

IV. PUBLIC-PRIVATE SECTOR PARTNERSHIPS FOR MUNICIPAL DEVELOPMENT

Local governments around the world have begun to experiment with various strategies for delivering better public services. Wishing to provide better services but severely hampered by lack of funds or expertise, they have engaged in partnerships with residents and the business or corporate sector. These partnerships range from planning and implementation to monitoring of public services. Over the past decade, many Asian cities have adopted some form of partnership with civil society or the private sector. These experiences suggest that partnerships are based on mutual trust and respect among the partners, but that the city government has to play a leading role in initiating such partnerships.

This chapter demonstrates how five Asian cities were able to improve their services successfully through such partnerships. The first example is the Sustainable Penang Initiative presented by Councilor Rhina Bhar of Penang, Malaysia. This initiative for developing community-based indicators for sustainability and livability through a process of popular consultation, has become a very important strategy for addressing the challenges of sustainable development in Penang.

The experience of Kuantan, Malaysia, as presented by Dato' Mohamad Bin Saib, President of Kuantan Municipal Council, exemplifies how the involvement of the private sector in local

government processes can help a council achieve its vision. Dato' Saib also emphasizes the need for a long-term vision derived through consultations among the stakeholders.

Mayor Benjamin Abalos, Jr. of Mandaluyong City, Philippines, proudly cites the build-operate-transfer (BOT) arrangement that was undertaken by his city in rebuilding a large marketplace after it was destroyed by fire in 1991. The existence of national BOT legislation has helped many cities in the Philippines to initiate such partnerships with the private sector.

Congressman Ignacio Bunye of Muntinlupa District, Philippines, shares his experience of how community participation transformed his city's distressingly large urban poor sector into a well-managed settlement area. He emphasizes that the art of effective governance involves the principle of three Cs—consultation, collaboration, and coordination.

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Finally, Mayor Phummisak Hongsyok of Phuket Municipality in Thailand describes how Phuket evolved a participatory approach to manage its environment on a sustainable basis in order to maintain its status as the premier tourist destination in Thailand.

All these practices prove one point: the key to successful partnerships is an established mechanism where people and government can talk to each other about what is best for their society, and how best they can work together.

THE SUSTAINABLE PENANG INITIATIVE

Rhina Bhar

Councilor, Penang, Malaysia

The Sustainable Penang Initiative (SPI) is the first community indicator project in Malaysia, and possibly in Asia. It is an attempt to forge a popular consultative process to address the challenges of sustainable development in Penang and at the same time an attempt at innovative, decentralized, and participatory governance. In time, it is hoped that this planning philosophy will permeate what is currently a top-down planning process relying on conventional macroeconomic indicators and fragmented planning, which does not give a holistic picture of environmental and societal impact.

This project is conducted by Penang's newly established think tank for sustainable development, the Socio-Economic and Environmental Research Institute, or SERI Penang. It is sponsored by the Canadian International Development Agency through the Canada-Association of Southeast Asian Nations (ASEAN) Governance Innovations Network Program, which is coordinated by the Institute on Governance. It is also supported by UNDP and the UN Economic and Social Commission for Asia and the Pacific (UN-ESCAP).

Penang is one of the 13 states of Malaysia, covering an area of 1,031 km² with a population of about 1.28 million. It consists of two parts: an island and an adjacent strip on the mainland, the two parts being linked by a bridge and a ferry system.

The Municipal Council of Penang Island is responsible for Penang Island, with a population of about half-a-million people and a landscape of great ecological, economic, and cultural diversity. George Town, the historic port and capital of Penang, has

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an urban history of over 200 years. Apart from being an administrative and commercial capital, the inner city is also Penang's cultural and spiritual capital, with a rich multicultural heritage eligible for World Heritage listing. Komtar, the center of Penang's government, is situated in the city center of George Town. This building houses the offices of the federal, state, and local governments. Batu Feringghi, an international tourism resort, is located along the north beach, and finally, the island's water catchment area and nature reserve are at Penang Hill.

From 1992 to mid-1997, Malaysia had an economic growth rate of 12 percent. With such growth, Penang Island faced some unique environmental challenges and opportunities, including

- encroachment on the water catchment area and nature reserve due to hill farming and development;
- pollution of river systems and coastal waters from domestic waste, agricultural waste, pig farming, and industrial effluents;
- threats to air quality from local traffic and industrial pollution as well as trans-boundary haze;
- rapid motorization, urbanization, and large-scale property development causing environmental stress on the land-scarce island and its ecologically fragile areas; and
- lack of open space and recreational areas.

In the past, environmental controversies may have created tensions between NGOs and government. However, immediately after the Rio Summit, the Malaysian Government and the Penang State Government put increasing emphasis on environmental concerns. The goals of environmental sustainability and improved quality of life became priority.

Although the Department of Environment, the Penang State Government, and Municipal Council faced financial, land, and staffing constraints, they tried to spearhead and support local environmental efforts through greater popular consultation and partnerships with NGOs and community groups. For example, when environmental groups objected to a massive development proposal for Penang's ecologically sensitive Penang Hill, the local government encouraged participation from community groups through a local planning process.

The SPI was established in late 1997, at the beginning of the economic slowdown—which was also a time when government, business, and civil society were becoming more environmentally informed and aware—to provide an information framework and common networking among the various sectors, stakeholders, and proponents of sustainable development and environmental initiatives.

Objectives

As a pioneering process of popular consultation for inputs into holistic development planning, its objectives were

- to develop a broad series of indicators for gauging sustainable development;
- to develop the model for a holistic and sustainable development plan that takes into consideration social, cultural, and environmental dimensions besides the conventional economic ones;
- to establish a mechanism for public input and consensus-building based on partnership between government, the business sector, and civil society; and
- to channel the output of the consensus process to relevant authorities in order to

influence development planning and policy formulation.

The SPI has organized or co-organized nine public forums, participated in total by about 400 people, contributing a total of about 5,000 people hours. Participants have come from the government, schools and universities, business and industry, youth groups, community groups, and NGOs.

The SPI Process

Five roundtables (Figure IV.1) were convened to explore systematically the themes of ecological sustainability, social justice, economic productivity, cultural vibrancy, and popular participation. Linkages between these five themes were also explored to promote a holistic understanding of development and its consequences. Through this process, we have gained a better understanding of the effects of rapid economic growth on environment and society. After the five main roundtables, two more roundtables, in Bahasa Malaysia and Chinese, respectively, were held to overcome the language constraints.

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The participants identified issues and indicators affecting Penang's sustainability and quality of life. The environmental issues included air pollution, acid rain, coastal water quality, lack of open spaces, river water quality, loss of mangroves, public access to recreational beaches, hill cutting, traffic congestion and safety, bicycle usage, flooding, urban trees, water consumption, noise pollution, pesticides, waste management, and population growth.

Some issues required established indicators that were already being monitored by government departments, but which needed to be communicated to a wider public audience. In other cases,

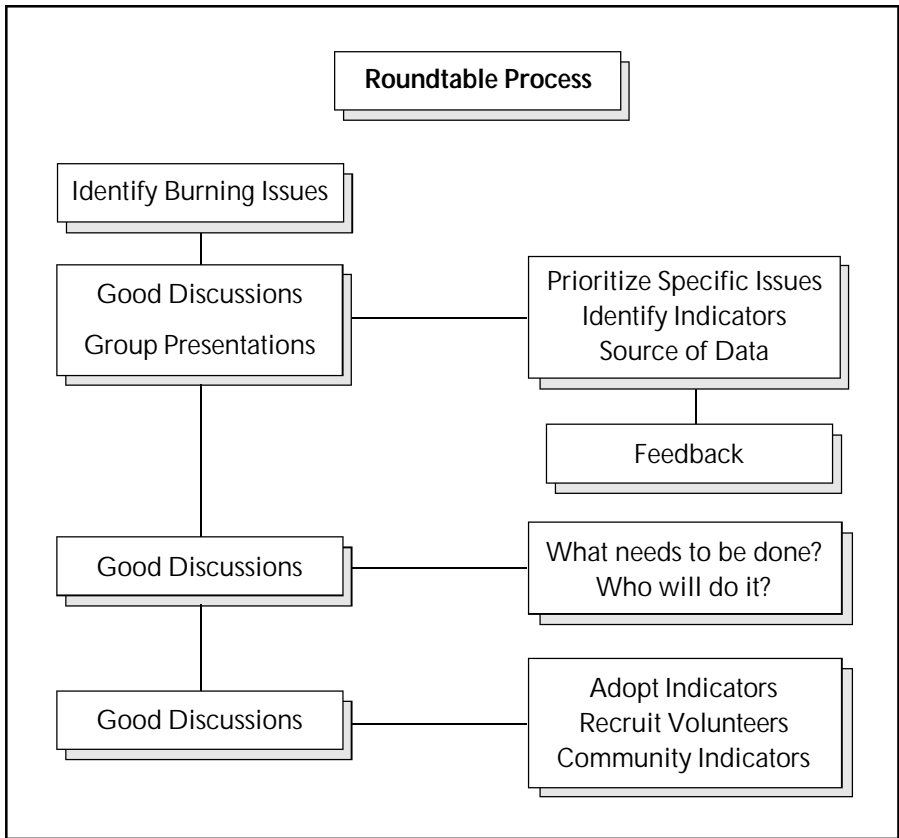


Figure IV.1. The Sustainable Penang Initiative: Roundtable Process

community environmental monitoring projects were initiated to produce the indicators.

One example of the latter was a crow count organized by the nature society. Crows were identified as an indicator of unmanaged waste, and the distribution of crows was just as telling as the number of crows.

Citizens' groups also championed most issues, but where no champions existed, three new groups were formed that have since grown into their own movements. The first is Water Watch Penang,

which is working with the Penang Water Corporation to monitor water resources and to promote water conservation and recycling. Another is Sustainable Transport Environment Penang (STEP), which is working with the State Government and Municipal Council to promote public transport, walking, and cycling. The third group is Sustainable, Independent Living and Access (SILA), a network of people with disabilities, which together with UN-ESCAP and the Ministry of Housing and Local Government, is working to promote and create disabled-friendly environments within the city.

The roundtables were conducted by SERI as proactive, facilitated workshops. The recommendations and inputs gathered will be used in the formulation of the Penang strategic plan for the next decade (2001–2010). As a research institute, SERI will also be the consultant undertaking the strategic plan.

Recently, the SPI organized a People's Forum which brought together the State Government and about 200 members of the public to look at a "report card" of the 40 issues and indicators affecting Penang's sustainability and livability. The Penang People's Report, which contained the performance of 40 indicators (Box IV.1) identified by the various roundtables, was presented to the Chief Minister of Penang.

These indicators can be separated into 4 status categories:

- The Good News: indicators that show things going in the direction of sustainable development.
- Some Mixed News: indicators whose impact is difficult to determine; some of them may be interpreted as good depending on actions taken.
- The Challenges Ahead: indicators of areas that

require much work being done or have room for improvement.

- Questions and Challenges: indicators about which conclusions cannot be made due to insufficient or unreliable information.

One indicator of Good News is urban trees. It is encouraging to note that we have achieved 82% of the target of 180,000 trees planted by the end of 2000. Indicators in the Mixed News category include disabled access to public facilities, childcare facilities and healthcare expenditure. Regarding access by disabled to public facilities, although there are no buildings complying with Malaysian standards 1184 and 1183, barrier-free issues have been highlighted and there are ongoing efforts to improve accessibility to several public places. Some Challenges Ahead indicators include issues on children at risk, social ills, domestic violence, unplanned pregnancies, persons with HIV, and traffic safety. The indicator on housing affordability falls under the Questions category. Despite the fact that housing affordability is a critical issue, information on the number of low-cost housing placements as a proportion of applications is difficult to obtain.

Members of the public have been invited to comment on and monitor these indicators. Several interest groups including academe, NGOs, the private sector, and individuals have volunteered to monitor some indicators.

Conclusions

The success of the SPI project can be attributed to various factors. First, Penang (the island, in particular) is a compact, relatively developed, and urbanized state with the human and infrastructure resources to sustain broad-based citizens' initiatives.

Box IV.1. List of 40 Indicators of Sustainability and Livability in Penang

Indicators of Environment

Indicator

- | | |
|--------------------------------------|--|
| 1. Acid Rain | pH value of rainfall |
| 2. Air Quality | Air Pollution Index |
| 3. Environmental Violations | No. cases prosecuted |
| 4. Coastal Mangroves | Acreage |
| 5. Unmanaged Waste | No. crows |
| 6. Coastal Water Quality | % monitored coastal waters classified unsuitable for recreation or aquaculture |
| 7. River Water Quality | Water Quality Index |
| 8. Water Consumption and Production | |
| 9. Environmental Noise | Equivalent-A-weighted sound level |
| 10. Private Vehicle Ownership | Highest 2-way, 16-hour average volume on road |
| 11. Traffic Congestion | |
| 12. Cycling as Sustainable Transport | No. cyclists crossing by ferry |
| 13. Urban Trees | No. trees planted under the National Tree Planting Campaign |
| 14. Parks and Open Spaces | Ratio of open space to population |

Indicators of Community

- | | |
|--|--|
| 15. Disabled Access to Public Facilities | No. accessible public and commercial buildings |
| 16. Child Care Facilities | |
| 17. Children at Risk | No. reported child-abuse cases |
| 18. Social Ills Among Youth | No. incidents of reported juvenile crimes |
| 19. Domestic Violence | No. wife battery cases reported |
| 20. Unplanned Pregnancies | No. single mothers in homes |
| 21. Persons with HIV & AIDS | No. new AIDS cases and HIV carriers detected |

(continued on next page)

Box IV.1(cont.). List of 40 Indicators of Sustainability and Livability in Penang

Indicators of Community	Indicator
22. Healthcare Expenditure	% state health care expenditure to GDP
23. Breastfeeding	No. babies born in baby-friendly hospitals
24. Housing Affordability	No. low-cost housing placements
25. Traffic Safety	No. casualties and fatalities from road accidents per 100,000 persons
26. Occupational Safety & Health	No. industrial accidents
Indicators of Economy	
27. Corporate Environmentalism	No. companies certified MS ISO 14001
28. Economic Diversity	
29. Tourism Industry	Hotel occupancy rate
30. Fisheries Yield	Total landings of marine fish
31. Informal Sector	No. licenses for itinerant hawkers
32. Rice Yield	
Indicators of Culture	
33. Cultural Infrastructure	No. built venues for arts events
34. Heritage Conservation	No. inventoried buildings demolished
35. Public Library Usage	No. users and loans
36. Signage Culture	No. appropriate street signs
Indicators of Participation	
37. Women and Employment	Proportion of women employed at various job levels in the manufacturing industry
38. Public Participation in Town Planning	% population taking part in public participation programs
39. Voter Participation	No. registered voters
40. Environmental Complaints	

Second, Penang has had a longstanding tradition of NGO activism, and provides the headquarters for a remarkable number of international and regional NGOs. Local voluntary organizations are similarly active, and the accumulated experience and networks between such organizations and individuals were crucial to SPI's rapid launch. Third is the highly competent and enthusiastic staff employed by the SPI project. Fourth are the experienced and motivated supporting staff and SPI volunteers. Fifth are the liberal, open-minded elements within the State Government leadership, receptive to ideas of broader-based governance.

Needless to say, the SPI project has also experienced shortcomings from a lack of consensus among project staff on basic issues of concept, strategy, tactics, goals, governance, approaches to sustainable development and social change, and format and content of roundtables. There was inadequate project oversight and monitoring, manifested in part as ad hoc communication within the project team and steering committee. There was an absence of a coherent strategy for developing sustainability indicators and nurturing its continuance (e.g. by getting the community to identify with it, linking it with popular participation); and uncertainty about the right balance to strike between technocratic tools and mobilizational aid. The cleavages within Penang society, accentuated by linguistic and cultural heterogeneity, which resulted in quite unbalanced representation at the roundtables, also posed a serious threat. Also, the limited jurisdiction of state governments in the Malaysian federal system severely constrained the possibilities of meaningful local inputs into development planning.

As a result of the SPI, the Penang State Government itself will be taking a more consultative approach in developing its own strategic plan for the next decade. It is also encouraging government

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departments to use indicators to monitor their own performance and also as a tool for public education—in short, to adopt a culture of indicators as part of a culture of transparency and accountability.

Perhaps even more important than this technocratic exercise itself is the fact that the people of Penang are becoming better informed, are building a common vision of sustainable Penang, and will feel collectively more responsible as a community for their environment. The SPI has also opened up many opportunities for the government sector, business sector, and civil society to realize their common goals—not to continue to fault each other for environmental problems, but to work together through new partnerships.

The project is also seeing success beyond its borders, as two similar initiatives are being planned that draw inspiration from it: in Medan Bagus in Indonesia and Iloilo in the Philippines. In both projects, the local authority will be a major partner.

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SOCIAL AND COMMUNITY DEVELOPMENT WITHIN LOCAL PLANNING AUTHORITY AREAS

Dato' Mohamad Bin Saib

President, Kuantan Municipal Council
Kuantan, Malaysia

Local planning authorities are directly involved with urban and social planning. Targets of urban planning are documented in structural and local plans, a process that implies social objectives and economic targets. It is recognized, however, that with limited resources within the municipalities to cater for the needs and wants of the populace, the

role of the private sector has now become an integral part of overall development pursuits. The mentality that only the municipality should fulfil social obligations and responsibilities has now changed.

While the Kuantan Municipal Council may have many plans and ideas for efficiency and quality in its core business of serving the people, the private sector is the main force to execute them. Of course in any partnership, the best deal is a win-win situation. A symbiotic relationship, once established, will definitely pave the way towards a masterpiece, i.e., creation of the ideal city, a city excellent in urban image and ever growing.

The Kuantan Municipal Council or *Majlis Perbandaran Kuantan* (MPK) was established on 1 September 1976 under the Local Government Act of 1976 (Act 171). As a local authority, MPK is responsible for planning, coordinating, and controlling development and provision of public places and urban services within its area. It covers an area of 324 km² and has a current population of 310,000.

The local authorities have autonomy in financial and administrative functions. In accordance with the Local Government Act, licenses of commercial and industrial activities and property assessment are the main source of revenue for a local authority. With such limited sources of income, many local authorities find it difficult to perform all the roles stated in the Act and fulfill the demands of the populace. Thus, MPK embarked on public-private sector partnerships aggressively.

The Kuantan Vision

Kuantan, being the state capital of Pahang, plays an important role as the administrative, financial, and investment center, and most importantly the provider

of quality services to the public. In order to strengthen and broaden these functions, a vision for Kuantan was formulated, which is a challenge for MPK, the private sector, and the public to achieve:

- A city supportive of development and facilitating private- and public-sector involvement.
- A center conducive for investors.
- A financial center.
- A regional, commercial, and retail hub.
- A prominent tourist destination.
- A friendly and harmonious population.
- A green and environmentally sustainable city.
- A well-planned city with unique images and interesting features.
- A city with high-quality urban services.

To achieve this vision, strategic plans were formulated and improvements in MPK's administrative system were judiciously made. These resulted in the award of the ISO 9001 last year and MPK gained international recognition for its working procedures. The Prime Minister Award received by MPK is also a proud achievement, in recognition of its overall role and function as a progressive local authority.

Areas for Private-Sector Participation

In the past, the private sector has contributed rather sparsely toward social obligations, which were mostly confined to event sponsorship and small-scale social projects such as bus stops. This happened because of the lack of understanding between the parties on the importance of working together. While private companies continue to support social events and social facilities, MPK is speeding up their involvement in development activities.

As a local authority, MPK has used a win-win concept in many social and community development projects since the mid-1980s. We have identified five areas in local government processes for private-sector participation.

The first is the planning process. Overall development of Kuantan is based on the Structural Plan and Local Plan prepared in 1994 and 1997, respectively. These plans are subject to review every five years. Previously, private-sector involvement in the planning process was indirect and nonstatutory. However, with these plans and in accordance with Sections 9 and 13 of the Town and Country Planning Act, the public can make recommendations, suggestions, and objections to the plans.

The second is revenue generation. Because our resources were limited, we made efforts to increase and diversify our income. At present, the private sector has responded well to projects and services offered under privatization, joint ventures, and sponsorship. To attract investors, we allow certain procedures to be waived, give speedy approvals, and pave the way for better infrastructural and investment climates.

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The third area is municipal services. With the expansion of the local authority area, financial constraints, and manpower problems, municipal performance had suffered a slight deterioration in service quality. To ensure that quality was maintained, MPK privatized several of its services including sewerage treatment, garbage collection, landscaping facilities, and parks maintenance. With these programs, MPK has been able to monitor the outputs of contractors and ensure they are up to its standards.

The fourth area is community development. MPK is very active in organizing community development programs with the residents. These programs are mostly toward the promotion of

cleanliness, beautification, social interaction, safety, sports, recreation, and education. The private sector has sponsored and jointly paid for these programs. They are normally held yearly, monthly, or occasionally, based on certain themes and needs.

The fifth area is promotion of events. We have invited the private sector to participate in promoting events related to sports, recreation, tourism, and religion. For example, we have the Kuantan Beach Run, an international event sponsored by the private sector. We also have the international Kuantan parachute jump, SUKMA, an interstate game, an international regatta, and others. All these are successfully held with the involvement of certain associations, NGOs, and residents' associations. Table IV.1 summarizes these different avenues for public-private sector participation in Kuantan.

We are confident that the private sector reaps as much benefit as does the MPK. We were able to improve the quality of life of our citizens through efficient public services and sustainable development. We expect to get high value for our property, and maintain our city status as a well-planned city. The private sector receives more economic gains through increased business and investment opportunities in services, manufacturing, and construction, and also benefits from reduced risk investment and higher purchasing power.

We are still working with some of these groups to enable them to play more dominant roles and participate in the areas of research and development, technology transfer, specialists training, environmental conservation, human resource development, and social well-being. With these public-private sector partnership programs, we hope to stimulate and revitalize economic activities and social and community development in MPK in the coming millennium.

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Table IV.1. Kuantan Municipal Council Public-Private Sector Partnerships

MPK	Private Sector	Example of Project / Program
<p>a. Planning Process</p> <p>i. Preparation of Development Plans</p> <p>ii. Planning Control</p> <ul style="list-style-type: none"> • Preparation of planning evaluation report • Preparation of EIA report • Preparation of related plans e.g. hydraulic calculations, landscape plans <p>iii. Development Changes</p> <p>iv. Infrastructure Contribution</p>	<ul style="list-style-type: none"> • Planning Consultant • Engineering Consultant • Environmental Consultant • Economic Consultant • Jaya Gading – Gambang Local Plan • Planning Consultant • Surveyor • Engineer • Landscape Architect • Published bulletin • Land Owner • Developer • Housing Developer Association (HDA) • Chamber of Commerce & Industry 	<ul style="list-style-type: none"> • Kuantan Central Area Local Plan • CBD Local Plan • Kuantan Structural Plans • Seberang Kuantan Local Plan • Development incentives • Fast processing of application • ISO procedures • Organized meeting with HDA, consultants, and contractors • Change of land use • Change of building use / activities
<p>b. Revenue Generation</p> <p>i. Privatization Projects</p> <p>ii. Joint Ventures</p> <p>iii. Lease</p> <p>iv. Building Social Facilities</p>	<ul style="list-style-type: none"> • Investor • Developer • Banker • Small-scale Entrepreneur • Contractor • Proprietor • Hawker 	<ul style="list-style-type: none"> • Bus terminal • Commercial & office building • Marina • Apartment • Hotel • Hawker center • Industries building

	<ul style="list-style-type: none"> • Contractor • Sports Promoter • Convention center 	<ul style="list-style-type: none"> • Rest house • Sports facilities
<p>c. Municipal Services</p> <ul style="list-style-type: none"> i. Sewerage Treatment ii. Garbage Collection iii. Landscaping Works iv. Facilities Maintenance v. Park Maintenance vi. Recreational Activities 	<ul style="list-style-type: none"> • Indah Water Consortium • Alam Flora Company • Landscape Contractor • General Contractor 	<ul style="list-style-type: none"> • Roadside landscape • Taman Gelora • Balok Water Recreational Centre • Drain and street cleansing
<p>d. Community Development</p> <ul style="list-style-type: none"> i. Self-Contained Neighborhood ii. Healthy Environment iii. Quality Living and Happiness iv. Sense of Pride 	<ul style="list-style-type: none"> • Developer • Contractor • Consultant • Entrepreneur • Industrialist • Investor • Safe city • Recreational facilities/parks 	<ul style="list-style-type: none"> • Residential area with integrated social facilities, commercial center, and working area • Providing space for small-scale establishment in commercial complex • Healthy market
<p>e. Events Promotion</p> <ul style="list-style-type: none"> i. Tourism Promotion ii. Sport & Recreation iii. Published Material 	<ul style="list-style-type: none"> • Promoter • Hotelier • Tourist Agent • Services Contractor • Publisher • Electronic Media Company 	<ul style="list-style-type: none"> • International Kuantan Beach Run • Kuantan 4 x 4 Adventure • International Kuantan Parachute • World Wide Web page • Upgraded communications network • Conferences & seminars

THE MANDALUYONG CITY EXPERIENCE

Benjamin Abalos, Jr.

Mayor, Mandaluyong City, Philippines

Mandaluyong City is located in the center of Metro Manila. Only 11 km², it is one of the smallest cities in metropolitan Manila and the first city under the 1986 Constitution. Today, Mandaluyong's total revenue is close to 1 billion pesos (P)¹, compared with only P41 million in 1996.

In 1991, our main public market was destroyed by fire and its rebuilding needed at least P50 million. At that time it was not advisable to borrow money because of high interest rates, averaging 18 percent per annum. Also, Mandaluyong could not rely on increasing charges to stall owners to cover debt servicing because the stall owners would have to pass on the increased costs to their low-income customers. Instead, we thought of implementing a BOT scheme.

The old market was located on 7,500 m² of land along a main public transit route and one of the busiest roads in the city. We invited people from the private sector to invest through a BOT arrangement. I must say that we encountered difficulties in attracting investors to the project. Our former Mayor had to literally chase business people to convince them to bid on the project. The Gulf War also added uncertainties about the oil price in the Philippines, which made the bids of interested companies less attractive.

After a few months of bidding and negotiations, we awarded the contract to Macro Founders and Developers Inc. (MFD), a business

¹ US\$1.00 ~ P40 in 1999, and ~ P26 in 1996

consortium organized specifically for the project. The proposal for a seven-storey commercial center worth P300 million was a combination of a build-transfer (BT) arrangement with a develop-operate-transfer (DOT) component. It was called the Marketplace (see Box IV.2).

Box IV.2. The Marketplace

6 th Floor	:	Movie houses
5 th Floor	:	Bowling lanes
3 rd -4 th Floors	:	Parking lots
1 st Floor	:	Commercial shops and department stores
Ground Floor	:	Public market and street-front stores

Under the BT arrangement:

- MFD builds the public market and then transfers it to Mandaluyong.
- Mandaluyong constructs 50 percent of the stalls inside the market, with the rest to be constructed by the stall owners (the city made this decision jointly with the Association of Stall Owners).
- Mandaluyong collects the stall fees.
- MFD maintains the public market and provides security.

Under the DOT arrangement:

- MFD is given the right to construct a six-storey commercial complex above the public market in exchange for building the market structure.
- MFD operates the commercial complex and hands it over to the city government after 40 years.

- Mandaluyong provides free use of the land on which the market has been constructed.
- Mandaluyong does not collect any dues from MFD for the operation of the commercial complex.

I am proud to say that the Marketplace was the first BOT project implemented in the Philippines, and considered by television station CNN as the cleanest market in Asia. Today, not only do we have a mall worth P450 million, but also additional revenue of at least P20 million annually. The property in that area has increased tremendously in value from about P8,000 per m² to at least P50,000 per m². I would say that Mandaluyong was successful in its public-private sector partnership because we took the risk, and we were optimistic about the outcome.

RESIDENTS' PARTICIPATION AS A MEANS OF IMPROVING SERVICE DELIVERY

Ignacio R. Bunye

Congressman, Lone District, City of Muntinlupa
Former Mayor, City of Muntinlupa

Former President Corazon A. Aquino appointed me as officer-in-charge of the then Municipality of Muntinlupa in 1986. In the beginning, I saw my role as a local executive and technocrat in a simplistic way. Moreover, I thought that with my private-sector experience, my legal background, and my experience with the media, my job would be an easy one. I was in for a rude surprise. I realized soon enough that the world of work in the private sector is far from the realities of my municipality. I discovered during my journey as a neophyte in

the realm of local politics that the most challenging aspect of the job was learning how to balance the competing demands and expectations of a multisectoral constituency from all walks of life!

I learned very quickly that it is not enough that one has a vision and a sense of mission. It is not enough that one is technically competent. It is not enough that one is honest, hardworking, and industrious. All these special skills and attributes must work in combination with cathexis—a sincere desire to “connect” with the people and nurture relationships, and to breakdown physical and psychological barriers to communication.

I believe that government cannot uplift the quality of life of citizens alone. I see that the important role of government is to act as a catalyst, as a facilitator, resource provider, and linker in creating opportunities for the citizenry. I see the immense potential of our constituents as effective partners in their own development because I subscribe to the principle that people are the primary reasons for development and that they, in turn, are the prime resource for development. Thus, I believe that investing in human capital is one of the keys to effective governance.

In the City of Muntinlupa, we met with some measure of success because of our tripartite strategy. We recognized that NGOs and people’s organizations (POs) are important partners in development. The art of governance involves the principle of the three Cs—consultation, collaboration, and coordination. These take place at different levels and involve many stakeholders in development.

Essentially, the purpose of consultation is to find out what people are thinking and at the same time to let them know what you are thinking. In other words, exchanging ideas. This process is especially crucial at the decision-making stage. As mayor, I consulted widely and regularly with my constituents.

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Collaboration takes place when ideas of diverse origins are put together to form a cohesive whole. Coordination begins when the results of consultation and collaboration become the mechanisms for implementing a series of projects or programs.

It is our belief that helping people help themselves by creating opportunities and sharing resources is the most effective and sustainable approach to alleviating poverty.

People participation in governance, the “bottom-up” approach, maximizes the total potential of the “governed”, enabling them to become effective and active partners in the search for solutions to the challenges they face in their socioeconomic environment. It is worth noting that contemporary development schemes emphasize the aspect of sustainability. I am happy to report that sustainability has been mainstreamed in the various sectoral agenda of Philippine NGOs and serves as a basic framework for all efforts at all levels of development work.

People’s Participation in Governance: The Philippine Experience

In February 1986, the world witnessed what is now recorded in history as the EDSA Revolution or the People Power Revolution. A turning point in the restoration of democracy in the Philippines, this was followed by a sequence of unexpected events—unexpected most of all by the main player, the widow of the assassinated political leader, former Philippine Senator Benigno Aquino. When Corazon C. Aquino was elected President, she vowed to restore democracy in the country. During the first few months of her presidency, a constitutional commission was convened to revise the constitution of the martial law regime and a new constitution was enacted in 1987.

There are two features of the 1987 Constitution that are relevant to this discussion. The first is the mandate that “the state shall secure the autonomy of local governments”. The other is the participation of “non-governmental, community-based or sectoral organizations that promote the welfare of the nation” in the process of governance.

The response of the Aquino administration on the issue of local autonomy is the enactment of Republic Act 7160 also known as the Local Government Code of 1991. It was signed on 10 October 1991 and became effective on 1 January 1992. This landmark legislation substantially decentralized the powers of the national government, transferred authority and responsibility to the local government units, and devolved functions such as the delivery of basic services.

We are pleased to note that the Code is one of the most radical decentralization measures in the world. This significant legislation in the political history of the Philippines has spurred major changes in the dynamics of governance. The Code has several important features. Germane to our discussion today is the direct and active participation of civil society in local government processes through NGOs and POs.

The transfer of power represents a “power shift”, at the same time creating a “mind shift” (or a new mind set) for local executives departing from the culture of dependence on the national government.

Former President Aquino played a very important role in shaping the Code. According to Senator Aquilino Pimentel Jr., the acknowledged author of the Code, “.it was she who principally gave impetus to the phenomenon of **people power** which toppled the dictatorship in 1986...and recreated the democratic space, and brought back freedom, justice and peace in the country that made

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local autonomy relevant, vibrant and vital to the development of the nation.”

Former President Fidel V. Ramos, under whose six-year administration the full implementation of the Code took place, involved the NGO community as a distinct social sector in numerous consultative mechanisms. NGOs have participated in significant initiatives in sociopolitical reform, most notably the various social summits that evolved into the Social Reform Council and the consultations on the Social Reform Agenda.

The Code mandates local government units to promote the establishment and operation of NGOs and POs to become active partners in the pursuit of local autonomy. Their membership is mandatory in several special bodies where key policy decisions at the local administrative level are made: Local Development Council, Health Board, School Board, and Peace and Order Council.

Further, the Code also provides for establishing linkages with NGOs and POs. Under this provision, “...local government units may enter into joint ventures and such other cooperative arrangements with people’s and non - governmental organizations to engage in the delivery of certain basic services.”

Galing Pook Awards

In 1993-1994, the Asian Institute of Management, the Local Government Academy of the Department of Interior and Local Government, the Ford Foundation, and the Canadian International Development Agency launched a program called Galing Pook Awards (Box IV.3). This annual event recognizes executives of local government units and their respective development partners, the NGOs and POs, for excellence in local governance.

**Box IV.3. Award-Winning Programs of the
Galing Pook Awards Illustrating that a Government by the
People is the Best Way to Go**

1. The Return of the Mangroves of Kalibo, Aklan

There was a time when the swamplands at the mouth of the Aklan River in Kalibo, Aklan were abundant with mangroves. By 1989, as the population kept growing, the mangroves, widely used as firewood, had practically vanished. Without the mangroves, the waves and the tidal currents gradually pushed inland the shorelines of the coastal towns. Fish and shellfish were affected and eventually grew scarce. The income of those who relied on the sea for their livelihood alarmingly decreased.

With the help of a local NGO in coordination with the local government, fishers and other residents were organized to save the mangroves from extinction. Everyone agreed that the participation of the community in such efforts was indispensable. A three-year plan for the reforestation of a 50-hectare swampland was drawn up with the help of a national agency, the Department of Environment and Natural Resources. The community and the local government undertook the implementation. Fifty one-hectare lots were assigned to families. They took care in clearing the plantation area, staking, replanting, maintaining, and protecting the trees.

The swamplands of Kalibo are back. Tidal flats that were soft and muddy before the reforestation have hardened, and seven hectares have been added to the original 50 hectares planted to mangroves. (1995)

2. From Indifference to Enlightened Participation

In the remote town of Sampaloc in Quezon Province, the problem of insurgency seemed insurmountable. People's involvement in community affairs was very minimal. Because of apathy and lack of grass-roots participation, government programs usually turned out to be irrelevant to the needs of the community, thus alienating further the people of Sampaloc from the government. A new set of elected officials decided to reach out to the people by visiting them

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Box IV. 3 (cont.)

in their respective communities and started a series of consultations. In addition, the Mayor introduced a program that integrated people's organizations in the formal government structure in 1988 (before the enactment of the Local Government Code).

Essentially, the program afforded the people the opportunity to be involved in community affairs either through consultations or actual participation in community and government activities. The program bridged the gap between the government and the community and fostered a lasting partnership between the two sectors. "Hands-on" experience in government affairs sharpened the management capabilities of the people in the dispensation of justice, realty tax collection, health care membership and premium collection, environmental protection, and enforcement of peace and order.

The community involvement has shifted the role of government from program implementor to that of town manager. Sampaloc is now a picture of a clean, orderly, and peaceful community. The crime rate is practically zero and this is maintained by monitoring visitors in the area. The insurgency has been neutralized so that now, people can devote more time to agricultural production. Crop production has increased by 30%, while an additional 10 hectares of fish ponds have been built. (1995)

3. Butuan City's Child Labor Program

As far back as 1992, children from Butuan City had been driven by extreme poverty to seek employment in order to survive. Unskilled and unschooled, these working children were household helpers, peddlers, and beggars. Many were abused and exploited, raped, and forced into prostitution. Intervention came with the launching of the Child Labor Program by UNICEF and Butuan City was selected as one of the pilot areas.

The program was integrated in the local development plan through an executive order issued by the mayor. A census of working children was undertaken, followed by an intensive information and education campaign addressed to parents as well as the community at large. Today, some 500 children are in school because various NGOs and national and local agencies have worked together. Butuan

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Box IV. 3 (cont.)

City's Child Labor Program is a model of its kind in the country, having successfully demonstrated how to combat the exploitation of children. (1997)

4. Saving the Coastal Waters in Aparri, Cagayan

The beaches of the municipality of Aparri had been neglected for a long time: "a body of water that has suffered in the hands of an irresponsible and uncaring people." Aggravating the problem was the indiscriminate practice of disposing of garbage in the ocean and the stench caused by human wastes and mounds of trash dotting the beach areas. In 1993, a series of consultations took place between the local government and POs calling attention to the unsanitary conditions. These were attended by all sectors of the community, who brainstormed solutions to the sanitation problem, environmental protection, and the promotion of tourism in the area.

The ideas presented to the people were accepted with enthusiasm, leading to the program dubbed as "A Clean Sea, A Healthy Community". Once underway, the local leaders and residents worked cooperatively in a massive clean-up. Subsequently, picnic sheds, public toilet facilities, and artesian wells were constructed. Visitors from other communities started frequenting the beach, thus downstreaming certain livelihood activities for the local residents. A public market was also constructed. In addition, residents availed of low-interest, short-term loans from the local government to assist them in various livelihood projects.

It is obvious that the people played a major role in the success of this program. They realized that a clean environment leads to improved living conditions, better health, additional income opportunities, and a beautiful recreation area. They were propelled to render their services free and asked to exercise diligence in the maintenance of a clean and green environment. (1997)

5. Health Care for the People of Sebaste, Antique

There are approximately 12,700 residents in Sebaste. To get to the nearest hospital they had to pay P500–P1,000 to hire a vehicle and

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Box IV. 3 (cont.)

travel a rough 16-km stretch of road. The better-equipped hospitals are located in the capital town of San Jose (109 km) and in the city of Kalibo (75 km).

The local government could not afford to build a hospital, and the cost of operating and maintaining one would have been prohibitive. But the people were not deterred by this obstacle. When a new leadership took over in the early 1990s, it went into high gear to raise the needed funds. Financial help initially came from former residents, now affluent, living in other cities. Later, donations of cash, equipment, and supplies poured in from Filipino associations in Austria, Hamburg and Brunswieg in Germany, and in Hong Kong. Individual donations from Germany, Austria, and Switzerland followed. The municipality contributed a share from its Internal Revenue Allotment. The poor people of Sebaste, 70% of whom live below the poverty line, now enjoy affordable health care at a minimal cost of P50/day, while other public hospitals charge P75-100/day. (1998)

6. Tools to Build a Community in Marikina City

“A hammer and a wrench can build communities”. This was the rallying cry of a community shop that was launched to lend various tools and equipment to residents of the community. This program was initiated by the local government to ensure the upkeep and maintenance of facilities throughout the city. City officials declared that neatness and sense of order in each community would redound to civic mindedness and discipline of the residents. The program is popular both with adults and youth. Program initiators explain that in addition to sports, the opportunity to grow in a well-maintained and orderly community will instill among the youth a sense of responsible citizenship. In addition, as a workshop, the program serves as a training ground in plumbing, electrical works, and welding. The acquisition of new skills has emboldened some beneficiaries to venture into other income-generating projects. (1998)

Source: Innovations Magazine – a publication of the Local Government Academy, Department of the Interior and Local Government (Philippines)

Since they began, the Galing Pook Awards have recognized more than one hundred programs of excellence in local governance all over the Philippines, from a selection field of more than a thousand.

Four criteria are used in the selection of an average of 20 winners per year from a total of approximately 400 semi-finalists:

- Effectiveness of service delivery.
- Positive socioeconomic and/or environmental impact.
- Promotion of people empowerment.
- Replicability or transferability.

In 1996, the City of Muntinlupa became a Galing Pook awardee for its program on human settlements (socialized housing). This successful program was the result of a tripartite partnership among the local government, an NGO (Muntinlupa Development Foundation), and several POs. The program has extended financial and technical assistance to urban poor groups, enabling them to acquire affordable housing through the community mortgage program of the national government.

The local government's participation involved land banking and interim financing while the NGO took responsibility for all aspects of community organizing. It is very important to emphasize the community-organizing effort of the Muntinlupa Development Foundation. It took pains to orient and give proper values training to the recipients of the program. As a result, our collection rate was close to 95 percent, compared with other national housing programs where the collection rate for loans averaged only about 50 percent.

The tripartite approach was cited as an effective tool in managing urban development. It created a "people-friendly" environment that is just,

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ecologically sustainable, politically participatory, economically productive, and culturally vibrant.

Another program of which we are proud is the joint undertaking of the City of Muntinlupa with the Zonta Club of Muntinlupa and Environs. As partners, we established “Sagip,” a center that assists victims of sexual abuse and domestic violence. The City of Muntinlupa provided physical facilities while the Zonta Club trained the center’s management team and provided the initial maintenance and operating expenses. This project is now considered a model for similar centers all over the country.

Central to the success of all these programs is harnessing the power and energy of the most important resource in development—the people.

Central to the success of all these programs is harnessing the power and energy of the most important resource in development—the people. In the Philippine setting, civil society, made up of NGOs and POs, continues to be a very dynamic sector in the sociopolitical landscape. The greatest benefit accruing to the government is a wealth of multifaceted and multilevel perspectives that spring from the collective experience and wisdom of its citizens.

A PARTICIPATORY APPROACH TO URBAN ENVIRONMENTAL MANAGEMENT

Phummisak Hongsyok
Mayor, Phuket, Thailand

The tropical island of Phuket is Thailand’s premier tourist destination. It is a tourism center of international standing, visited by about 3 million persons every year. It is also the regional service center for southern Thailand and contributes significantly to the country’s economy. This was especially evident during the height of the economic crisis in 1998 when income from Phuket’s tourism

industry was instrumental in keeping Thailand's economy afloat.

Phuket's continued success as an international tourism center and as a major contributor to Thailand's economic development demands an unspoiled clean environment. Ironically, Phuket's attraction as a tourist destination is also threatening its environmental quality. While tourism is the mainstay of Phuket's economy, it is also a big generator of waste. The growing number of tourists and the increasingly affluent and consumer-oriented local population are major challenges to Phuket's capacity to handle wastes.

The realization that these challenges needed to be addressed became clear in the early 1990s when Phuket experienced a sudden drop in European visitors following negative reports in German newspapers about Phuket's pollution problems. This spurred the national government to undertake various actions, notably the construction of an incinerator, the expansion of the existing landfill, and the installation of a wastewater treatment plant. It was also around this time that the municipal government learned about the concept of sustainable development and Local Agenda 21, following the United Nations Conference on Environment and Development (The Earth Summit). We in the municipal government then realized that the initiatives of the national government on the waste disposal problem were not enough to address other issues related to Phuket's urban environmental problems.

Against this backdrop and based upon the principles of sustainable development, the municipal government launched the Phuket environmental improvement program in 1994.

Benefit of a Long-Term Vision

What was missing was a common direction, a shared future vision of Phuket, which could provide coherent and guided individual actions.

Prior to 1994, various government, nongovernment, private business, and community organizations were carrying out activities to improve aspects of Phuket’s environment. While they were well intentioned, these activities were largely uncoordinated and often resulted in duplication of efforts and consequent waste of resources. What was missing was a common direction, a shared future vision of Phuket, which could provide coherent and guided individual actions. Thus, the program initiated the drafting of a long-term vision (Box IV.4) through a series of meetings among the various stakeholder groups in Phuket.

Box IV.4. Phuket’s Vision Statement

“To preserve Phuket as a tourist destination of international standard, as a model city in sustainable development with its own identity of local architecture, tradition and culture”

This vision statement evolved from the stakeholder groups’ discussions of how the principles of sustainable development could be adapted to Phuket, which meant balancing the social and economic needs of Phuket residents with the carrying capacity of the natural environment, both for present and future generations. Thus, we developed three strategies focused respectively on (a) environmental quality and its implications for tourism; (b) Phuket’s role as the regional center for southern Thailand and the Andaman Coast; and (c) urban governance and the capacity of the municipal government in urban management.

This shared vision has resulted in a number of benefits, and provided a common direction for certain activities of tourism enterprises and NGOs in Phuket. For example, rental of beach umbrellas, lounging chairs, and food stalls were organized, and their fees and location standardized. The joint actions by hotels and small enterprises in Phuket resulted in cleaner beaches and orderly tourist facilities.

The Value of Stakeholders' Participation

Aside from the development of Phuket's long-term vision, stakeholders are also very much involved in environment quality. Their involvement is based upon a common realization that government alone cannot tackle the enormous challenge of solving Phuket's environmental problems, and that community groups and business enterprises have roles to play in protecting the environment.

To structure the participation of stakeholders groups, the Phuket Urban Environmental Management Committee was organized in 1994 to oversee and direct the activities of the program. Some members of the Committee plus additional volunteers representing the business sector, NGOs, local communities, academic institutions, and municipal, provincial, and national government subsequently formed the Urban Environmental Policy Drafting Subcommittee with 79 members. Its mission is to draft an overall policy to guide Phuket's urban environmental planning and management actions. The members have divided themselves into five groups focusing on the following areas of concern:

- Solid waste and special wastes management.
- Green areas, building environment, and land use.

- Traffic, air, and noise pollution.
- Community environmental health management.
- Water pollution and drainage.

The first draft of the policy has been completed and is now being discussed in a series of stakeholders' consultation workshops. While the policy is still to be finalized, the involvement of stakeholders in its preparation has yielded a number of benefits, including

- the cash and in-kind contribution of some 36 hotels, 5 restaurants, 11 tourism-related businesses, and Thai Airways International to the Solid Waste Management Improvement Project;
- increased awareness of local communities in environmental issues and their role in addressing these issues—two communities, Lang Salaklang and Lang Hor Prachum, have requested pilot activities in community-level solid waste management;
- wider interest in the “three Rs” (reduce, reuse, recycle)—private business groups and the municipal government are seriously discussing a city-wide waste separation and recycling program;
- installation by several hotels of composting boxes within their premises, thereby reducing the volume of wastes collected by the municipal government.

Linking the Long-Term Vision to Immediate Actions

Most Phuket residents did not easily understand the concept of sustainable development. Many also found the long-term vision too abstract and

unrealistic. At the same time, there were critical problems that needed urgent attention. To create deeper understanding of sustainable development among Phuket residents and businesses, and to ensure their support for the long-term vision, we initiated the Solid Waste Management Project in 1994. It focused on improving the efficiency of operations at the landfill, commercializing waste collection and treatment, and maximizing the potential for composting, incineration, and privatization. The project was complemented by the expansion of the existing landfill and the construction of an incinerator as well as a wastewater treatment plant. These three major projects were designed and implemented by the national government.

The project, under the guidance of the Phuket Solid Waste Management Committee, demonstrated the direct linkage between the long-term vision of environmental sustainability with the immediate and urgent need to solve Phuket's garbage problem. Specifically, the project highlighted this linkage by

- improving efficiency in using scarce landfill space through shaping and compacting garbage, thereby extending the life of the landfill;
- controlling landfill seepage (leachate) to prevent contamination of underground water, thereby safeguarding public health in the longer term; and
- initiating steps towards cost recovery through user charges (tipping fees), thereby enhancing long-term viability of financing landfill operations.

Through the project's public information campaign, Phuket's residents and businesses have developed a better understanding of sustainable

solid waste management and of sustainable development in general. At the same time, their appreciation and support of the long-term vision has improved.

The Need for Capacity Building

The Phuket Environmental Improvement Program recognizes the important role of the municipal government in achieving the objectives of the program. It also recognizes the serious lack of capacity of the municipal government in performing its role. For instance, the municipal government does not have the necessary technical skills, organizational structure, manpower and financial resources to operate and maintain the landfill, incinerator, and wastewater treatment plant once these are turned over by the national government. Neither does it have adequate capability for long-term environmental planning, environmental impact assessment, financial management, and enforcement of environmental regulations.

Thus, the program places significant importance on strengthening the capacity of the municipal government and its partners in the field of urban environmental planning and management. The capacity-building component of the program started in October 1998. It included a training-needs assessment undertaken by the Asian Institute of Technology (AIT), and an introductory training course on environmental planning with several sessions each month delivered by environmental management experts from AIT and the Thailand Environmental Institute. Participants in this training course include staff of the municipal government and other agencies as well as local community leaders.

The environmental planning course is complemented by more intensive training for landfill

The program places significant importance on strengthening the capacity of the municipal government and its partners.

personnel under the Solid Waste Management Improvement Project. A comprehensive capacity-building program will be finalized soon with technical support from the UNDP/UNCHS Urban Management Programme, covering not only training but also the broader scope of human resource management, performance management, and organizational development.

Although little has been achieved in strengthening the capacity of the municipal government to date, the initial activities have brought to the attention of Phuket's stakeholders the need to address obstacles to more effective and efficient environmental management, such as

- antiquated national civil-service rules and regulations that govern the municipal government's personnel management and compensation system;
- lack of local autonomy, which constrains the municipal government's ability to expand its revenue base, access capital markets, or enter into BOT arrangements with the private sector; and
- unclear delineation of functions and responsibilities between the municipal, provincial, and national government in environmental planning, management, and regulation.

Key Elements of Success

The achievements of Phuket towards sustainable development may perhaps be small compared with those in other cities. However, we believe that these achievements represent major breakthroughs in several areas, including increased support and voluntary collaboration of all levels of government, the business community, NGOs, and local

communities toward environmental improvement, and effective use of resources in carrying out various environmental improvement activities. It is also important to note that most residents now have better and broader understanding of the principle of sustainable development, and a deeper appreciation for more effective urban environmental planning and management systems. These breakthroughs have been made possible by a shared vision of the future, a participatory and consultative process, an action-oriented long-term strategy, and a special focus on capacity building.