



CREATING LIVABLE CITIES

REGIONAL PERSPECTIVES

EXECUTIVE SUMMARY

Cities provide significant opportunities to improve human well-being, catalyze economic development, and serve as incubators for new ideas and innovation. With support from the regional development banks, cities are preparing and implementing plans for more sustainable, resilient, and inclusive urban development.



Cities are engines of economic growth and prosperity, offering prospects for productive investments, well-paying jobs, and access to key institutions and services.

Rapid urbanization since the 1950s has provided most cities in the world with opportunities for growth and innovation through urban agglomerations and economies of scale. However, many cities also face various challenges that constrain their capacities to deliver services to residents and limit the

realization of a more sustainable urban future for all.

The four regional development banks (RDBs)—African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), and Inter-American Development Bank (IDB)—are working with emerging and developing countries in their regions to address the challenges and capitalize on the opportunities for making cities more livable.



São Paulo, Brazil (photo by wsfurlan/iStock.com)

REGIONAL URBANIZATION PATTERNS

The world's urban population has grown significantly from 751 million in 1950 (30% of the total population) to 4.2 billion in 2018 (55% of the total population). This is estimated to increase to 5.2 billion in 2030 (60% of the total population) and 6.7 billion by 2050 (68% of the total population). The number of “megacities” in the world (those with more than 10 million inhabitants) is projected to increase from 33 in 2018 to 43 by 2030. Of these additional 10 megacities, nine will be located in developing countries. Megacities and primate cities (the largest ones in a country) remain dominant,

but are not the fastest-growing cities. Instead, urban areas with fewer than 1 million inhabitants—dubbed as “small and medium cities”—are experiencing faster growth rates. These small and medium cities account for 59% of the world's urban population.

While most leading economic hubs are currently located in advanced economies, the center of economic activity of the urban world is moving to emerging and developing countries, with 90% of urban growth until 2050 expected to occur in Asia and Africa. These economic hubs have diverse demographic profiles with varying proportions of young and old populations. Most developing countries are facing the dual challenges of providing for aging societies while creating good quality and well-paying jobs for their young and working-age populations.

The world's urban population has grown tremendously.



1950: 751 million
(30% of the total population)

2018: 4.2 billion
(55% of the total population)

2030: 5.2 billion
(60% of the total population)

2050: 6.7 billion
(68% of the total population)

Cities face common urban development issues.



- Infrastructure deficits and overstretched public services
- Environmental stress and degradation
- Increased vulnerabilities to disasters and climate change
- Unequal access and affordability issues
- Labor market disparities
- Social cohesion at risk

Cities around the world can capitalize on significant opportunities through various initiatives.



- Integrated and flexible urban planning
- Data and technology for better-informed decision-making
- Green economies and green finance
- Low-carbon and resilient urban infrastructure and services
- Synergistic investments in city-regions
- Localizing global agendas

COMMON URBAN DEVELOPMENT CHALLENGES

Each city is unique. Nonetheless, there are common urban development challenges that cities face across the RDB regions (referring to the regions where the four regional development banks operate).

While substantial progress has been made in improving urban infrastructure and services, many cities have not been able to keep up with rapid population growth. They face underinvestment in infrastructure, poor spatial and economic planning, suboptimal land use, and increased vulnerabilities to climate change impacts and disaster risks.

The annual investments required by cities to bridge the infrastructure gap are substantial and these range from 2% to 8% of the gross domestic product (GDP) in developing countries. The investment gap is particularly pronounced in small and medium cities, which often face added challenges of inadequate capacity and poor governance.

Furthermore, cities face risks with respect to social cohesion due to labor market disparities and limited economic opportunities, particularly for poor and disadvantaged minorities, women, and people with disabilities. Access and affordability of urban services remain unequal in most cities and crime and violence aggravate social and spatial inequality across the RDB regions.



Aerial view of a highway junction (photo by Nanostock/iStock.com)

OPPORTUNITIES FOR LIVABLE CITIES

Notwithstanding these challenges, cities provide significant opportunities to improve human well-being, catalyze economic development, and serve as incubators for new ideas and innovation. International agendas like the Sustainable Development Goals and the New Urban Agenda promote engaging with city governments in the global development effort. With support from the RDBs, cities are preparing and implementing plans for more sustainable, resilient, and inclusive urban development.

Across the RDB regions, city authorities are realizing the potential of holistic, flexible, and participatory urban planning to integrate infrastructure investments and policy reforms, build strong urban institutions, generate knowledge, and promote regional cooperation. Digital technologies and improved use of data are emerging as positive change agents to inform better decision-making for more transparent, people-centered, and accountable governance.

The areas of green economy and green finance create additional opportunities for cities. Diverting from traditional urbanization models that result in extensive resource extraction, waste, and pollution, cities

increasingly see the potential of green economy models, which promote efficient uses of materials, protection and rehabilitation of ecosystems, and appropriate regulations for industries and markets. Green economies have the potential to create a net 18 million jobs globally by 2030 as cities across the world invest in low-carbon and resilient urban infrastructure and services.

Recognizing the potential of city-regions and city clusters to realize economies of scale and increase competitiveness, efficiencies, and innovation, national and subnational governments are making efforts toward more coordinated regional governance, land use, and infrastructure planning. Moreover, cities across the RDB regions can leapfrog traditional development milestones through building on newly emerging industries, service sectors, and sustainable tourism. Cities are increasingly supporting local entrepreneurship and innovation through proactive local economic development initiatives.

The four RDBs contribute to livable cities through a variety of financial, policy, and capacity development instruments in their respective regions. While urban challenges and opportunities are usually rooted in local context, learning across regions sparks innovation and ideas that could be replicable at a larger scale. RDBs play an important role in identifying, distilling, and diffusing knowledge and actions that can accelerate progress toward creating more livable cities.



Nairobi, Kenya (photo by Eunika Sopotnicka/iStock.com)

AFRICA

The shift toward cities on the African continent has seen an impressive increase in urban population share from 19% to 39% between 1960 and 2011. By 2040, half of Africa's population is expected to live in cities. However, there is much diversity among the economies across the 54 countries—from some of the world's poorest countries to middle-income countries with thriving economies.

Besides globally common urban development challenges, African cities struggle with macroeconomic instability, a poor investment climate, and significantly less adequate infrastructure than most cities in other regions. Natural resource exports still dominate in many African countries, resulting in consumption-oriented, economically less competitive cities embedded in a context of poor intra- and interregional connectivity.

The opportunities for AfDB are summarized in its High 5s Strategy to: Light Up and Power Africa, Feed Africa, Industrialize Africa, Integrate Africa, and Improve the Quality of Life for People of Africa. AfDB is guided by its new Sustainable Urban Development Action Plan that focuses on improved planning,

AfDB defines a sustainable city as one that offers a good quality of life to its citizens, minimizes its impact on the environment, preserves its environmental and physical assets for future generations, and promotes sustainable competitiveness.

governance, and management; enhanced financing mechanisms at the national and subnational levels; as well as knowledge sharing and dialogue on topics such as political and fiscal decentralization and depoliticizing planning, strengthening participation of local communities, and human-centric design of cities. AfDB also launched its first Urban and Municipal Development Fund in April 2019 to support its Cities Program which supports municipalities in improving urban sustainability, management, and growth.

Rapid urbanization has become a pan-African phenomenon.



284%

Growth of the share of Africa's urban population from 1990 to 2019

1.2 billion

Expected urban population by 2050

3 megacities with over **10 million inhabitants each** are located in Africa

African cities struggle with significantly less adequate infrastructure than most cities in other regions.



More than 50%

of urban residents live informally, increasing by 4.5 million each year

Less than 0.1% of GDP

is invested in sanitation in most countries

79 of Africa's 100 fastest-growing cities

are classified as "extreme risk" by the Climate Change Vulnerability Index

African cities in 2025: the AfDB High 5s Strategic Priorities



- Light Up and Power Africa
- Feed Africa
- Industrialize Africa
- Integrate Africa
- Improve the Quality of Life for the People of Africa

ASIA AND THE PACIFIC

The Asia and Pacific region is home to more than 56% of the world's total population and 54% of the world's urban population, as well as 20 of the world's 33 megacities, featuring very large city-regions with more than 20 million people in Beijing, Delhi, Dhaka, Mumbai, Shanghai, and Tokyo. While the current urbanization level in the region is still low, it has been experiencing a high growth rate of urban population at 3.4% per annum since 1970. A prominent feature of this urbanization is spatial growth of cities beyond their administrative boundaries, resulting in urban mega-regions and city clusters.

The region's cities face challenges of substantive infrastructure deficits, congestion and traffic, as well as significant air and water pollution. Many cities are vulnerable to climate change impacts and disaster risks. They also face rising inequality, lack of affordable housing, and poor capacities of urban institutions.

Addressing these shortfalls, ADB's Livable Cities approach puts people and community well-being at the center of urban development for making cities economically competitive, environmentally sustainable,

ADB combines investments for infrastructure and services with capacity building and strengthening of urban institutions, particularly through long-term partnerships with its developing member countries.

low-carbon and resilient, as well as inclusive. The approach aims to provide integrated solutions through holistic participatory planning and generating and sharing knowledge with cities in the region.

ADB's 5 Es of Livable Cities focus on the pillars of Economy, Environment, Equity, Enablers, and Engagement. These relate to efforts to strengthen urban institutions and governance; promote holistic planning and integrated solutions; support coordination within and between city-regions; leverage financing mechanisms such as land-based financing, public-private partnerships, and green finance; and advance the use of data and digital technologies in all aspects of urban governance.

Cities are the center of economic growth and innovation.



80% of economic growth in developing Asia comes from its urban areas

20 out of 33 megacities with a population of 10 million or more are located in Asia

The region's urban trajectory has created major challenges, such as congestion, pollution, and increased disaster risk.



Up to 3% of the region's annual GDP is lost due to traffic congestion and long commuting hours

Over 90% of the population is exposed to air pollution beyond World Health Organization levels

84% of all people affected by natural disasters worldwide live in Asia and the Pacific

ADB's 5Es of Livable Cities



- Economy
- Environment
- Equity
- Enablers
- Engagement

EMERGING EUROPE, CENTRAL ASIA, AND THE SOUTHERN AND EASTERN MEDITERRANEAN

EBRD regions have experienced a steady process of urbanization, with urbanization patterns reflecting broader demographic trends—large and growing young populations in Central Asia, the Southern and Eastern Mediterranean and Turkey, and aging populations in Emerging Europe.

Despite these differences, populations are becoming more concentrated in large urban agglomerations across most of the region. Technological change benefits capital cities and large urban centers, where growing populations increase demand for infrastructure investments. In contrast, secondary cities—particularly in Emerging Europe—are often shrinking. This creates fiscal challenges, increases the costs of delivering public services, results in housing imbalances, outmigration of the more skilled, and increasingly poor outcomes for those who stay.

Since 1994, EBRD has supported projects to improve infrastructure for water, wastewater, urban transport, district energy, solid waste, facilities management, and energy efficiency. Beyond financing, EBRD offers policy dialogue and tailored technical assistance aimed at strengthening the capacity of

EBRD engages in urban regeneration initiatives, investing in projects aimed at improving existing urban public spaces in a manner that creates value and opens up new opportunities for complementary private sector investment.

municipalities and municipal companies to select, design, and implement projects to improve the provision of municipal services and leverage latest technologies. EBRD supports the development of livable cities, whether growing or shrinking. For instance, EBRD's Green Cities Framework assists city authorities in identifying, prioritizing, and connecting their environmental challenges with sustainable infrastructure investments and policy measures. Smart City Action Plans aim to improve competitiveness, planning capabilities and quality of life through the use of real-time data analytics. EBRD's City Regeneration and Environment Fund is dedicated to integrated urban investments, upgrading transport hubs, rehabilitating disinvested assets in urban centers, and releasing value from disused industrial sites.

Diverging patterns in urbanization



27% vs. 90%

Urban population growth: Tajikistan vs. Jordan, at the extreme ends of EBRD regions

Slow or negative urban population growth in Central Europe, Baltic States, Southeastern and Eastern Europe, and the Caucasus

2% or more urban population growth in Central Asia, Southern and Eastern Mediterranean, and Turkey

Cities are drivers of growth



Over 70% of output and growth come from cities in EBRD regions

Over 60% of the population in EBRD regions live in cities

Large cities are growing more in population and have higher GDP

EBRD offers a range of support for developing livable cities



- \$8.8 billion financed in infrastructure investments in 220 cities in 25 years
- 31 cities and counting have Green Cities Action Plans
- Smart City Action Plans use new technologies like internet of things and artificial intelligence
- The City Regeneration and Environment (CREATE) Fund supports integrated urban investments

LATIN AMERICA AND THE CARIBBEAN

Latin America and the Caribbean (LAC) has urbanized more rapidly than any other region in the world and earlier than other developing regions. It also has the world's largest percentage of population in megacities. The region is characterized by increasing migration between cities, while the shrinking and aging households lead to internal transformations in the makeup of urban areas.

Notwithstanding improvements in reducing urban poverty and housing deficits, the region is looking for better ways to expand housing finance and availability. Most cities do not provide the recommended standard of the World Health Organization on green space per person. Stark inequalities persist as a challenge in terms of infrastructure provision quality and spatial segregation. Violence remains endemic in many LAC cities, highly concentrated in specific neighborhoods. Access to public spaces and urban opportunities is particularly challenging for low-income households and those led by women, minorities, and people with disabilities.

Equally important to IDB's work is mainstreaming the crosscutting issues of climate change and environmental sustainability, and gender and diversity.

Targeting related deficits in urban governance, urban infrastructure and public services, housing, and urban habitat, the four core areas of IDB's Urban Sector Framework aim to promote livable cities in the region. Solutions are jointly designed with local communities to include holistic territorial concepts for urban-rural linkages, promoting land-based municipal financing instruments, increasing private sector participation in infrastructure provision, strengthening local economies, and promoting metropolitan governance across sectors and jurisdictions. Projects converting traditionally "gray" into "blue-green" infrastructure is showcasing the transformative impact of inclusivity-oriented, targeted, place-based investments.

Latin America and the Caribbean is the most urbanized developing region in the world.



Over 8 out of 10 people live in cities in the region

27% of GDP growth is contributed by its 10 largest cities

3 million people join the urban workforce annually

Cities are the region's engines of growth, but they face many challenges: inequalities, inefficiencies, and the impacts of climate change.



About 20% of the region's population live in informal neighborhoods

Almost 5% of GDP in the region will be impacted by climate change by 2050

Less than 45% of urban households have the benefit of daily waste collection

IDB's Urban Sector Framework covers four core areas.



- Urban governance
- Urban infrastructure and public services
- Housing
- Urban habitats

DEVELOPING AND EMERGING ECONOMIES SUPPORTED BY THE REGIONAL DEVELOPMENT BANKS

African Development Bank (AfDB)

Algeria; Angola; Benin; Botswana; Burkina Faso; Burundi; Cabo Verde; Cameroon; Central African Republic; Chad; Comoros; Côte d'Ivoire; Democratic Republic of Congo; Djibouti; Egypt; Equatorial Guinea; Eritrea; Ethiopia; Gabon; Ghana; Guinea-Bissau; Kenya; Lesotho; Liberia; Libya; Madagascar; Malawi; Mali; Mauritania; Mauritius; Morocco; Mozambique; Namibia; Niger; Nigeria; Republic of Congo; Republic of Guinea (Conakry); Rwanda; São Tomé and Príncipe; Senegal; Seychelles; Sierra Leone; Somalia; South Africa; South Sudan; Sudan; eSwatini; Tanzania; The Gambia; Togo; Tunisia; Uganda; Zambia; Zimbabwe.

Asian Development Bank (ADB)

Afghanistan; Armenia; Azerbaijan; Bangladesh; Bhutan; Brunei Darussalam; Cambodia; Cook Islands; Federated States of Micronesia; Fiji; Georgia; Hong Kong, China; India; Indonesia; Kazakhstan; Kiribati; Kyrgyz Republic; Lao People's Democratic Republic; Malaysia; Maldives; Marshall Islands; Mongolia; Myanmar; Nauru; Nepal; Niue; Pakistan; Palau; Papua New Guinea; People's Republic of China; Philippines; Republic of Korea; Samoa; Singapore; Solomon Islands; Sri Lanka; Taipei, China; Tajikistan; Thailand; Timor-Leste; Tonga; Turkmenistan; Tuvalu; Uzbekistan; Vanuatu; Viet Nam.

European Bank for Reconstruction and Development (EBRD)

Albania; Armenia; Azerbaijan; Belarus; Bosnia and Herzegovina; Bulgaria; Croatia; Cyprus; Egypt; Estonia; Georgia; Greece; Hungary; Jordan; Kazakhstan; Kosovo; Kyrgyz Republic; Latvia; Lebanon; Lithuania; Moldova; Mongolia; Montenegro; Morocco; North Macedonia; Poland; Romania; Russia; Serbia; Slovak Republic; Slovenia; Tajikistan; Tunisia; Turkey; Turkmenistan; Ukraine; Uzbekistan; West Bank and Gaza.

Inter-American Development Bank (IDB)

Argentina; Bahamas; Barbados; Belize; Bolivia; Brazil; Chile; Colombia; Costa Rica; Dominican Republic; Ecuador; El Salvador; Guatemala; Guyana; Haiti; Honduras; Jamaica; Mexico; Nicaragua; Panama; Paraguay; Peru; Suriname; Trinidad and Tobago; Uruguay; Venezuela.

Download the full publication:

www.iadb.org/creating-livable-cities



Or scan this QR code

Creating Livable Cities

Regional Perspectives

The shift of people from rural areas to cities and urban towns in developing and emerging economies is one of the most profound demographic changes happening globally. Cities all over the world offer significant opportunities to improve human well-being, catalyze economic development, and serve as incubators for new ideas. Rapid urbanization is often linked to improved economic opportunities, better access to health and education services, and improved living conditions. However, underinvestment in infrastructure and services, as well as weak urban governance and planning and financing frameworks can undermine urbanization's potential to serve as the engine of green and inclusive growth and development.

The publication *Creating Livable Cities: Regional Perspectives* takes stock of key patterns of urbanization and urban development across developing and emerging economies. It also examines the policy interventions and solutions to promote competitive, inclusive, equitable, and environmentally sustainable and climate-resilient cities—in short, “livable” cities.

Creating Livable Cities: Regional Perspectives is a joint effort of the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), and the Inter-American Development Bank (IDB).



Creative Commons Attribution-NonCommercial-NoDerivatives 3.0 IGO license
(CC BY-NC-ND 3.0 IGO)

Copyright © 2019 African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank. Some rights reserved.

PSN ARM190462-2

This work is a copublication of the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), and the Inter-American Development Bank (IDB), jointly referred to as “Copublishers.” The findings, interpretations, and conclusions expressed in this work are those of the authors and do not necessarily reflect the views and policies of AfDB, its Board of Executive Directors, or the governments they represent; or those of ADB, its Board of Governors, or the governments they represent; or those of EBRD, its Board of Directors, or the governments they represent; or those of IDB, its Board of Governors, or the governments they represent. The Copublishers do not guarantee the accuracy of the data included in this work and accept no responsibility for any consequence of their use.

Cover design art by Mike Cortes. Brochure design and illustrations by Ross Locsin Laccay.

Note: Sources and references for this brochure are in the full publication, downloadable through www.iadb.org/creating-livable-cities.



Printed on recycled paper



ASIAN DEVELOPMENT BANK

6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
www.adb.org