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# Regional balanced urbanization through second tier city development

*Rural-urban poverty linkages in small town development in the Mekong region*

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# Overview

- Asia's urban challenge
- Urbanization in Asia and Southeast Asia
- Urban rural poverty
- Spatial forms of urbanization
- Understanding *urban*
- Balanced regional urbanization through the development of second tier cities and secondary towns in Viet Nam

# Economy



Cities produce 75% of GDP  
Drivers of economic growth  
Vulnerable to impacts of CC-  
inundation, sea level rise

## Asian URBAN Challenge

# Energy



Cities use about 85% of energy  
Asia - 35% CO2 emissions  
Air pollution can have estimated 2%-  
4% negative impact on GDP



# Climate Change



# Environment



# Asia's Urban Challenge

PERCENTAGE OF ASIA'S POPULACE  
LIVING IN URBAN AREAS



**OVER 70%**  
OF THE REGION'S  
**GDP**  
IS DERIVED FROM  
**CITIES**

BY 2020...



Many of Asia's major cities have been established in some of the most hazardous locations possible



**MOST ASIAN CITIES**  
LACK EFFECTIVE  
WASTEWATER  
TREATMENT SYSTEMS

**MORE THAN TWO-THIRDS**  
**OF COLLECTED SOLID WASTE**  
IS NOT DISPOSED OF  
PROPERLY



# Why urbanization matters

- Urbanizing Asia
- Urban poverty is lower than rural
- Services are better in urban areas
- Urban productivity is more than 5.5 times that of rural areas

**Table 1 | Asia's urban population will nearly double by 2050**

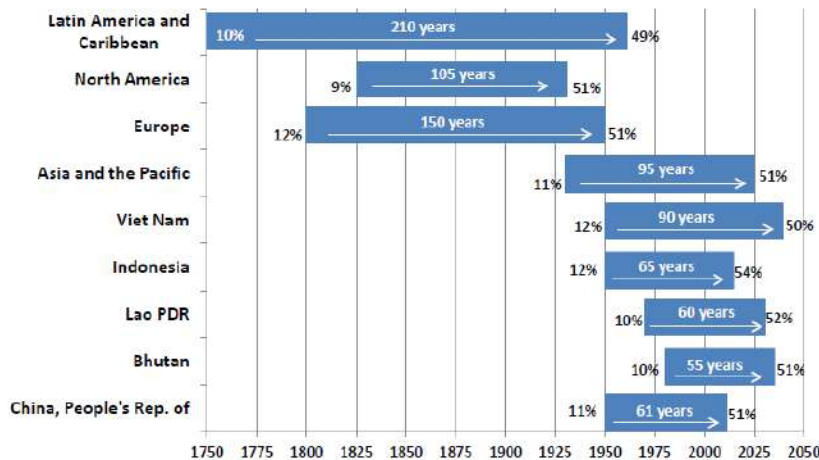
Asian Urbanization	2010	2050
<b>Total Urban Population (millions)</b>	<b>1,649</b>	<b>3,247</b>
Northeast Asia	805	1,284
South Asia	496	1,261
Southeast Asia	252	520
Central Asia	96	182
<b>Urbanization (%)</b>	<b>41%</b>	<b>64%</b>
Northeast Asia	50%	74%
South Asia	30%	55%
Southeast Asia	42%	65%
Central Asia	52%	67%

Source: UN World Urbanization Prospects, 2007 Revision.

Source: ADB 2011. *Green Urbanization*. Key Indicators 2012. Asian Development Bank. Manila

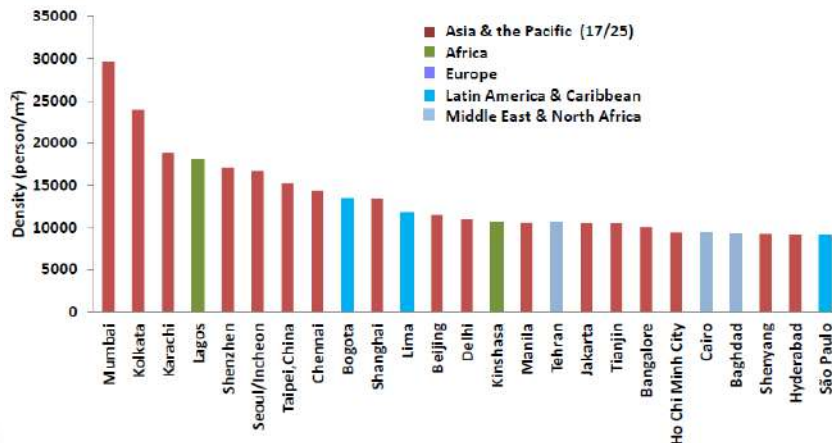
# Asia's Urbanization - Features

Number of Years from about 10% to 50% of Urbanization Rate



Source: ADB estimates using Bairoch (2008) and UN(2012).

Top 25 World's Cities Ranked by Density, 2007



Source: www.citymayors.com

Source: ADB 2011. *Green Urbanization*. Key Indicators  
2012. Asian Development Bank. Manila

- Unprecedented
- Fast Paced
- Highest densities
- New forms emerging
- Mega-cities getting larger
- Low starting base
- High vulnerability to impacts of Climate Change

# Vulnerable urban population in Asia

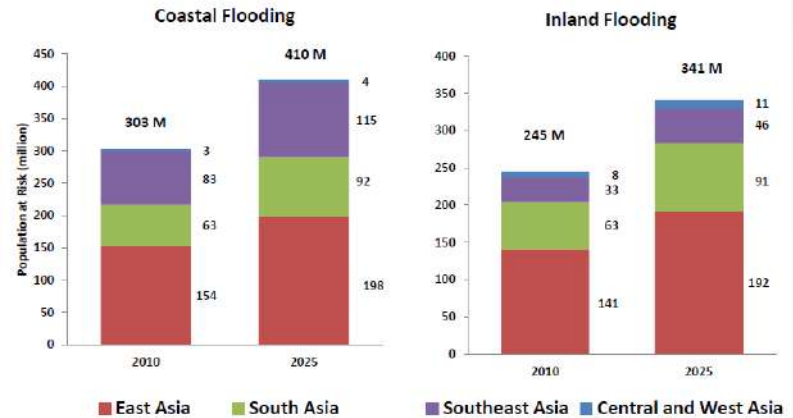
## Asia is more vulnerable to coastal flooding

Risk of Coastal Flooding by Region, 2000

	Urban population at Risk (million)	Share of Population at Risk (%)	Urban Area at Risk ('000 km <sup>2</sup> )	Share of Area at Risk (%)
Africa	32	11	18	6
Asia and Pacific	251	18	129	11
Latin America	24	8	42	6
Europe	40	7	56	7

Source: ADB estimates based on McGranahan et al. 2007.

## Vulnerability will rise with urbanization



Source: Balk and Montgomery (2012).



# Understanding *Urban*

- Minimum population
  - PHI- 1000 persons
  - VIE- 4000 persons
  - IND- 5000 persons
- Non-agricultural employment base
  - PHI – establishment with 100 employees
  - VIE – 65%
  - IND – 75% (male)
- Density
  - IND – 400 per/sq kms
- Administrative status
  - VIE – centrally run, provincially run, district
  - PRC -



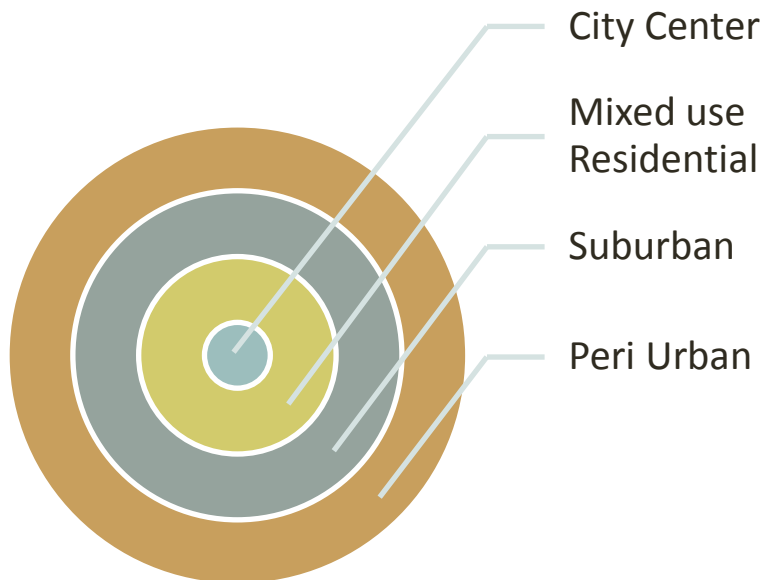
# Spatial forms of urbanization

- Vertical growth
  - urban densification
- Horizontal -
  - Metropolitanization,
  - peri-urbanization
  - suburban
  - Satellite towns
  - Urban villages

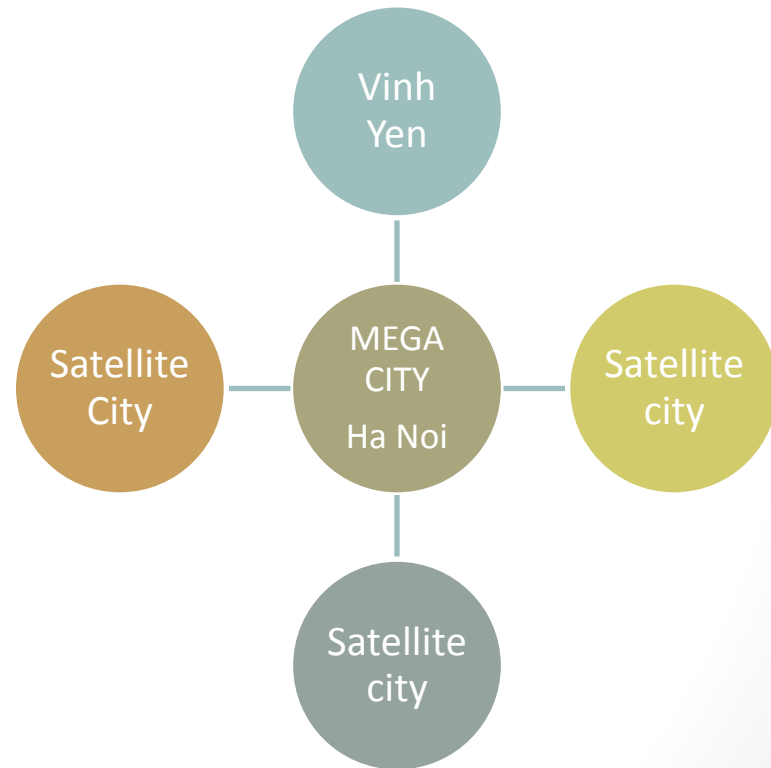


# Spatial forms of urbanization

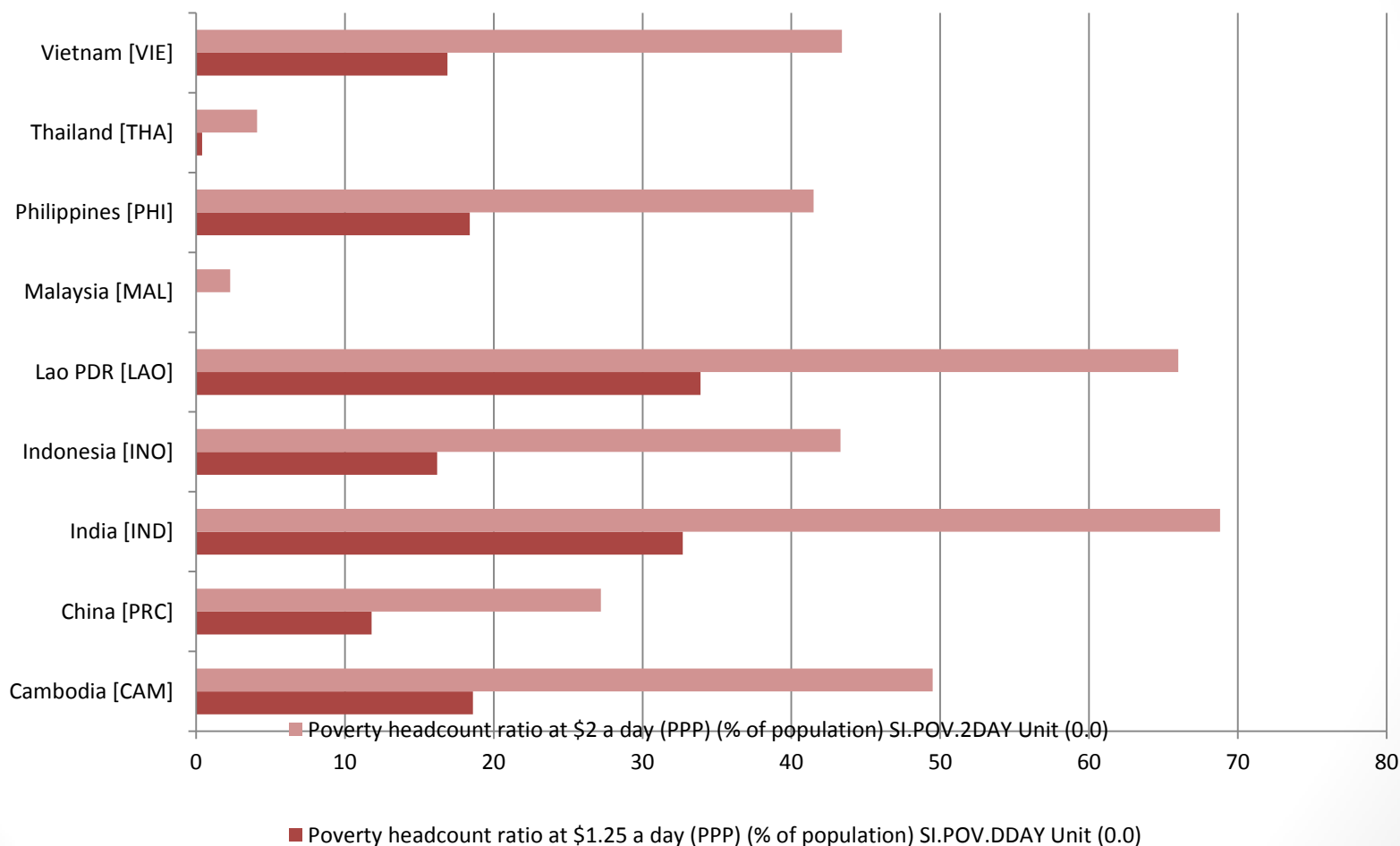
## Radial Growth



## Satellite city development

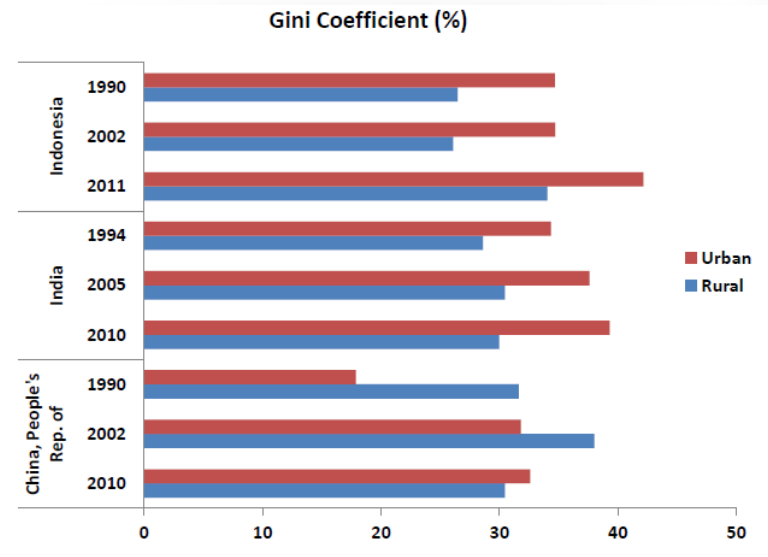


# Country Poverty Data -Poverty headcount at \$1.25 and \$ 2 a day



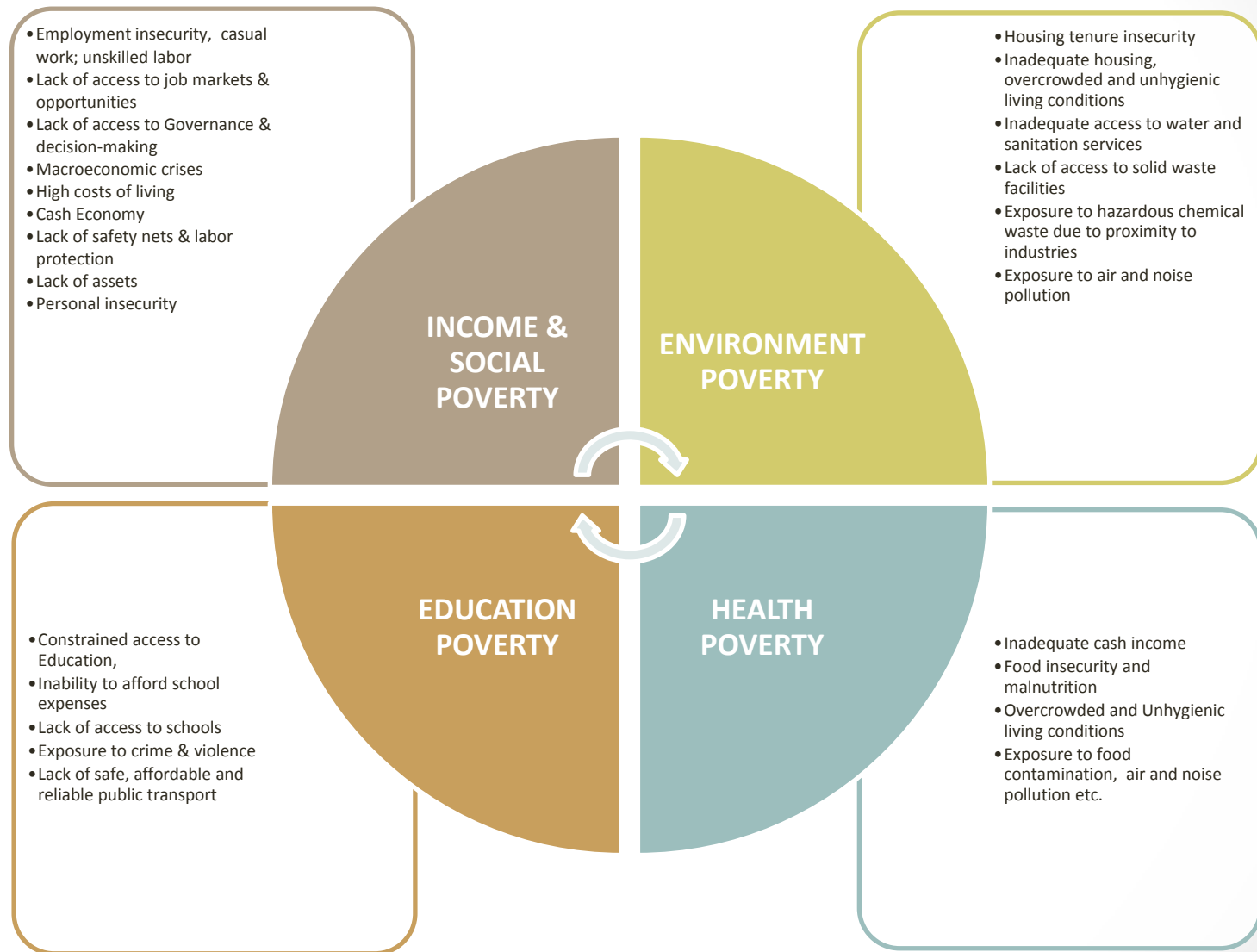
# Urban-rural poverty

- Poverty rates are lower in urban areas but
- Urban inequality higher than in rural areas
- Incidence of poverty higher in small cities and towns than in large urban areas
- Urban poor most vulnerable to environmental problems and impacts of extreme weather events and climate change.





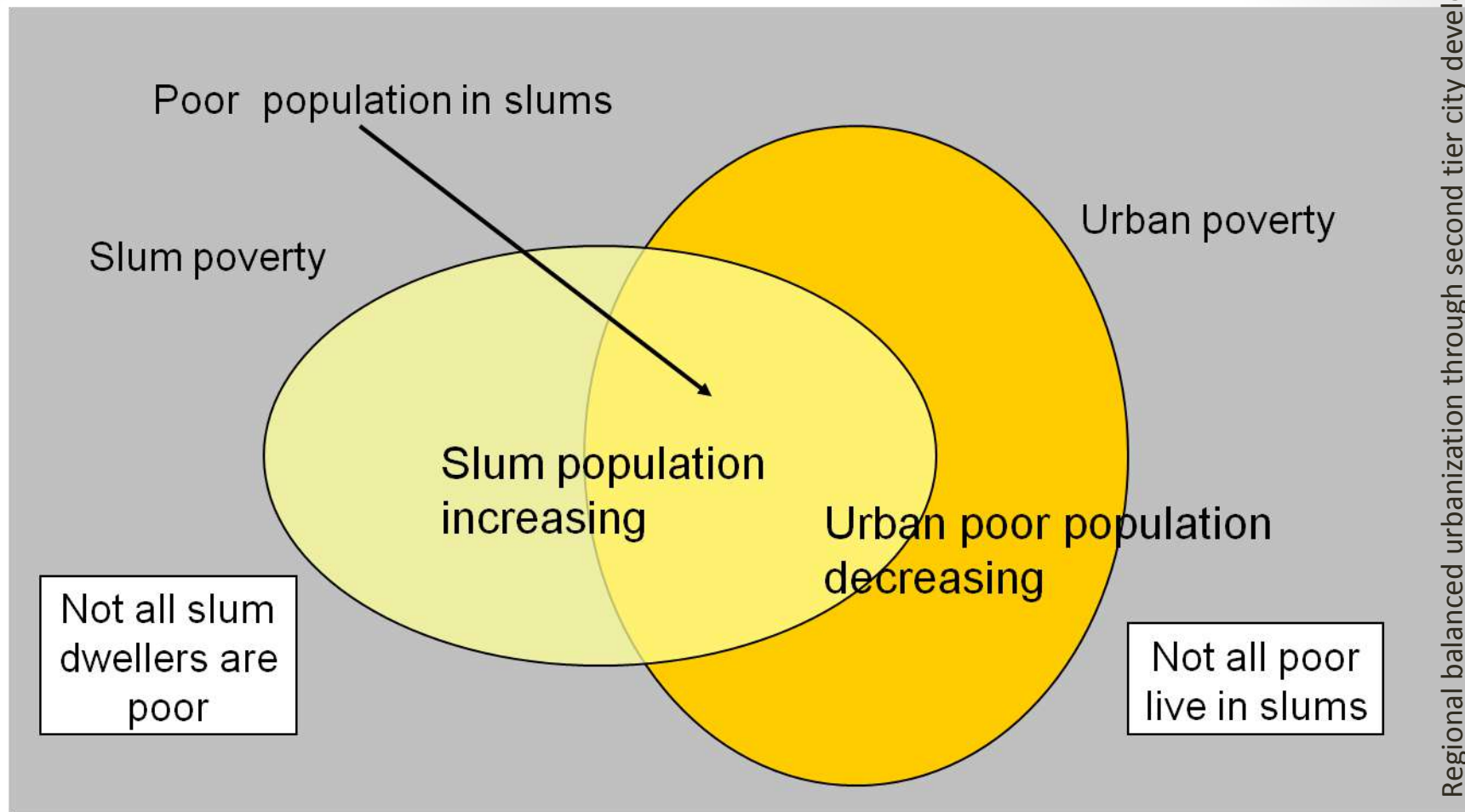
# DIMENSIONS OF URBAN POVERTY



# Urbanization, growth and inequality

- **Greater employment opportunities** : Rising incomes but growing disparity
- **High demand for land for development**: Worsening access to land and housing
  - Low growth of public housing, non-compliance of regulations
  - Densification of slums – migration (renting, smaller houses)
  - Lack of affordable housing in city = growing urban sprawl and commuters
  - Greater risks from living in risk areas, growing intensity and frequency of disasters – flooding, cyclones,
  - Greater risks of tenure insecurity
- **Worsening access to services**
  - **Water stress in cities**- poor worst affected
  - **Insanitary environments** – poor worst affected,
  - More income spent on survival services – water, commuting, housing, security, transport

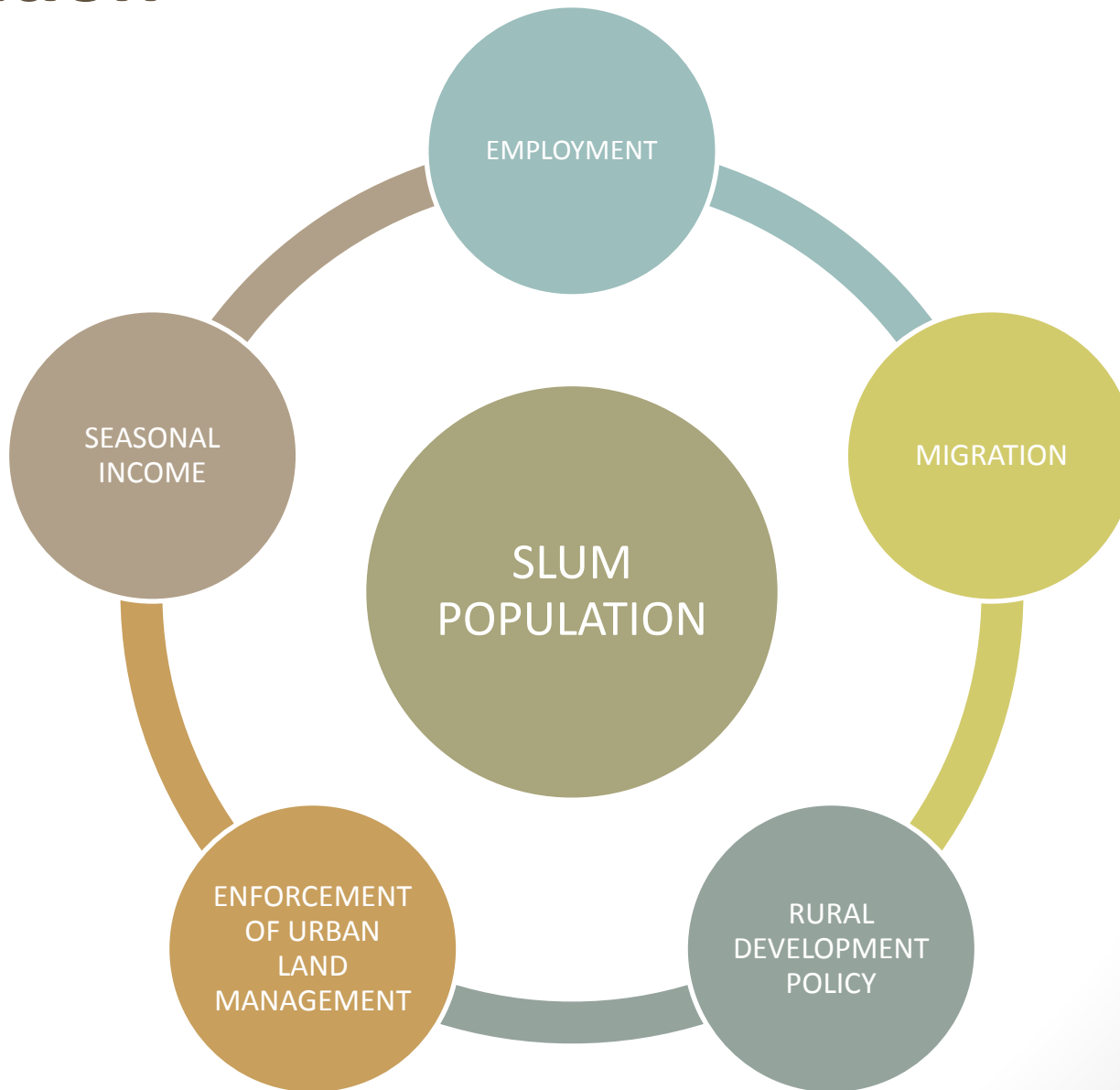
# Urban poverty and slum poverty in Asia



*MDG Indicator 7.10: Proportion of urban population living in slums*

*The proportion of urban population living in slums is the percentage of the population living in a slum household that lack one or more of the following basic services: improved water, improved sanitation, durable housing, sufficient living area or security of tenure.*

# External factors affecting slum population

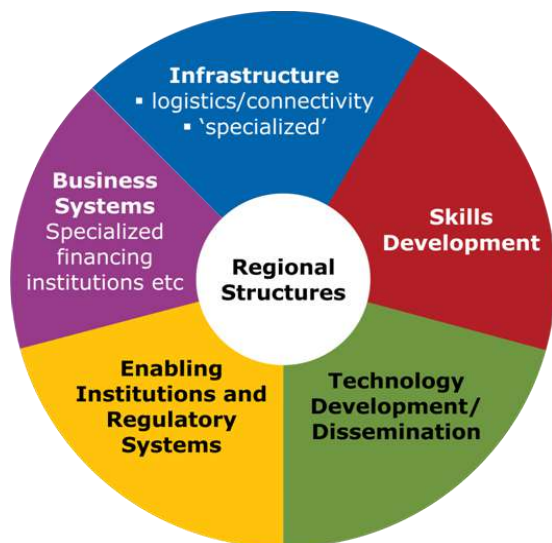




# ADB Urban Operational Plan 2012-2020

## Economy

### Competitive Cities



## Environment

### Green Cities



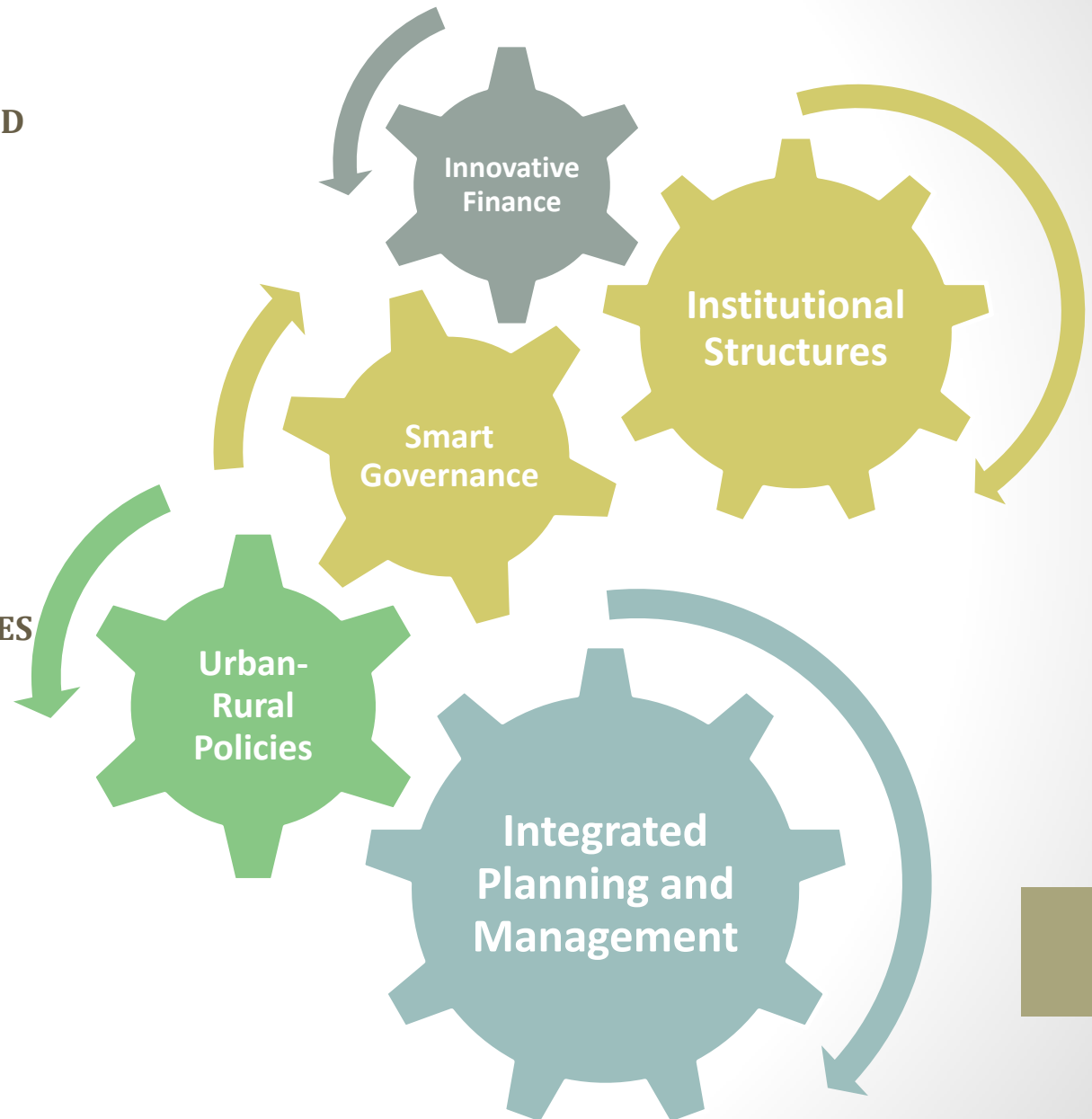
## Equity

### Inclusive Cities



# What are Smart Systems?

- **INTEGRATED PLANNING AND MANAGEMENT**
- **URBAN-RURAL LINKED POLICIES**
- **LAND MANAGEMENT**
- **SMART GOVERNANCE**
- **INNOVATIVE FINANCING**
- **INSTITUTIONAL STRUCTURES AND CAPACITY**



Vietnam  
Secondary Cities  
Development Program  
(GrEEEn cities)

Hue



Ha Giang

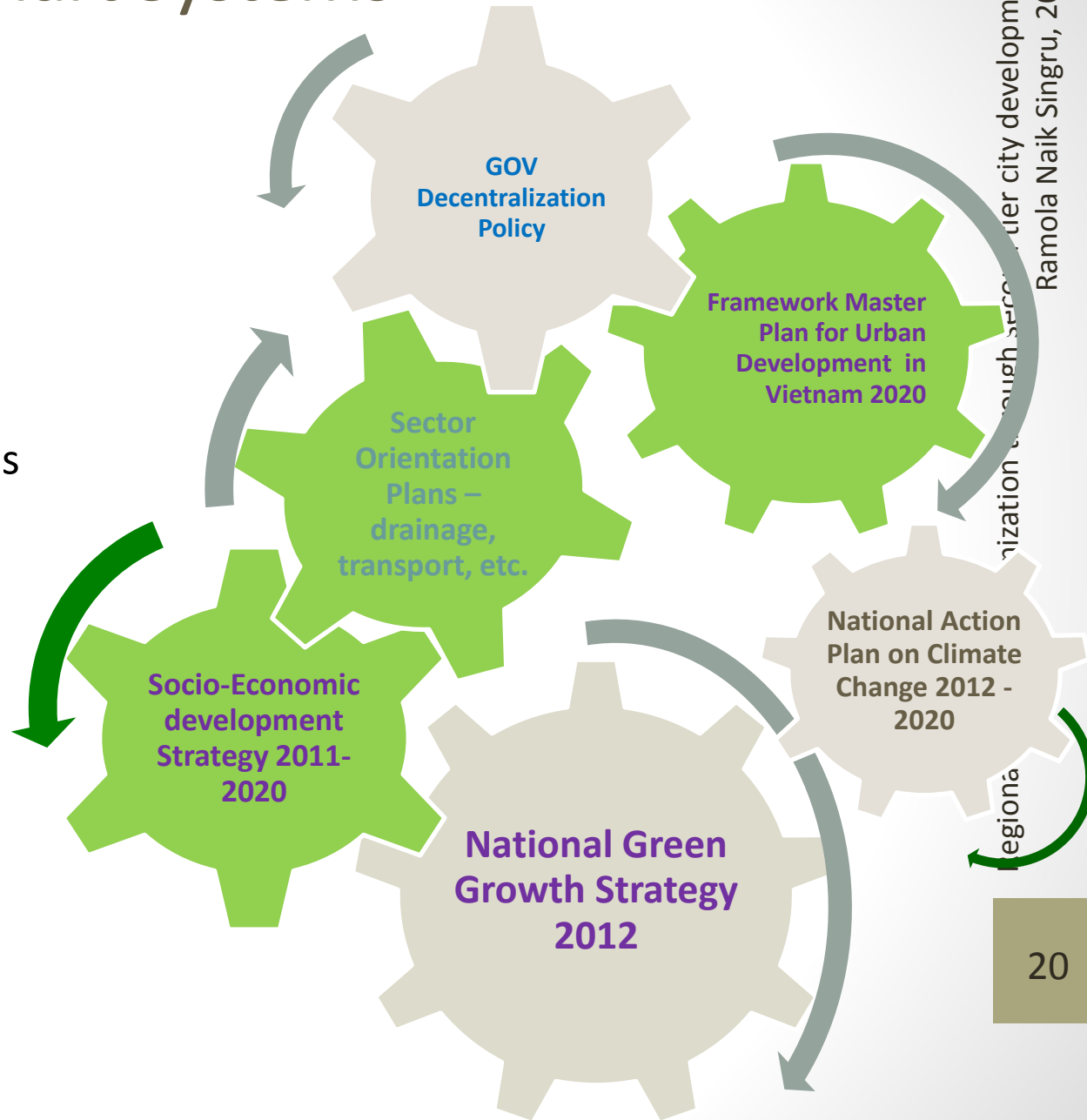


Vinh Yen



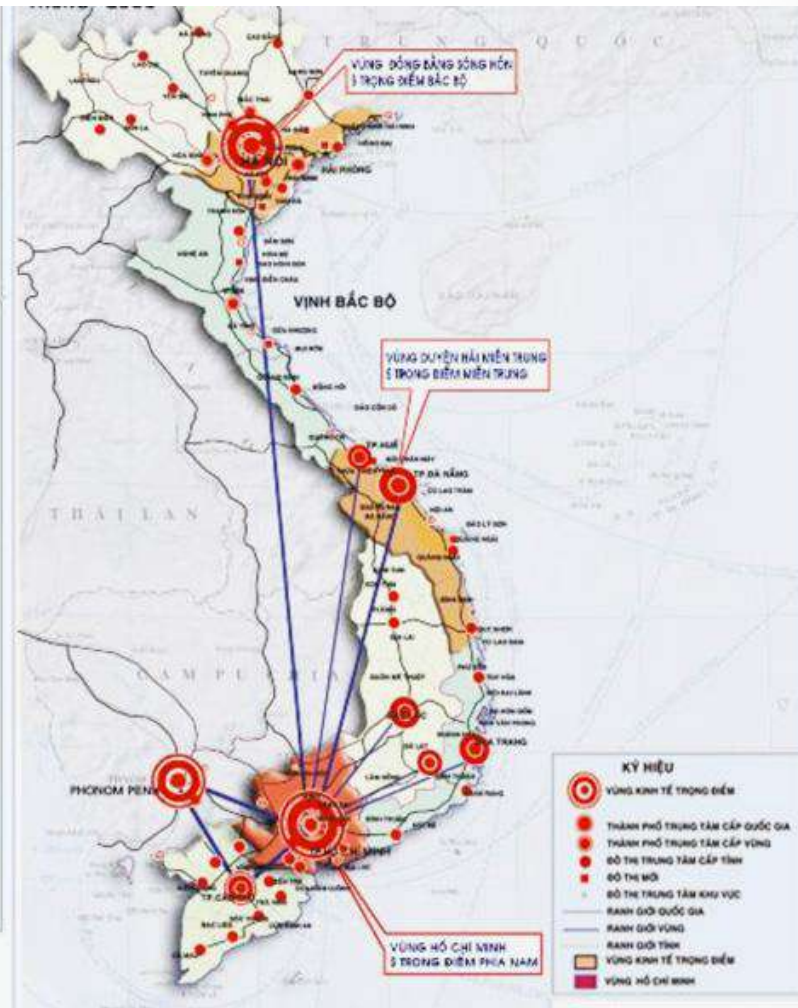
# VIETNAM – Smart Systems

- Average economic growth over 7% per annum,
- *Doi Moi* - Economic restructuring towards industrialization,
- Urbanization pressures
- Pollution, loss of natural capital, low returns on public investments, low economic competitiveness.
- Natural disasters and climate-induced impacts



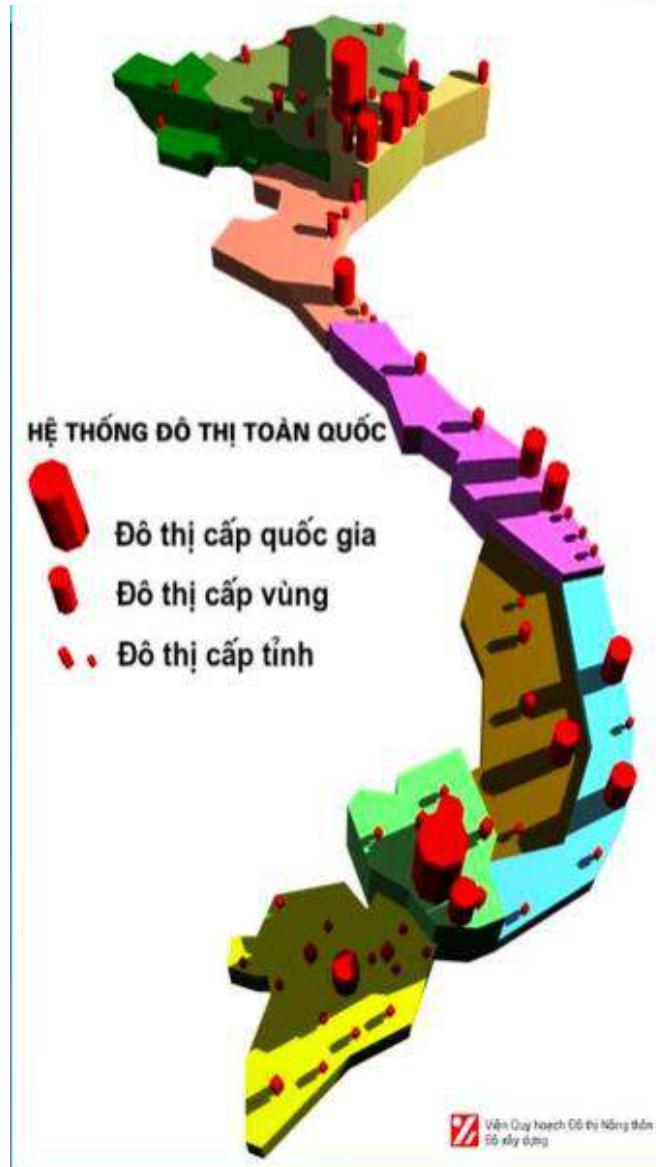


# Viet Nam Urban Centers

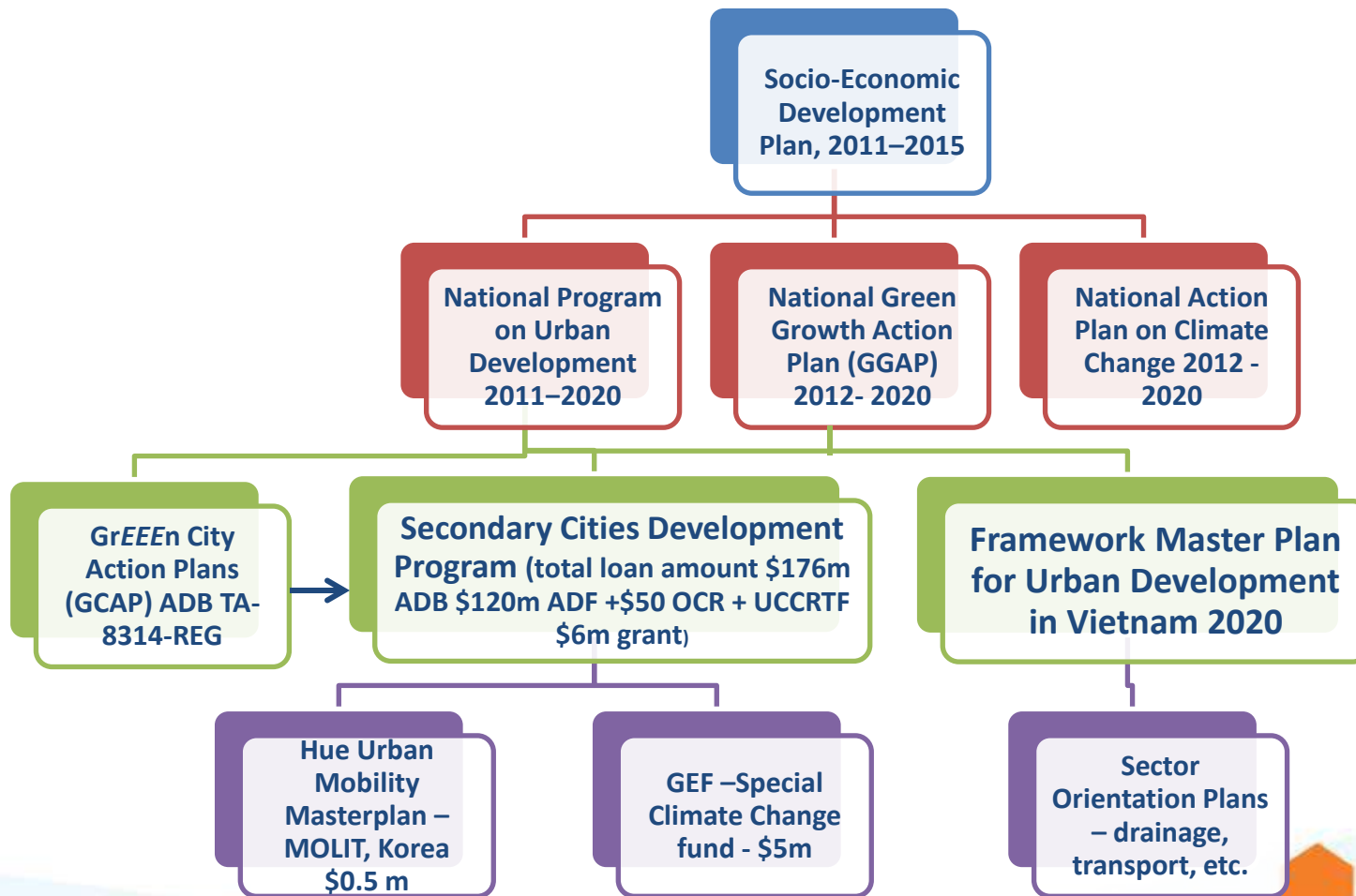


# Viet Nam model of urbanization

- Development of provincial capital cities or second tier cities
- Established governance systems and regional primacy
- Unlock the economy of the rural hinterlands
- Providing connectivity and opportunity for growth
- Strengthening rural-urban linkages



# Urban Spatial policies for regionally balanced development



## Supporting Decrees:

Government of Viet Nam. 2012. No. 1659/QĐ-TTg: *Decision on the Approval of the National Program on Urban Development in 2011-2020 period*

Government of Viet Nam. 2012. No. 1393/QĐ-TTg: *Decision on the Approval of the National Green Growth Strategy, 2012 – 2020* Ha Noi, 25 September.

Government of Viet Nam, Ministry of Planning and Investment. 2014. draft National Action Plan on Green Growth in the period 2012-2020.

Government of Viet Nam. 2012. No. 1474/QĐ-TTg: *Decision on Promulgation of National Action Plan on Climate Change in the Period of 2012–2020*, Ha Noi, 5 October.

The Development Orientation of Urban and Industrial Parks Drainage in Viet Nam to 2025 and Vision to 2050 (approved in 2009 under Decision No. 1930/QĐ-TTg). Ha Noi;

Government of Viet Nam. 2009. *Decision 1327/QĐ-TTg. Planning of Road Transport Development in Viet Nam to 2020 and Vision 2030*. Ha Noi.



# ADB Secondary Cities Development Program

SCDP II – USD 176 million

Secondary Cities for competitive and resilient growth

**Informed by TA 8314-REG : Green Cities–A Sustainable Urban Future in Southeast Asia - (ongoing)**

**Advances** integrated urban development for 3 distinct urban centers and models of growth in response to stakeholder priorities

**Investments** in flood management, urban re-vitalization, enterprise development in agro and eco-business and urban mobility

**Hue** (Thua Thien Hue Province) is one of Viet Nam's heritage (UNESCO) centers

**Vinh Yen** (Vinh Phuc Province ) is strategic for industry (Building on the ADB financed Lao Cai Expressway strategic connectivity project.)

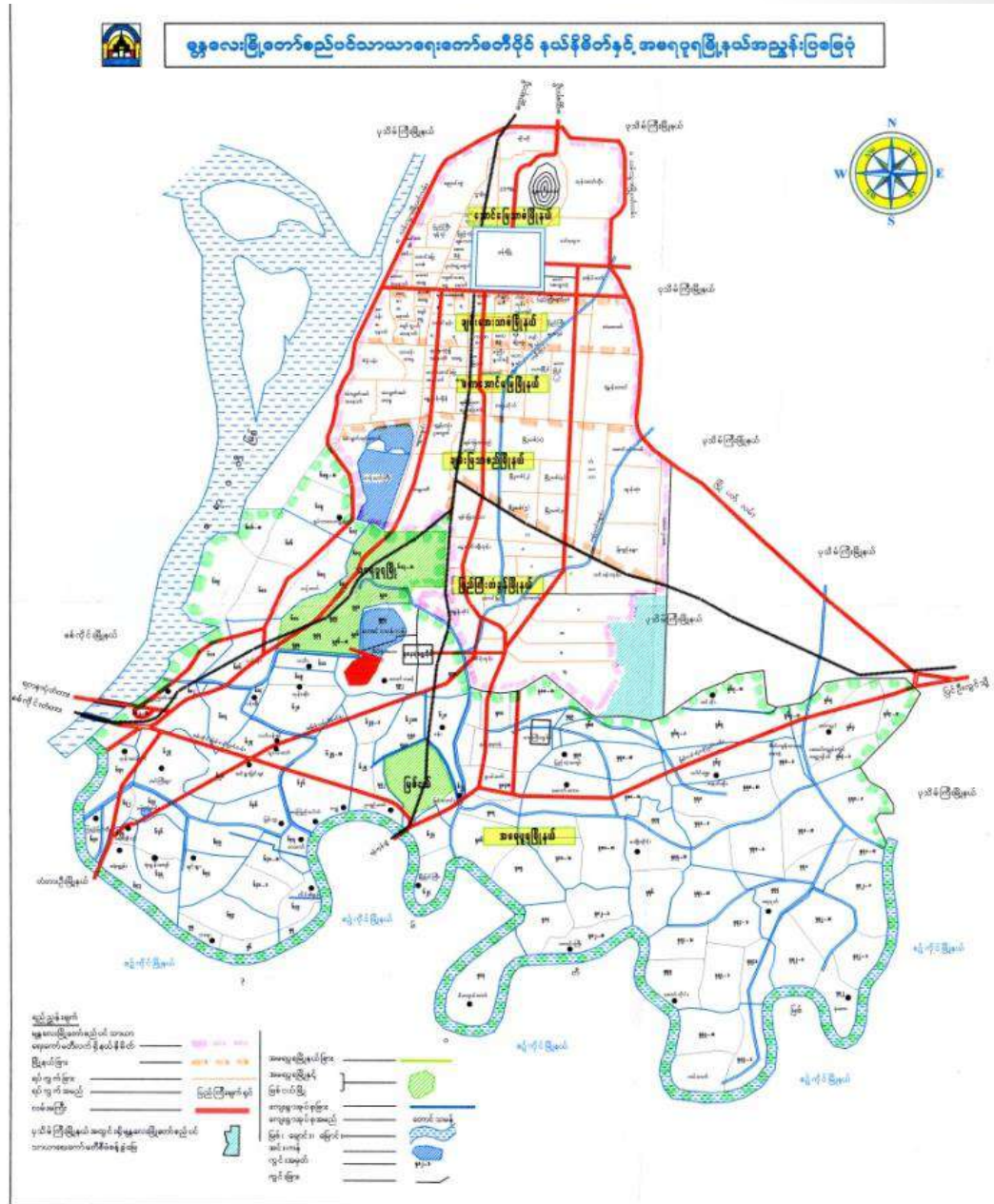
**Ha Giang** (Ha Giang Province) - border town, provides strategic connectivity with China. Building on the ADB financed Lao Cai Expressway project. Minority population.



# MYANMAR

## Towards a Green Mandalay

- Regional corridor development
- City - Clustered development of 6 townships /urban villages

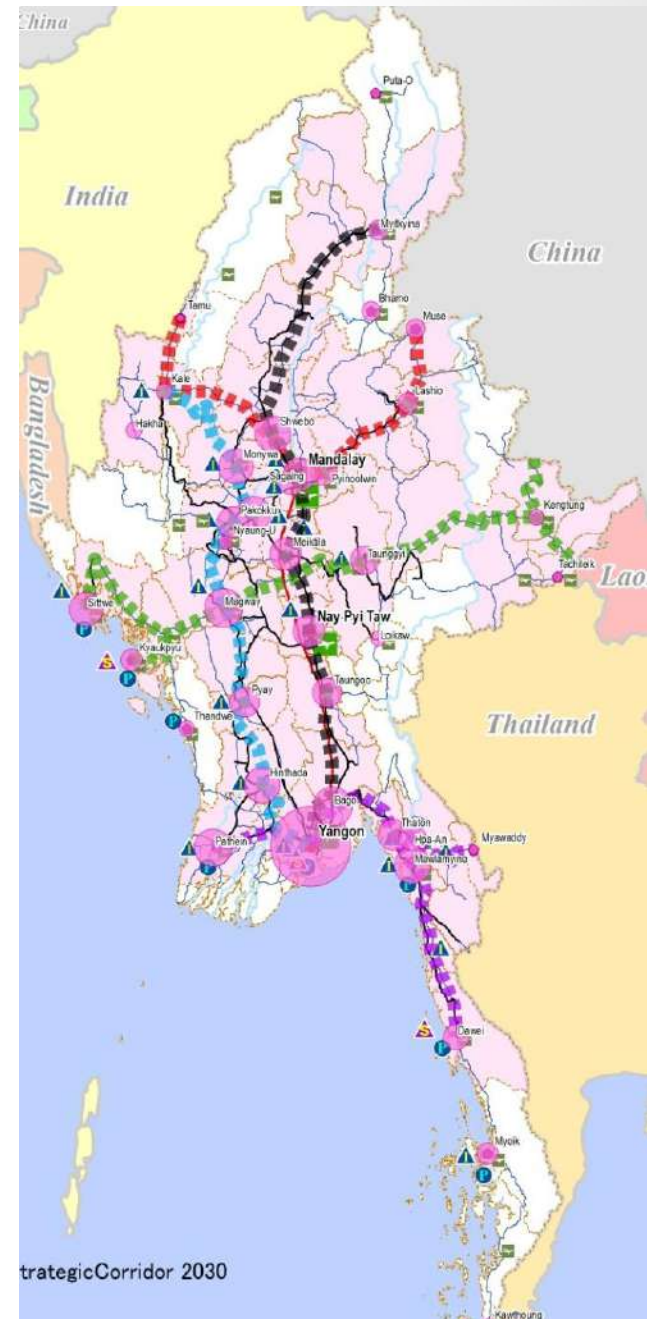




# Mandalay , Myanmar



- Rich cultural heritage
  - Major transport interchange
  - Corridor development
  - Administrative Centre
  - Centre of Higher Education
- High growth potential...if planned and developed in a sustainable manner



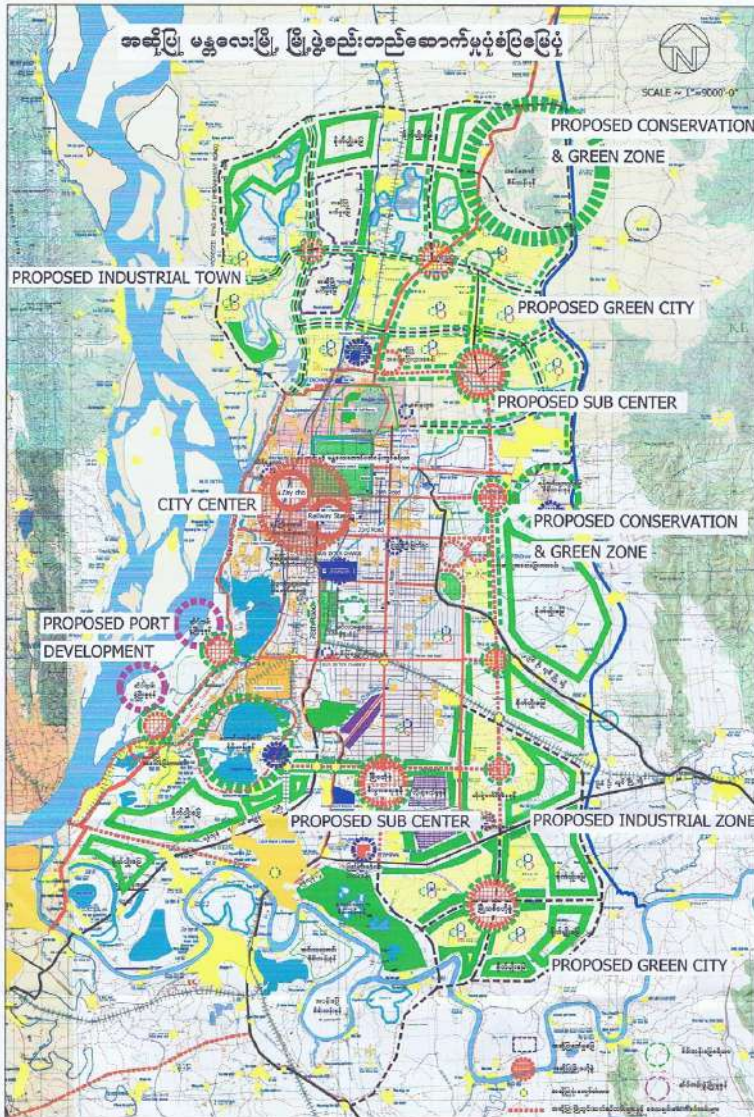
# Projected urban expansion

- **Estimated present population 1.3 M**
  - Historic growth rate of over 2.1 percent per year. Projected 2.5-2.9%
  - Population maybe more than 3million by 2040
- **Land Use**
  - Approximate 40% greenfield or agricultural land
  - Potential expansion into Pathein Gyi
- **Expansion possible if:**
  - Maximize use of underutilised land (airport, army land)
  - Adequate compensation for farmers
  - Consultation with land owners





# Land Use Plan



## DHSHD Urban Development Concept

- Multi Nodal – new commercial centres
- Green belt
- Outer and Inner Ring Road system
- Improved Port
- New Industrial Area
- Additional housing areas near industrial sites
- Development of agricultural land in Patheingyi and Amarapura

# Housing

- **Housing Need**

- Present population = 250000 HH in city

- Growth of 2.5-2.9% results in additional 6,000 to 7,000 households

- **Housing Supply**

- MCDC low cost housing 1344
  - Private developers build about 1500 units/year
  - Mandalay Region Housing Department build for public servants estimated 200/year
  - Total Housing supply about 3000 units +

- **Shortfall**

- About 3000 units

**Most will be housed in informal housing areas**





# Housing

## Considerations in developing housing program

- **Affordability**
    - Low cost housing prices \$10,000 (MMK 100 Lak).
    - Guide for affordability 20% income on housing (MCDC survey 2013).
    - Given interest rate of 10%, only affordable by top 20% income earning households.
  - **Availability of Land**
    - Serviced plots of 1000sq ft (100m<sup>2</sup>) and with 40% land for open space, circulation etc.
    - Land requirement of approximately 60 hectares or 150 acres/year for 3500 plots.
- 





# Recommendations

- **Strengthen existing urban settlements**
  - Integrated Urban spatial policies and planning
  - Enabling National level urban strategies and policies
- **Urban models of growth**
  - **Satellite cities**
    - Reduced pressure on mega-cities by providing connectivity and urban infrastructure services to the satellite towns
    - Development of a cluster of satellite cities around the core
    - Satellite cities can become niche market locations
    - access to global markets through an international airport.
  - **Clustered development**
    - Feasible urban infrastructure development and service delivery
    - Co-benefits of clustered economy