Urbanization provides South Asian nations with the potential to transform their economies but the region has struggled to make the most of the opportunity. Its urbanization has been messy and hidden. Messy urbanization can be seen in the widespread existence of slums and sprawl. Sprawl leads to hidden urbanization not captured by official statistics. These reflect the failure to address congestion constraints arising from the pressure of urban populations on infrastructure, services, land, housing and the environment. Policy reforms are needed to improve the region’s trajectory of development.

South Asia’s urban populations grew by:

130 MILLION

More than the entire population of Japan

2000 2011 - 2015 2030

130 MILLION 250 MILLION

and is poised to rise by almost 250 million by 2030

A SOUTH ASIA’S URBAN POTENTIAL

URBANIZATION

Provides South Asian countries with the potential to transform their economies to join the ranks of richer nations in both prosperity and livability.

80%

Manufacturing and Services

A key trait of urbanization is that the concentration of economic activity improves productivity and spurs job creation, specifically in manufacturing and services, and indeed those two areas now account for more than 80 percent of the region’s GDP.

SOUTH ASIA, WHILE MAKING STRIDES, IS NOT FULLY REALIZING THE POTENTIAL OF ITS CITIES FOR PROSPERITY AND LIVABILITY.
The sprawl associated with messy urbanization contributes to hidden urbanization, particularly on the peripheries of major cities, which is not captured by official statistics. Messy and hidden urbanization are symptomatic of the failure to adequately address congestion constraints that arise from the pressure of urban populations on:

### Infrastructure

- **$800B Infrastructure Investment Required**

### Basic Services

- **130M Live in Slums and Lack Basic Services**

### Land

- **Cities Grew Twice as Fast as Population**

### Housing

- **203M Housing Units Required**

### Environment

- **Delhi’s Air Pollution ($PM_{2.5}$ concentration) is almost three times higher than in Beijing.**

Urban areas expanded at just over 5 percent a year in 1999-2010, against urban population growth for the region of a little less than 2.5 percent a year.

### Policymaker Responsibilities

- **South Asia’s Policymakers Have a Choice:**
  - Continue on the same path and risk locking-in the worst urban problems
  - Undertake reforms to make their cities more prosperous and livable

### Policymakers Must Address 3 Fundamental Urban Governance Deficits:

1. **Empowerment**
2. **Resources**
3. **Accountability**

This will require improving intergovernmental fiscal relations, identifying practical ways to increase the resources available to urban governments to allow them to perform their mandated functions, and strengthening the mechanisms to hold local governments accountable.

### Policymakers Must Also Demonstrate Better Management Across Three Issues:

1. **Spatial Structures and Intra/Inter-Urban Connectivity of South Asian Cities**
2. **Land and Housing Policy Reforms to Stimulate the Supply of Affordable Housing**
3. **Resilience Strategy Development in the Face of Natural Disasters and Climate Change**

To read the full report go to: [www.worldbank.org/southasiacities](http://www.worldbank.org/southasiacities)