



## Chapter 32: Money for Old Rope

### *The Risks of Finance Taking Over the New Urban Agenda*

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The need for private sector finance is taking a commanding position in the emerging new urban agenda. Yet, there is an unavoidable tension between such calls and the ways in which current flows of private capital in land and property speculation are fueling urbanization across the world. For, at the heart of global urbanization is a challenge of rights – of access to and control over urban space, systems, and services, and of rights to decide urban futures.

This is, indeed, a super-wicked problem (Levin et al. 2012). On the one hand, it is argued that addressing climate change in urban areas requires market forces and private sector investment to fill the infrastructure deficit. On the other, the very problem of climate change and unbridled urbanization is a product of failures of the market and of state regulation. That which has caused the problem is now proposed as the solution.

That there is a need for investment in urban infrastructure and services is undeniable. Urban infrastructure in many parts of urban Asia is approaching the end of its lifespan and has been poorly maintained. In many cases, it has been designed for the demands of earlier decades, with little consideration of climate risks. Moreover, in many places, basic infrastructure is simply not there – whether it be water, sanitation, and drainage systems or public transport. It needs to be built and it needs to be paid for. The financial requirements are enormous, with estimates of global need from the World Economic Forum (n.d.) of one trillion dollars per year.

But the market is already hugely influential in how these systems take shape. Urban investment in much of Asia follows its own logic, often at odds with concerns for future climate change. That logic is often crudely profit-oriented – buy low, sell high. Such logic tends to target “low-value” land: vulnerable spaces such as wetlands and floodplain areas that are essential for water supply and drainage, or highly productive agricultural lands. Often, these lands are publicly owned or are utilized by marginalized people. National airports across

Asia are built on such lands. Thailand's international airport is built on the King Cobra Swamp.

Expansion of transport links also plays a role in fueling urban development, creating new values and additional opportunities for land speculation. As transport networks expand, established neighborhoods are pulled down and property prices in the newly created central areas are beyond the reach of many citizens.

Similarly, the industrial expansion that fuels much of the urbanization in Asia is itself dependent on dirty industries – coal provides much of the energy, and the petrochemical industry drives the new Special Economic Zones.

A common feature of all these investments is exploitation of weak legal frameworks for the environment and citizen rights (Friend et al. 2014). Rather than strengthening environmental legislation, requirements for Environmental Impact Assessments are being diluted by being presented as constraints on investment. Additionally, the basic monitoring information that could help manage specific investments and to reshape urban futures does not exist, or, if it does, it is not in the public domain. Most cities in Asia do not provide citizens access to basic information on air, water, and soil quality – let alone more contentious information on land-use plans.

Local government is often caught between playing the role of manager and entrepreneur, bearing the responsibility for attracting investment while also trying to play the role of regulator (Harvey 2006). Investment tends to win, with environmental legislation pushed aside in order to push through large-scale infrastructure development. Increasingly, public infrastructure, and even basic urban planning, lies in the domain of the private sector (Shatkin 2007). The whole urban experiment is increasingly a private sector affair. Urban infrastructure tends to attract dirty money and open space for corruption.

Without a strong and unequivocal commitment to environmental legislation and to the rights of urban citizens, we risk that infrastructure proposed and financed under poorly defined notions of climate resilience in the new urban agenda will merely exacerbate existing inequalities. They will create new climate vulnerabilities and lock us into to a path that leads to environmental catastrophe.

We need commitments to specific sets of rights. These have a long history. Principle 10 of the Rio Declaration of the 1992 World Summit on Sustainable Development, which most of the sovereign states signed, commits to strengthening access rights: access to information, access to participation in decision-making, and access to redress and remedy. Access rights have been enshrined in the Aarhus Convention, a Europe-wide commitment. A similar convention needs to be extended for cities across the world. Further, the Right to the City that took such a prominent role in earlier international

negotiations about urban futures, talks of rights of access and control over key urban systems – water, food, energy, shelter, mobility – as well as a safe environment, and public space, should be expanded. At the heart of both sets of rights is the right of urban people – whether they are recognized as citizens or not – to determine and reshape their urban futures. Similarly, decision-making frameworks for infrastructure projects – such as that of the World Commission on Dams (2000) – that are grounded in concepts of “rights and risks” should shape urban investments.

However, these kinds of commitments remain sadly lacking in the discourse of the new urban agenda. This is not to say that some cities will not be able to make significant progress in addressing climate vulnerabilities and risks, and in transforming their urban futures. But with growing inequality across the globe – within and between cities, between cities and their rural hinterlands – the likelihood is that networks of privileged resilient cities, and neighborhoods within them, will prosper while the more numerous, nonresilient cities will flounder.

Bringing finance to the table is certainly necessary. But it is essential that environmental safeguards and rights be strengthened to ensure that infrastructural investments in the new urban agenda meet the needs and aspirations of urban citizens. This is a challenge that cannot be left to states or markets alone; it requires citizens to be organized and engaged, supported by a legal framework that is applied from the source of investment to where it lands. This itself requires financial and political investment.

## References

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