

## **One-Pager on IDFC and Sustainable Urban Development**

### **1. Why Does Sustainable Urban Development Matter?**

- Sustainable development will be at the core of the Post-2015 Development Agenda.
- Achieving sustainable urban development will require multidimensional approaches across sectors. Urbanization with social, economic and environmental sustainability as a backbone<sup>1</sup> will be particularly critical because cities, home to 70% of the world's populations by 2050 (DESA, 2012), serve as a double-edged sword in the context of sustainable development. On one hand, they are the main engine of economic growth. They produce more than 80% of national income today. On the other hand, cities are vulnerable to a number of social and environmental risks. Currently, more than one billion people live in slums (World Bank, 2013). The urban population world-wide increases by 200,000 people every day. More than 90% of this growth takes place in developing and transitional countries (source: UN Habitat, State of the World's cities 2012/2013). The inequality regarding distribution of income in urban areas (according to the gini index) is usually significantly higher than in rural areas. Urban areas are also highly susceptible to natural disasters. Environmental pressures posed by the rapid urbanization cannot be overlooked; cities account for an estimated 67% of global energy use, and up to 70% of global green gas emissions (IEA, 2008 and 2010). Cities consume more 75% of the natural resources and produce 50% of the solid waste world wide.
- Despite these challenges, well managed urban development could give rise to cities more conducive to economic growth and social inclusion, environmentally sustainable and resilient to climate change, natural disasters and other risks.

### **2. Efforts to Achieve Sustainable Urban Development**

- What is required to achieve sustainable urban development varies from country to country, but comprehensive interventions from up-stream policy and standard setting to down-stream project design and implementation will be vital.
- Main issues include the following:
  - ̇ Defining sustainable urban development and setting standards at the international and country levels
  - ̇ Policy and strategy formulation and planning (e.g. how to prioritize among economic, social and environmental impacts, how to implement policy impact assessment and its recommendations?)
  - ̇ Coordination among stakeholders (e.g. how to reflect the diversified set of voices and ensure the efficient division of labor?)
  - ̇ Financial arrangements (e.g. how to support local governments, often with less financial capacities?)
  - ̇ Service delivery and infrastructure management and maintenance
  - ̇ Development support and policies for clean and sustainable technologies
- Responding to these challenges, the international community has made headway on a variety of fronts. Among them, IDFC, a network of bilateral and sub-regional development banks committed to supporting inclusive and sustainable development, has a strong track record in supporting policy and strategy formulation and city planning, setting coordination mechanisms, assisting to set mechanism to increase access to finance, and capacity development.
- IDFC plans to expand its efforts to promote good practices, including the creation of effective I mechanisms to improve cities' access to finance and to leverage private finance . The club will also scale-up its collaboration with central and local governments and other international institutions using its broad partnership network.

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<sup>1</sup> A common definition of sustainable urban development is not established at the international level. But as an IDFC's working definition, it is defined as urbanization that is underpinned by social, economic and environmental sustainability. It is about developing basic shelters and infrastructures, delivering social services, and encouraging economic activities including productive transformation at the individual firm level, all with due considerations to their social and environmental dimensions including issues such as inclusiveness, security, energy and climate change issues.