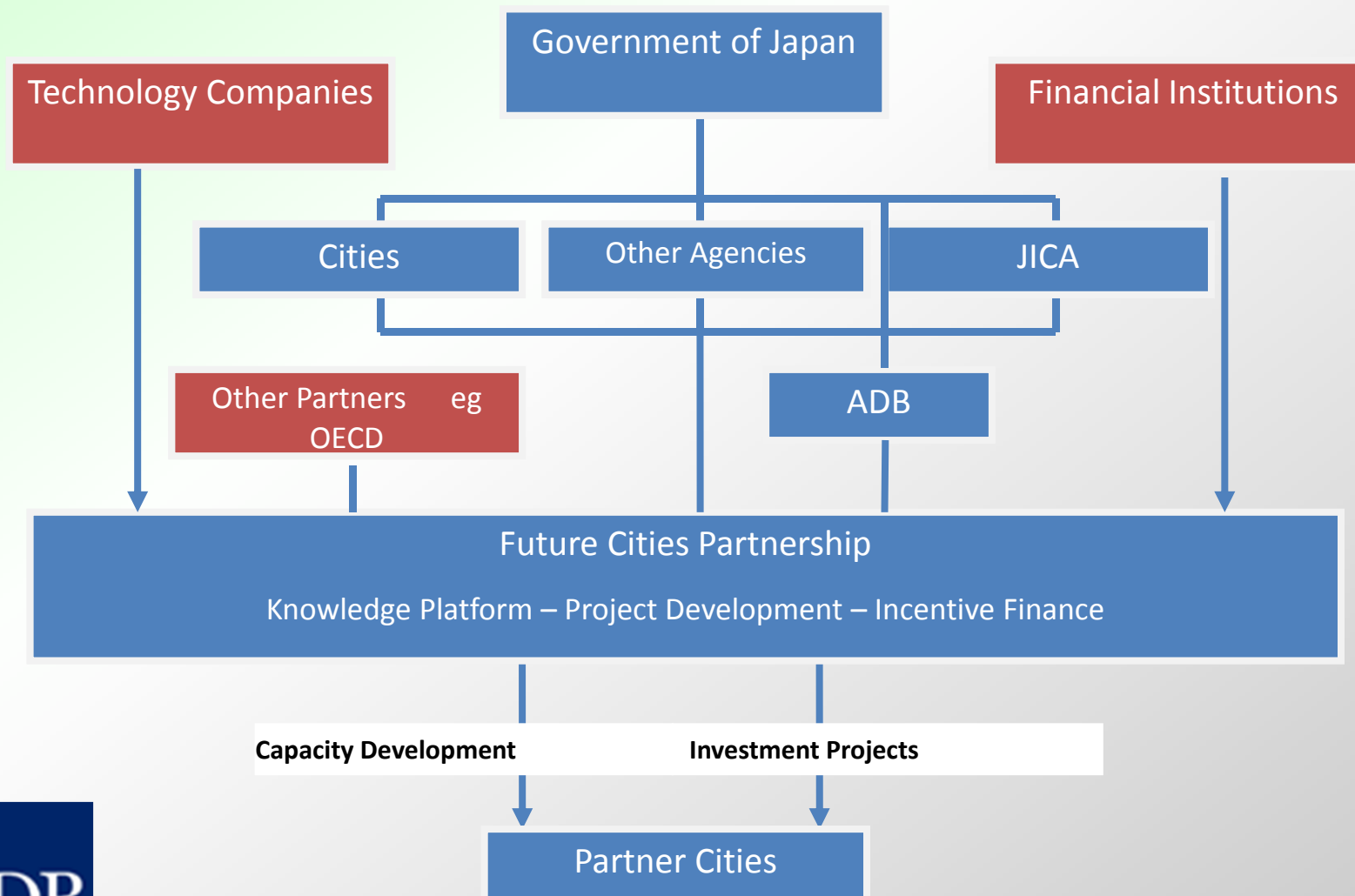
- A Knowledge Platform to mobilize and coordinate the provision of Japanese technology and finance for both technology transfer;
- ADB facilitates a JICA or JFPR-funded TA to work with its CDIA, to undertake project development for the FCI, particularly in respect of PPP projects potentially involving Japanese technology and/or finance providing a pipeline of projects; and
- Japan could provide a facility (trust fund) or framework agreement under the existing UFPF to fund project preparation by CDIA, to leverage inputs from wholesale financial institutions (insurance companies, pension funds), and provide credit enhancement to enable them to invest in such projects.



Potential Collaboration on Future Cities Initiative



Potential Collaboration on Future Cities Initiative



Example Green City Investments: Tianjin and its Eco-city Integrated Transport and Land Use

Green Transportation

An efficient and easily accessible public transport system focusing on 'Green trips', which include public transportation, cycling and walking. The target is for at least 90 per cent of the trips within the Eco-city to be via walking, cycling, or use of public transport.



Use of Clean, Renewable Energy and Ecologically Friendly Waste Management

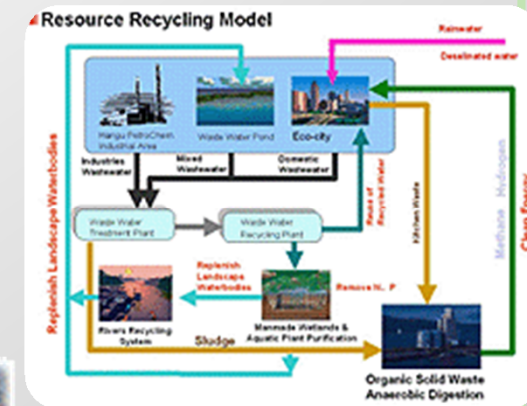
Particular emphasis on the "3Rs" of waste management

- Reduce, Reuse and Recycle.

Balance of Economic and Social needs

– Preservation of Heritage

Conservation through adaptive reuse or partial rebuilding.
Cross subsidy of low income housing. But needs incentive finance.





Thank You

