

SERD POLICY TALK (SPOT)

EVENT SNAPSHOT 

About SPOT

ADB's Southeast Asia Department features conversations on new ideas and developments beyond office walls. SPOT aims to inspire people to explore issues outside their normal area of work, encourage active interaction among the participants, and ignite debate from varied perspectives and approaches.

Event Details

SPOT on Reshaping Cities in Post-COVID-19 World

29 July 2021 | 3.00 pm – 4.00 pm
(Manila time) via MS Teams

GUESTS

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RESHAPING CITIES IN THE POST-PANDEMIC WORLD

BACKGROUND

Developing Asia is urbanizing rapidly. The number of urban dwellers rose from 375 million in 1970 to 1.84 billion in 2017, equivalent to almost half of the region's total population. Measured using nighttime lights data, the region's urban area has expanded by 5% per year on average between 2000 and 2016. By 2050, approximately two-thirds of the population in developing Asia will be living in cities. However, some urban areas are growing faster than others while some are shrinking.

Cities are engines of economic growth. Agglomeration economies arise in cities due to the proximity of workers and firms to one another, which improves matching of jobs and skills, promotes exchange of knowledge and new ideas, and facilitates sharing of resources. These factors contribute to higher productivity and social welfare. However, cities in developing Asia also face challenges, including lack of affordable housing, low mobility due to congestion, and public health risks caused by air and water pollution and contagious diseases such as coronavirus disease (COVID-19).

CHALLENGES

Dwindling economic activities, high infection rates and deaths, and inadequate resources describe the plight of cities that have borne the brunt of the COVID-19 pandemic. Certain groups have been hit harder than others, and the unequal effects of the pandemic have deepened social inequalities within cities. Today, urban dwellers working in informal and often precarious jobs are joining the swelling ranks of the new poor created by the pandemic.

Moreover, COVID-19 has aggravated existing problems in urban areas. In the cities of ADB's developing member countries (DMCs), urban services (water supply, sanitation, and solid waste management) and social infrastructure (affordable housing, healthcare, and education facilities) were already inadequate before the pandemic. In the Philippines, for example, WHO/UNICEF's Joint Monitoring Programme reported that only 52% of the population had access to safely managed sanitation facilities in 2017. Unhealthy sanitation and hygiene practices expose communities to waterborne and water-related diseases. Lack of hygiene facilities and practices such as handwashing also increase the risk of COVID-19.

These problems are most critical among the urban poor and those living in informal settlements or slums, which tend to have limited access to water supply and sanitation and hygiene (WASH) facilities and services and where basic practices such as handwashing are more difficult. These highly dense areas also make social distancing impractical. Resilient cities therefore need to first and foremost be inclusive cities.

WHAT ADB IS DOING

The One ADB approach is an opportunity to apply knowledge and expertise from across the bank to improve the quality of its urban development projects; integrate social, gender, and resilience objectives early on in the process; and use sovereign financing to create an enabling environment for prudent decentralization and financial autonomy, thus improving cities' creditworthiness. Accomplishing these objectives lays the groundwork for the private sector and other investors to participate.

One project that has taken this approach is the New Clark City River Study, which supports evidence-based decision-making on the potential of the river and the green space surrounding it to play integral roles in urban resilience and recreation. The study finds that enhancing river-edge conditions at multiple scales can provide certain urban functions and ecological services, without the cost of massive earthworks and maintenance. This nature-based approach prevents badly planned river alignments and provides significant cost savings, including future savings from mitigated damages caused by flooding.

Another project that has benefited from the One ADB approach is the proposed Baguio Resilient City Tourism Project, which aims to increase job opportunities in the tourism sector, improve sanitation and hygiene practices, and enhance Baguio City's reputation as a clean city to continue to attract tourists. It will also provide private sector-led capacity building to help tourism workers improve tourists' experience in the city.

ADB will continue to take a holistic approach in helping cities address increased demand for urban infrastructure and emphasize the need for DMCs to view "urban" as a system that requires working across different sectors. Cities should strengthen local governance and prioritize financial sustainability. To this end, ADB can help cities better integrate budget and planning, improve management of public assets, and identify and address negative externalities and risks through better early-stage planning. Because many city services are inelastic and the costs of these services cannot be easily reduced, ADB can help cities identify opportunities to increase revenues from existing sources and find new revenue streams.

Aside from the pandemic, cities face increasing risks from climate change and disasters, which have widespread socioeconomic impacts.

KEY MESSAGES

Cities in the region should take on three critical actions to steer growth to a more resilient direction:

- **Increase understanding of climate and disaster risks, and factor risk management into all decision-making processes.** This includes paying increased attention to compound risks resulting from a combination of environmental and health hazards, and appreciating that these risks may have implications beyond the administrative boundaries of cities.
- **Prioritize system-wide resilience solutions.** This action requires measures that are flexible and adaptable to the evolving risk landscape. Examples include nature-based solutions to deal with flood risk, together with gray infrastructure and non-structural measures such as adequate early warning systems. It also requires recognizing the vulnerabilities of an interconnected supply chain between rural and urban areas, and thus prioritizing objectives such as promoting urban agriculture to address food security. Agile local institutions that work in close partnership with local communities and the private sector are key in delivering these solutions.
- **Adopt resilience solutions that support informal settlements and the informal economy, which are key features of urban Asia.** Resilience-building investments for the informal sector and poor urban households include adaptive social protection programs, disaster-resilient housing microfinance, and improved land-use practices to protect street vendors from extreme urban heat.

As important partners in reshaping cities, civil society and the private sector can help in the following ways:

- **Mitigate the pandemic's impact and rebuild more resilient cities through citizen-driven responses.** COVID-19 has underscored how these responses can be very effective in identifying the needs of communities and quickly deploying practical solutions. Governments and the development community should support and encourage the involvement of civil society, not only because it can help promote resilience but also because it can make a valuable contribution to citizen-driven research, innovation, and governance.
- **Support economic recovery through innovation and job creation.** The pandemic has had a big impact on businesses such as Byju's in India, Lazada in Southeast Asia, and JD Health in the People's Republic of China, companies which experienced triple-digit growth rates in the last year by cutting costs and improving service delivery modes to meet a city's needs. In the process, they have increased revenues and created new jobs to replace lost ones.
- **Find less expensive ways to provide essential city services.** Cities can leverage private sector innovation to provide online education and telemedicine, improve fee collection, increase use of smart meters, streamline trash collection, and decrease traffic congestion more effectively, thus reducing transaction costs for these critical services. Given lower upfront costs, quicker paybacks, and clear value added for the private sector, many smart city projects lend themselves well to private sector participation.