

# Best Practices in Urban Development in Selected Asian Countries

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## Abstract

*The population of Asian cities is growing at over 2.4 percent. By 2030 more than 1.1 billion people will be added to the population of Asian cities, placing enormous pressure on governments and public utilities to provide services, housing and infrastructure. Cities contribute to more than 80 percent of GDP in Asian countries; however, the economic role of cities is changing as the result of the impacts of globalization, national economic reforms and decentralization. This is creating pressure for Asian cities to improve their urban management practices and create better enabling environments to become more competitive. To do this, a two-pronged approach is required to strengthen the enabling environments. The first involves strengthening the national enabling environment through continued reforms and devolution of responsibilities to sub national regions and local governments. The second requires the strengthening of local enabling environments, especially the adoption of best practice approaches to urban management and development. This paper discusses some of the challenges facing the development of Asian cities and drawing upon research from 37 documented case studies in the recently published book *Urbanization and Sustainability in Asia; Good Practice Approaches in Urban and Region Development* outlines some best practice approaches used to manage these. The paper concludes with a description of some of the principal lessons gained from the best practice case studies and the importance of adopting best practice to ensure the sustainable development of Asian cities.*

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## Introduction

The contribution of cities to the development of Asian nations is very significant. More than 80% of the gross domestic product in Asian countries is produced in cities. However, the role and contribution made by cities to national economic development varies significantly within countries. Powerful economic and historic forces have converged to create a pattern of urban settlement in Asia resulting in large urban regions with strong manufacturing export based economies, and hundreds of secondary and lower order cities of under one million people whose economies are driven by population growth and consumption. Many of these cities are struggling to attract investment and to adjust to the combined impacts of globalization, structural reforms and decentralization.

The urbanization of Asian cities has created enormous challenges for governments in managing development. The United Nations forecasts Asia's population will grow 1.1% per year between 2000 and 2015, rising from 3.68 billion people to 4.35 billion. During the same period, urban population growth is expected to be 2.4% per year, increasing from 1.35 billion (36.7% of the total) in 2000 to 1.94 billion (47.7%) in 2015. Urban population is expected to reach 2.66 billion by 2030. Overall, urban growth is expected to be more than double the rate of population growth. The impact of this rate of urbanization is that many Asian cities will almost double in area in the next 25 years and most will experience growing congestion, environmental, social and urban development problems.

There are some alarmists who suggest that Asian cities are reaching an apocalyptic situation and will collapse under the weight of their development problems. While it is acknowledged that serious development problems exist in many Asian cities, the doomsday prognosis cannot be supported. Asian cities, like cities in many other parts of the world, have demonstrated a remarkable ability to respond to crises when livelihoods and the public wellbeing are threatened. Seoul, Hong Kong, Singapore and Bangkok are cities which have experienced serious development problems in their past, but have taken actions to make them better places to live, work and visit. Many European and North American industrial cities once considered places that were 'hell on earth' have rebounded to become highly desirable places to live for millions of people.

The challenge facing Asian cities today is managing the forces of development and decline that faced the old industrial cities of Europe 150 years ago. The factors causing the problems confronting the development of Asian cities today are similar to those experienced by the cities of the industrial revolution: rural/urban migration, lack of housing and basic urban services, pollution and poor urban governance. The only difference today is the scale of development problems in Asian cities is much greater and there is no safety valve for encouraging or forcing millions to migrate out of poverty to other countries. Unlike the early industrialised cities of the world, many Asian cities by comparison have great wealth, access to capital and resources, technologies and better educated societies. The inability to capitalize on the wealth base of Asian cities remains a significant impediment to their development.

The primary challenge facing the development of Asian cities is to introduce best practices to manage the processes of urbanization and development. Most Asian governments recognize the importance of this. However, institutional governance and finance systems are weak. Land and property markets are inefficient and undercapitalised; while cultural practices, poorly educated communities and skill shortages undermine the

development potential of cities to address problems of poverty, employment, housing, access, water and sanitation.

Some Asian countries have begun to improve their approach to the management of urban development by developing and adopting best practice ideas and approaches which have resulted in more sustainable forms of development. These may not be international best practice, but they are a significant improvement on practices which have traditionally prevailed in some countries. This paper describes different applications of best practice that some Asian cities and regions have adopted which have resulted in more sustainable forms of urban development which can be replicated within and between countries.

The paper commences with a brief discussion on some of the challenges facing, and important factors shaping, the development of urban regional economies in Asia. Many of these factors relate to changes imposed by globalization, structural reform and decentralization. A major concern is the way governments have responded to these challenges, especially the failure of planning to improve the delivery of infrastructure and environmental conditions in urban areas and to secure investment and new forms of economic development. Most urban development strategies are limited by sectoral concerns and lack a broader regional, multi-sector and environmental perspective to enable businesses to engage in trade and development. Other factors such as poor risk management and the poorness of strategic infrastructure are challenges facing the development of more sustainable cities in Asia.

The paper then moves to a discussion on best practices which are important to the achievement of sustainable development in urban and regional economies. Seven elements of best practices are described and how these have been applied in practice to a selected number of case studies in Asian countries. Common themes and lessons gained from more than 37 case studies of Asian cities are summarized. These are taken from the book *Urbanization and Sustainability in Asia; Good Practice Approaches in Urban Region Development* published by the ADB in December 2006 (Roberts & Kanaley 2006). The paper concludes by summarizing the main lessons gained from the case studies.

## ***The Urban Challenge***

There are many factors impacting upon the development and management of Asian cities. Some of these pose significant challenges to governments and business in being able to meet the demand for land, infrastructure, housing, services and resources. There is an extensive library of publications describing the problems facing the development of Asian cities; however there are relative few publications or case studies which offer solutions or examples demonstrating how cities can achieve more sustainable development outcomes. The following summarizes briefly some of the most significant challenges facing the management and development of Asian cities.

## **Impacts of Urbanization**

The most powerful factor changing the development of Asia is urbanization. Only 44% of Asia's population is urbanized but this figure will double by the end of this century. Asian populations are expected to grow at just over 1% for the foreseeable future; however, the population of urban areas is expected to increase by more than 2.4%. For some cities growth rates in excess of 4% can be expected. The implication of rapid

urbanization is that the population of Asian cities is expected to grow by 1.1 billion by 2030. For countries like China, this means an additional 300 million people will be added to the current urban population.

Urbanization in Asia is a multifaceted and complex process. The scale is striking: 44 million people are currently added to the population of urban areas every year, equivalent to 120,000 people each day. This creates a demand for more than 20,000 new dwellings, at least 250 km of new roads, the additional supply of more than 6 mega litres of potable water, the disposal of more than 150 tonnes of solid waste and an additional 650 KW of electricity. Few cities in Asia can be expected to meet the demands for urban services without significant improvements to urban management practices.

One of the most significant challenges for managing Asian cities is the decline in urban population density and housing density. These two factors will have a very significant impact on the cost of developing land and housing and managing Asian cities in the future. Angle et al (2005), estimate that global urban densities are declining at an annual rate of 1.7 %, suggesting total urban areas globally will increase from 200,000 km<sup>2</sup> to 600,000 km<sup>2</sup> by 2025. Asian urban densities are falling at a faster rate between 2% and 5% per annum depending on countries and the size of cities.

The continuing decline in urban population densities will create a demand for an additional 150,000 - 175,000 km<sup>2</sup> of land for urban purposes by 2030, if the trend in density reduction continues. The average population density of Asian cities is around 200 persons per hectare at present but may reach 100 pph by 2030 if trends prevail. (100 pph is the current urban density for Singapore). This potential doubling of the urban land area for Asian cities over the next 25 years poses very significant environmental, economic and social challenges, the most significant being the very large investment required in infrastructure and services. The unit length of infrastructure required to service new urban development area with falling densities may increase by 50% greatly adding to the cost of servicing and managing cities.

### **New Economic Geography of Cities**

Cities have become the primary generators of wealth creation in Asia. The contribution of urban centres to GDP in Asian countries ranges from 51% in the Lao PDR to over 99 percent of GDP in island countries like Singapore (Table 1). Many of the larger metropolitan regions have become major export manufacturing centres with large industrial enterprise zones manufacturing goods for multinational corporations. City per capita output ("city product") is generally much higher than the country's per capita gross national product. For example, the GDP of Bangkok is 3.4 times the average for Thailand. Jakarta's GDP per capita is 2.36 times the average for Indonesia. GDP for capital city regions in Indonesia and the Philippines can be six or more times greater than that for poor rural regions (Roberts, Brodjonegoro Mangahas 2005).

The patterns of economic development emerging in the mega cities of Asia are leading to a widening gaps in production, wealth and capital investment between metropolitan cities and provincial capital cities. Metropolitan regional economies have been able to generate a critical mass of investments and become magnets for the flow of domestic and international capital. Secondary and tertiary cities are finding it increasingly difficult to attract investment and development. Subsequently the growth of secondary and tertiary cities has become driven by population and consumption growth, leading to the absence

of exogenous manufacturing and higher valued added service industries. These cities are also heavily dependent on remittances to maintain their economies.

**Table 1: Urbanization and Economic Output**

Country	Urban Share GDP 2004	City	City	GNP Per Capita 1998	Ratio National /Urban GDP
			Product Per Capita 1998		
	(%)		(\$)	(\$)	
Bangladesh	79	Dhaka	500	255	1.96
Cambodia	64	Phnom Penh	699	260	2.69
India	78	Chennai	547	341	1.60
Indonesia	83	Jakarta	1,932	575	3.36
Lao PDR	51	Vientiane	340	320	1.06
Malaysia	90	Penang	4,237	3,093	1.37
Philippines	86	Cebu	1,277	1,050	1.22
Thailand	90	Bangkok	9,553	2,160	4.42
Viet Nam	78	Ho Chi Minh	898	310	2.90

GDP = gross domestic product; GNP = gross national product.

Source: United Nations Human Settlements Program and World Bank databases.

The implications of the emerging economic geographic pattern of development in Asian cities are a significant widening of distortions in urban land, labor, services and capital markets between cities within countries. The lack of planning has resulted in a spatial pattern of development which has become unbalanced, with highly speculative land business and residential developments - much of it servicing middle class communities - on the periphery of cities and along arterial or intercity road corridors. This pattern is most apparent in cities like Jakarta, Ho Chi Minh City, Bangkok and Manila (Goldblum & Wong 2000; Borlay et al 1997; Murakami et al 2005).

The failure to ensure basic minimum standards of services and integrated land use planning and housing development for urban areas is choking urban logistics systems, generating income ghettos and undermining the competitiveness and productivity of many districts in Asian cities. The ability of urban areas to continue to improve productivity at the sub-city level, therefore, is the key to enhancing economic performance, generating higher wages and incomes and improving living standards in Asian cities.

### **Regional Specialization and Agglomeration**

Since the early 1980s, city economies have continued to play a more dominant role in shaping the development of national and regional economies in Asia. Authors like Kenichi Ohmae (1996) argue that the nation state has been replaced by the city region state as the primary driver of national economic development. Part of the reason for this is the trend towards greater specialization and integration of global production systems in cities. Factors which have contributed to this phenomenon include: multinational corporation control of world trade, finance, communication and information dissemination; the deregulation and decentralization of national economies, the embracement of capitalism, open markets and free trade in many formerly controlled economies; and greater cultural, educational, knowledge and visitor exchanges and sharing between nations and cities.

The response to these change factors has been a progressive concentration, specialization and integration of production and capital in regions which offer competitive advantage to investors, buyers, and trans-national corporations (Korten 1996; Enright 2000). Cities like Singapore, Hong Kong, Shanghai and Tokyo dominate regional finance and transportation logistics. Other cities like Bangkok dominate the gem and jewelry industry, while Bangalore and Kuala Lumpur are global centers of IT research and development. The growing specialization of regions is leading to the emergence of powerful industry clusters, which comprise very large agglomerations of interdependent global industries and supplier networks (Busser & Sadoi 2003; Fan & Scott 2003).

### **Impact of Foreign Direct Investment**

The extent to which FDI affects the economic development and structure of cities is not well understood. While most FDI goes into manufacturing, the distribution of FDI at a sub-national (provincial/state) level to industry sector level, and how this impacts the economic structure of cities, is an area requiring further research. Most countries show major distortions in the pattern of direct foreign investment. In the period 1998-2003 more than half China's FDI went to just three provinces: Guangdong, Shandong and Jiangsu. In 2000, more than 90% of all FDI inflows into the Philippines went to the island of Luzon, of which 83% went to the National Capital Region (NCR) alone. In 2002, five Indian cities (Mumbai, Bangalore, Hyderabad, New Delhi, and Chennai) captured more than 50% of FDI.

The ability of some regions to attract foreign investment has resulted in a severely distorted pattern of urban and regional economic development throughout Asia. Urban dominated regions attracting high levels of foreign investment are experiencing the strongest economic growth. Regions which have not been successful in attracting foreign investment have become laggards and have had to rely on consumption and central government to stimulate local development. The distortions in regional foreign investment are driving high levels of inter and intra regional migration, compounding urban development and environmental problems and creating tensions between regions and provinces in many Asian countries. Under more open market conditions, governments are less able to direct foreign investment, leaving many urban regions in the position of falling further behind in development stakes. How to address these regional distortions is a major challenge for national governments.

### **Growing Importance of Competitiveness**

Globalization and reform policies designed to enhance national competition has forced Asian cities to become more competitive. Competitiveness is driven by the need for local/regional firms and governments to have the lowest possible transaction costs for the optimal structure of the economy now and in the near future. Transaction costs are affected by a number of factors, many of which are not directly related to economics. The efficiency of government systems, strategic infrastructure, stock, development and quality of human capital, community attitudes/culture and amenities are factors important to human development, which also relate to the economic competitiveness of cities. These factors are neither constant nor the same for all Asian cities. This makes the measurement of competitiveness of Asian cities very difficult.

Various studies have been conducted in Asian countries to measure competitiveness of regions and cities. There is a methodological problem in being able to compare the competitiveness of cities in Asia because of the variables used for collecting data between

countries. While international comparisons of competitiveness between cities in Asia are not possible, common elements of competitiveness are observed between the different studies. The study of the competitiveness of 23 Chinese cities (Dollar et al 2003) provided strong evidence of the importance of public investment in technical skills and R&D. Evidence from other Asian countries suggests investment in skills and technology is probably more critical to economic development than investment in infrastructure, although you cannot have one without the other.

One important element of competitiveness related to Asian cities is exposure to risk. Historically, national governments have been able to protect local economies from a wide range of economic and development risks through tariffs, regional development incentives and subsidies. The advent of globalization and national economic reforms has exposed urban economies to higher levels of exogenous risk, such as exchange rate movements, global commodity prices changes-especially for petroleum, competition in local markets from imports and takeovers or privatization of local businesses and government services. Few Asian cities understand how risks impact on the competitiveness of business, trade and investment. For many cities environmental and social risks have become a major concern leading to a loss of competitiveness. International investors are beginning to move to locations that have cleaner environments, good social infrastructure and transportation networks.

### **Strategic Infrastructure**

Perhaps the most challenging problem facing Asian cities is meeting the demand for urban infrastructure, to provide access to good quality, affordable and reliable services. The current demand for infrastructure and services far outstrips supply in most Asian cities; governments are investing far too little in infrastructure, and this is undermining economic growth, private sector development, and the achievement of social and poverty reduction goals.

There are numerous World Bank and Asian Development Bank (ADB) reports detailing the shortfall of Asia in infrastructure needed for services, such as road access, sanitation, water supply, solid waste management, electricity, and telecommunications. It is estimated by the World Bank that the infrastructure investment needed to keep up with projected growth in the developing world is equivalent to about 5.5% of developing countries' GDP annually and that the public sector in developing countries, which on average provides about 75% of all infrastructure investments in their countries, is spending only 2-4% of GDP on infrastructure investment (World Bank/IMF 2005)

However, it is not just the provision of hard infrastructure which is proving a challenge to the development of Asian cities. Cities are being driven increasingly by the demand for advanced knowledge and information services. Soft infrastructure such as higher education and research and facilities, IT services, logistics management, efficient decision-making systems of government and innovation and strong capital markets are elements of infrastructure needed to support the development and enhance the competitiveness of cities. Most Asian cities lack the elements of soft infrastructure needed to support the development of stronger economies.

The critical mix of hard and soft infrastructure in cities which is needed to make them competitive places for trade and investment referred to as strategic infrastructure. Strategic infrastructure is targeted at developing the export growth sectors of the economy such as manufacturing, tourism, business services or logistical services. Most

Asian cities have weak strategic infrastructure reducing their ability to compete for investment and development in areas of advanced level manufacturing and knowledge-based industries which add greater value to local economies.

## **Changes in the Economic Structure under Decentralization**

Decentralization has become the catalyst for renewed interest in regional development in Asia. It has also taken different forms. There are three basic forms of decentralization: deconcentration (e.g. physically shifting functions within the central government out of headquarters to regions); delegation (e.g. transferring some responsibilities to another tier of government or agency to administer on behalf of central government); and devolution (e.g. transferring full responsibilities to sub national governments and agencies). Many countries in Asia have applied all three forms in implementing policies for decentralization.

The level of decentralization in Asian countries varies significantly, but the fiscal revenue sharing arrangements (discussed later) are a good indication of progress in decentralization. Cross-country comparison studies on the impact of decentralization on regional economic development are difficult to undertake since some countries are further advanced in the process than others and the structure and function of the levels of government tend to be quite different. A major problem for some Asian countries, notably Philippines and Indonesia is that decentralization is leading to greater fragmentation of government, with new provinces and cities being created. This has resulted in the reduction in the allocation of central government grant funds in these cities, greatly reducing funds available to support development.

## **Planning and Implementation**

Most Asian countries have planning laws which have been enacted to guide and manage development and environmental problems. Most cities have detailed land use plans; however few have been able to successfully implement these. The failure of governments to implement land-use plans remains one of the greatest problems of public administration in Asia. It is the principal cause of most of the urban environmental, traffic, housing and health problems experienced in cities.

Plan implementation has failed for many reasons: lack of institutional capacity, resources and information needed to manage development, inappropriate standards, and an unwillingness to enforce development conditions and manage illegal settlements. Corruption, the lack of a planning culture in city building and management and uncertainty over land rights and markets remain the biggest challenges for planning. Most development in Asian cities is undertaken without a permit, using substandard materials and without proper consideration given to site layout and the provision of services.

Most city plans or master plans are prepared with a focus on physical development. However, the failure to consider the economic, financial and social needs to implement master plans means few of these are ever implemented. What is intended to ensure a well planned physical environment ends up with sporadic concentrations of poorly serviced middle and upper income housing and industrial development and vast areas of informal settlement adversely occupying public and private lands and areas intended for public open space or environmental protection, for example flood ways and tidal coastal foreshores.

The challenge for local governments in Asia is to introduce strategic planning which is much less concerned with physical layout details, but with market demands and long term provisions of infrastructure and services. The relationship between urban planning, budgeting and financing is very weak. Subsequently projects are stopped or half completed while agencies wait for annual budgets to be announced to see if they have funds to complete projects. This creates uncertainty in the planning systems, results in massive cost overruns on most public sector projects and cutting corners, compromising safety and quality of public buildings and assets.

### ***Best Practice: A tool for overcoming some of these Challenges***

To address the problems caused by urbanization in Asian countries will require a two pronged approach at national and local government level to building strong enabling environments which will enable the private sector to play a stronger role in contributing to national and local development. At the national level, reforms, incentives, standards and the devolution of many responsibilities and revenue collection to local government are essential if Asian cities are to become more empowered and provide the leadership necessary to ensure future urban development is sustainable. Better national policies and standards are also required to ensure the benefits and results of urban development are spread more equitably within countries.

However, actions are needed at the local government level to strengthen the enabling environment through improved urban management and development practices. A more competitive environment is necessary to ensure that local governments become focused on priorities and make the best use of limited resources to create opportunities for investment and development. The lack of understanding by local governments and businesses of the need to become more competitive results in inefficiencies in public agencies, resistance to change and corruption practices being the norm, rather than the exception for most local governments in Asia.

The lack of skills and capacity of local governments to support rapid urbanization requires a change of thinking away from master planning, big project and program ideas which continue to fail in meeting development targets to a much more strategic, incremental and grass roots approach to addressing urban problems. This might best be achieved by the introduction of improved management approaches to urban development based on best or good practice.

Best practice is a term used widely to describe practices that result in change or improvements to production, resource usage, governance and use of new technology. The term is applied widely to many activities involving the production of goods and services for human use or consumption. Good or best practice has become synonymous with sustainable development.

Whenever the subjects of sustainable development and best practice are discussed there are inevitable problems of definition. Despite an enormous literature on the subject of sustainable development, there is no satisfactory definition or model for achieving it. Best practice evolved in commercial environments with narrow definitions of what 'best' may stand for. The nature of regional economic performance with its multiple stakeholders and complex issues means that it is unlikely that a strict blueprint for 'best

practice' can be identified. An important question for identifying and recommending 'best practice' is to consider for whom the practice is best.

A general definition for best practice developed by the United Nations<sup>2</sup> is:

*Planning and/or operational practices that have proven successful in particular circumstances. Best practices are used to demonstrate what works and what does not and to accumulate and apply knowledge about how and why they work in different situations and contexts.*

This definition adequately covers key attributes of best practice, but it has been left to international development agencies, governments, academic and other institutions to document case studies of best practice regional development. There is currently no set of best practices which could provide the basis of a model for sustainable regional development. There are databases such as the Habitat Database of Best Practice<sup>3</sup>; Better e-Europe practices<sup>4</sup>, MOST<sup>5</sup> and EPA Gateway to International Best Practices & Innovations<sup>6</sup> which have many good examples of best practice. However, what is considered best practice generally may not be applicable or useful for all countries and regions.

Developing applications of best practice for sustainable urban economic development is difficult. The achievement of high economic growth rates, has occurred in many regions of coastal China, but this has come at significant environmental and social cost. In suggesting best practice for sustainable urban development, there is a need to consider the economic, environmental, governance, technology and social dimensions of best practice, i.e. does the practice contribute to achieving balanced triple bottom line accounting outcomes (Elkington 1997), or what impact does best practice have on the ecological footprint of cities (Rees & Wackernagel 1994).

The problem with best practice is that we are often not aware of the consequences or impacts these may have over time. This does not suggest we should not use best practices as a tool for sustainable urban development. At present, best practices are the best tools we have to promote improvements to environments, enhance competitiveness and ensure sustainable development outcomes. We must learn how to apply best practices prudently, recognizing that cultural, social, environmental and economic conditions and sensitivities vary significantly between regions. In studying regional development best practices it is useful to have a framework which puts these conditions in groups or sets to enable simple comparisons between types of practices and their application by countries and regions. The following outlines a framework for analyzing best practice regional development.

### **An Analysis of Best Practice Urban Development Case Studies of Asian Cities**

Identifying methods which enable us to categorize and measure the value of best practices related to urban development presents methodological difficulties. How should best practices be classified and measured especially when many of the outcomes, eg

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<sup>2</sup> UNDP Glossary Best Practice: <http://www.undp.org/eo/ADR/glossary.htm>

<sup>3</sup> Habitat Best practices Database: <http://www.bestpractices.org/>

<sup>4</sup> Regional development in the Europe knowledge society: <http://www.beepregional.org/>

<sup>5</sup> MOST Clearing House, Best Practices: <http://www.unesco.org/most/bpsites.htm>

<sup>6</sup> EPA Gateway: <http://www.epa.gov/innovation/international/urban.htm#databases>

social, that result from best practices are not easily quantified? There are no established techniques to classify urban development best practices. Best practice is something that will be related to governance, cultural, technological and economic level of development factors.

For convenience and analysis, this paper categorizes urban development best practices under seven broad headings or categories: good governance; urban management; infrastructure and services provision; finance and cost recovery; social and environmental sustainability; innovation and change, and leveraging Official Development Assistance (ODA). These categories do not capture all elements or attributes of best practice, but they provide a useful framework for grouping or categorizing common themes of best practices related to urban development and enables some comparative qualitative and quantitative analysis to be conducted on best practice between countries.

Using the seven broad categories of best practice described, a team of researchers from Asian countries lead by author based at the University of Canberra, Centre for Developing Cities, undertook a project to identify and document examples of best practice sustainable urban development in Asian cities and urban regions. These were published in the book *Urbanization and Sustainability in Asia* book cited earlier. The case studies in the book demonstrate a wide range of best practices projects and programs which demonstrate the achievement of sustainable urban development.

The case studies show how complex, diverse and difficult the problems facing Asian cities are in trying to achieve more sustainable urban development outcomes. They show that arriving at best practice is very much an art and less a science. Best practice sustainable development is something that involves significant trial and error; the testing of new ideas; a commitment to learning and a willingness to innovate, adapt and accept risks. The case studies show there are no best practice formulas. Best practice is something that involves constant attention to learning.

Many of the case studies presented in the book might not be considered best practice when considered from a developed world perspective. It is important to recognize, however, that most Asian countries do not have the capacity, capabilities or a level of development to apply global best practice. In some cases global examples of best practice are totally inappropriate. The case studies presented in the chapters offer a good representation of the current state of development in approaches to best practice sustainable urban development in Asian countries. There are, of course, many other examples of best practice sustainable urban development to be found in the Asian cities, some of which can be found on various websites referred to in chapters and in the reference section.

Endeavouring to summarize the lessons learned from the case studies was difficult. There are many attributes of best practice that have been identified. The approach taken, therefore, was to categorize best practices under the seven broad headings outlined above.

### ***Lessons Learned from the Case Studies***

The following summarizes the lessons demonstrated by the case studies using the seven categories listed above. In many cases there are strong inter-relations between the categories of best practice cited.

## **Good Governance**

Good governance is a term widely used in promoting sustainability. Good governance includes the need for strong leadership, transparency, accountability, delegation, vision, trust-building, open learning and community engagement. Most of the 37 case studies demonstrate attributes of good governance. The role and importance of leadership is prevalent in the case studies of the Chittagong Service Delivery and Resource Mobilization Project in Bangladesh, the Issue of Municipal Bonds by the Amedabad Municipal Corporation in India, Naga Metropolitan Development Council in the Philippines; Muanag Klaeng Pra Sae River rehabilitation project in Thailand and the Tarakan balanced approach to urban development in East Kalimantan, Indonesia. Without strong political and community leadership, none of these projects and activities would have achieved the results they have.

The importance of transparency and accountability is prevalent in the Andra Pradesh Reform of Property Taxation, India, and the Sleman Performance Based Budgeting and Urban Management case study for Indonesia. Sleman set a precedent for performance-based budgeting which has been adopted in other parts of the country. Transparency and accountability continues to be a major constraint to the implementation of good governance in many Asian countries. Nepotism, collusion and corruption are endemic in many national and local governments and are an anathema to the practices of transparency and accountability which threaten rent seeking by public officials and business. Changing the culture to more open governance is very difficult and will take time.

The importance of devolution in achieving better governance is shown in the Battambang Decentralization program in Cambodia; Dehiwala Mount Lavinia municipality community solid waste management program, Sri Lanka, and the Laung Prabang conservation and heritage project in the Lao People's Democratic Republic. Both the Lao PDR and Cambodia are countries transiting from centrally planned economies to more socialist market economies, where devolution involves a complete change of institutional culture. These case studies provide good examples of the difficulties facing some Asian countries in transiting from central planned or socialist economies to more market orientated economies. Decentralization and deconcentration are important to developing strong local government which is capable of operating under competitive and open market conditions.

The importance of networks is shown in the Iloilo Metropolitan Development Council initiative in the Philippines; The Development of Shenzen in China and the Sleman Shared Waste Management Project, Yogyakarta, Indonesia. Community engagement was important to the success of the Phu Thuong Ward flower growing district rehabilitation project in Hanoi and the Jembrana Community Development Project, Bali. This project has led to the improvement of health and education services. Building networks takes time. It is a learning process, involving the development of trust, information sharing and cooperation between individuals, business and public institutions. The advantage of strong networks has been a key factor in the success of the case studies cited above as they helped to leverage resources, improve the sharing of information and foster opportunities for collaborative advantage.

## Urban Management

Urban management is a discipline focused on the development of efficient and sustainable cities. Urban management is multi-sector and involves multi-discipline engagement in activities related to planning and administration, finance, development, operations and maintenance of cities. It also involves creating enabling mechanisms to facilitate engagement between government, business and communities in the formulation of policy, strategy, development and investment to build and maintain better cities.

Improved urban management in Asian cities is essential to overcome many issues facing the sustainable development of Asian cities including: the provision of land, infrastructure and community services, logistics, communications and environmental problems. Most local governments recognize the importance of urban management, which will not be achieved without institutional reform, a focus on capacity building and a commitment to city building. The latter has been a major weakness in the development of Asian cities.

The commitment to regional integrated metropolitan planning has had a significant bearing on the successful development of Shenzhen, in southern China. While mistakes have occurred in the development of Shenzhen, the approach taken demonstrates the need for governments to take a more regional approach to the planning of Chinese and other Asian cities. The underpinning of the success of Metropolitan Naga Development Council in the Philippines, Cyberjaya in Malaysia, and Singapore has been the strong commitment to integrated strategic planning in building a regional framework which has helped to develop very liveable and functional cities. The failure of metropolitan planning in many Asian cities is due to the lack of an urban management framework and institutional arrangements which has responsibility for city-wide planning, strategic infrastructure and community service provision (Laquian 2005).

The importance of spatial planning is emphasized in the Battambang Decentralization and Development Program, Cambodia; Nam Dinh Urban Upgrading Project in Vietnam and the Petaling Jaya Agenda 21 environmental management programs in Malaysia. These case studies provide evidence of a change in planning culture in moving a way from old master plan ideas, which were deterministic; to strategic plans which are more responsive to change and market forces. Unfortunately, the commitment to operationalizing strategic planning in Asian cities, as noted by several authors, is still weak. Learning how to develop and implement integrated strategic plans is a significant challenge for local governments in Asia -especially when associated with a culture in public institutions that is not comfortable sharing information and the operation of market economies.

Critical to the success of urban management is the role facilitating economic activity - particularly foreign investment. The Lioadong Peninsular Revitalization and Nanjing Inner-City Redevelopment projects provide good examples of how governments play a strategic or catalytic role in redevelopment leading to the revitalization of city economies. The case studies of Kraties, Cambodia; Savannakhet, Lao PDR and Cyberjaya, Malaysia, are examples of attempts by government to stimulate the development of growth poles as a means of diversifying the economic base of regions. Cyberjaya has been successful in attracting significant IT business investment, but has involved substantial Malaysian

Government support. Bangalore, India, is an example of a business-led investment

growth pole; however, it provides a lesson also on the failure of government to plan and manage infrastructure in advance of development.

The success of the growth pole initiatives in Laos and Cambodia has yet to be realized. Critical to their success will be the development of partnerships between business and government. The lesson learned from the development of successful growth poles such as the Jahor Baru, Singapore, Batam growth triangle, Seoul and Yokohama and Hongkong/Shenzhen growth regions is the need to provide strategic infrastructure that provides a catalyst for national and private sector investment.

The importance of good public transport and efficient logistics systems to sustainable transport is demonstrated in the Singapore and Shenzhen case studies. Logistics management is critical to supporting the competitiveness of cities. The failure to develop good public transport systems in cities like Ho Chi Minh City, Manila and Jakarta has created enormous congestion and pollution problems. The failure to designate and protect future transport corridors from development will require substantial capital investment to improve public transport and logistics infrastructure. Singapore provides a very important example of logistics management, especially inter-modal transport systems for the transfer of people and goods within cities and neighbouring countries.

Maintenance of infrastructure and other built assets is critical to the sustainability of cities. Unfortunately, maintenance is often given low priority in the management of Asian cities. Infrastructure is left to run down and depreciate, which led to a decline in competitiveness and the efficiency of urban systems. The case studies which demonstrate maintenance best practice are Singapore, Shenzhen and Nanjing, although the latter still has a long way to go. Hong Kong and many North Asian cities in Korea and Japan provide good examples of maintenance best practices which could be applied easily in Asian cities.

Monitoring and evaluation (M&E) is importance to the management of cities. M&E is used to determine the success and progress of policies, strategies and programs for development and the state of the built and natural environments. M&E also provides an important tool for monitoring the sustainability of development in cities, as well as providing important information for decision-making by the public and private sectors on investment, maintenance, security and public safety. Monitoring and evaluation systems in Asian cities generally are very poor.

Few case studies raised the importance of M&E. For local governments adopting performance-based budgeting and management, the development of M&E indicators to measure and benchmark the competitiveness of urban economies is important. Sleman, Yogyakarta, with its approach to asset appraisal and evaluation, and Ahmedabad India to taxation, are good examples of cities taking positive steps to improve monitoring and evaluation of public infrastructure and services. However, M&E is a best practice neglected by local government in Asian countries. Adopting better M&E systems is essential to benchmark the performance of Asian cities in achieving sustainable development targets and outcomes.

## **Infrastructure and Services**

Reducing the backlog of demand for infrastructure is a significant challenge to the development of sustainable cities in Asia. Without substantial investment in public transport systems, improved water supply, waste management and flood mitigation

works, many Asian cities will struggle with serious environmental problems for many years to come. It is not only the backlog of hard infrastructure that is creating problems for development. Soft infrastructure involving the provision of community services, research and development of knowledge and information systems and improved security presents significant challenges for local governments in Asia.

Despite these problems, there are promising approaches to best practice involving initiatives which are attempting to address transportation, water supply, waste management, flood management and other urban infrastructure needs in a sustainable way. The importance of integrated transportation systems servicing the local and national economies is illustrated in the case study of Singapore. Singapore is a global inter-modal transportation hub. However, the approach taken to plan and develop its localized transportation system provides a model for other Asian cities. While few cities in Asia have the capacity and resources to develop a transportation system the standard of Singapore and Hong Kong, the approach taken to protecting corridors and road pricing for private use of motor vehicles is world best practice.

The role of strategic infrastructure in support economic development is shown in the Shenzhen, case study. Shenzhen has been very successful in attracting FDI but it is also developed into major hub and logistics centre for Guangdong Province. Similarly the Mekong Bridge at Savannakhet, Lao will be of strategic importance to the development of this region. However, careful planning will be required to ensure that the development which follows at Savannakhet is well planned and managed if the problems that occurred around Vientiane as a cross point across the Mekong are to be avoided.

Two case studies, Phnom Penh, Cambodia, and Faisalabad, Pakistan, indicate the important role of public/private sector partnerships in the provision of urban water supply. With local governments hard pressed to secure funds, public/private sector partnerships and privatization arrangements offer advantages to cash strapped local governments in providing basic water supply services to urban settlements. Provision of water remains one of the greatest challenges in smaller Asian cities, where there is not the wealth created by larger industries or a high middle income group to make privatization viable.

Four case studies outline a range of approaches to community-based solid waste management. These are Dehiwala Mount Lavinia municipality in Sri Lanka, solid waste management in Lahore, Pakistan and the Songkha and Phicit Municipalities Waste Management Project in Thailand. The Phicit Municipality saving paper and fertiliser pellets demonstrate applications of industrial ecology in utilizing waste as a resource to produce new products for commercial or agriculture benefit. The Lahore Waste Buster project has achieved several international awards but also illustrates the difficulties local governments have in making affordable solid waste management services available to low income communities.

Flooding remains an intractable problem for most of the low-lying cities of Asia. Poor maintenance of drainage channels results in reduced hydraulic efficiency and often highly polluted waterways, creating unhygienic conditions for people living near stagnant waterways and canals. The Nhieu Loc-Thi Nghe project in Ho Chi Minh City, illustrates very clearly the magnitude of problems facing urban waterways and the huge costs required to clean them up. This case study indicates the importance of well integrated and consultative approaches to project design and implementation. The Putra Jaya case study, Malaysia, illustrates the benefits of creating artificial lake systems as a means of

controlling storm water run-off and managing pollution. A similar approach was taken to addressing flood problems in other cities of the world, notably Curitiba in Brazil.

The provision of housing is an intractable problem in Asia. The major cause of the housing problem is linked to uncertainty with land tenure systems; lack of housing credit and affordability issues. Singapore offers a world best practice approach to housing; however, this model is not easily replicated in other parts of Asia. Shenzhen demonstrates the importance of a well-planned approach to housing in China; even so housing still remains a major problem in all Chinese cities. Unfortunately, there are a few examples of best practice approaches to housing delivery in Asia which demonstrate sustainability. Even in countries like Japan, the quality of housing for many remains poor. Until there are significant changes and improvements to land administration and management systems, housing will remain a very significant challenge to the development of Asian cities.

### **Financing and Cost Recovery**

The case studies provide several illustrations of best practice approaches in revenue collection and financial management of local government. Overall, local government financial management in Asia is weak, with many local governments failing to collect local taxes and other charges and relying heavily on grants from central government in order to provide basic services. Decentralisation has given local governments greater administrative responsibility and provision to improve revenue collection. However, responsibilities for financial arrangements under decentralisation in many cases remain unclear and provide little incentives to local government to improve financial and revenue collection performance.

Several case studies provide examples of best practice approaches to urban financial management. Sleman, in Indonesia, provides an excellent example of a best practice local government introducing performance-based budgeting and sound financial management. This municipality provides a benchmark for sound financial management for local governments in Indonesia. The Amedabad and Andra Pradesh case studies from India illustrate the need for improved financial management in order to establish credit ratings for these cities. Credit rating of local governments is a best practice being adopted in many developed countries. In Asian countries it is a relatively new concept, but essential to improving the overall financial management of local government.

The ability to raise capital for major projects in Asia is a significant problem. However, local governments in most Asian countries own substantial public assets such as infrastructure, land and housing can be used as collateral to raise funds for public works projects. The Nhieu Loc-Hie Nghe canal rehabilitation project in Ho Chi Minh City is an excellent case study demonstrating the sale of public housing to raise capital from major infrastructure improvement works to the city's canal and waste water management system. The sale of public housing provides the working capital to start the project and attract investment from the World Bank for ongoing stages of the canal rehabilitation and waste water management project.

Micro financing is vital to encourage the development of small business enterprises and home building in cities. The Grameen Bank founded in Bangladesh has been very successful in developing a model for micro finance for rural communities. Grameen Bank models now operate in many countries. The Shakli Foundation case study in Pakistan is an example of a best practice micro finance model which meets the needs of

urban dwellers. The foundation banking network now operates in several cities of the country. Similar micro financing initiatives can be found in other developing countries of Asia.

Several the case studies provide illustration of cost recovery methods, especially in dealing with the urban poor. The Phnom Penh planning project involving 50-50 infrastructure contribution between local government and the community shows the willingness of poor communities to invest in improvements to urban services. Most cities in Asia continue to subsidise the cost of providing key trunk infrastructure and headworks, a practice that is not affordable or sustainable.

Cost recovery and affordability remain a significant problem for the provision of infrastructure in Asian cities. The case studies demonstrate that where there are high levels of engagement and a clear understanding of benefits by communities from the provision of infrastructure, there is a willingness to pay. The major problem with the financing of infrastructure, however, is not with cost recovery mechanisms but with the lack of enabling mechanisms for local governments to gain access to capital in order to provide essential infrastructure to urban areas. The borrowing limits set by governments relate to grant allocations, and do not encourage local governments to become better financial managers and improve revenue flows from the existing tax base or other means.

### **Social and Environmental Sustainability**

Best practice in urban development social sustainability involves the application of policies and programs designed to enhance engagement, social justice, civil society, safety, knowledge and education, health and livability. Social sustainability also includes programs of activities designed to reduce poverty and discrimination. Best practice in urban environmental sustainability relates to activities designed to improve, restore and maintain quality of natural environments through improved air and water quality and reduction of natural hazards. Most of the case studies include elements of best practice that support social and environmental sustainability.

Several best practices described in the case studies have resulted in substantial improvements in environmental health and community well-being. The Chittagong health service program demonstrates the importance of adopting a preventative and integrated approach to health care management which is pro-poor. The Jembrana community development program, Bali, was successful in reducing the costs and delivery of drugs leading to significant cost savings and improvement in health care services. Both these case studies showed the advantages of undertaking audits as part of the process of developing health care delivery programs. The use of audits of health systems enables the identification of deficiencies in the delivery of health care services and provision of infrastructure.

Community education played a key role in the Chittagong Health service program and the Dehiwala Mount Lavinia low income settlement mosquito eradication program in Sri Lanka. Other case studies eg Petaling Jaya Agenda 21 program Malaysia, and Tarakan balanced development program, demonstrate the importance adopting of integrated approaches involving community engagement for environmental management, healthcare and educational development. Important lessons can be learned from the above case studies about the design of community education programs. Community education must be designed to engage with the poorest of the poor, involve oral and written communication of information about personal health and sanitation (recognizing

that a significant proportion of low income communities are illiterate) and link these to localized employment creation programs. The latter is important in providing incentives for the very poor to participate.

Several case studies provide good examples of best practice environmental management. The Liaodong Peninsular revitalizing rustbelt industries have resulted in substantial improvements to environmental pollution in cities like Shenyang. The Muang Klaeng case study of the Pra Sae River and the Tarakan 'Strategy for Balanced Development', East Kalimantan demonstrate the importance environmental banking that resulted in the rehabilitation of rivers and foreshores for recreation, reduced water pollution and replenished fish stocks. The Putrajaya lake restoration project, south of Kuala Lumpur is a best practice example involving the reconstruction of urban wetlands which have resulted in substantial improvements to water-quality and recreation space.

### **Innovation and Change**

Innovation and change are important to the sustainability of urban systems. Urban systems are continually undergoing change by external and internal forces. Subsequently, to manage risk and maintain competitiveness, there is a need for cities to change approaches to management, urban design and technology.

Innovation and inventiveness is critical to maintaining the competitiveness of urban economies. Innovation helps to solve difficult development issues and to address social and environmental problems. There are many the case studies in Asia which provide good examples of innovation in approaches to urban development. Many of include applications of new technologies. Asian cities tend to be very open to new technologies, but are less innovative when it comes to institutional reforms and approach to change management.

The Battambang decentralization case study, Cambodia, introduces one approach to change management through the 'One Window Service' policy. This is part of a national program to improve coordination and delivery of services in local government. Such a policy has been difficult to implement because of the culture of a central planning system and the huge loss of human capital the country experienced during the Khmer Rouge regime. The one window service is helping to break down institutional barriers which are important to improving transparency and cross-agency flows of information which are needed to support integrated planning and improve monitoring and evaluation of service delivery.

The Amedabad policy to outsource payment of city taxes to the banking system has generated significant improvements to revenue collection for the city. The policy has improved cash deposits with the banks, which are permitted to hold property tax revenues and use them for a limited period. This has enabled the banks to increase their levels of borrowing to support local investment.

The dispute mechanism established in Faisalabad introduces a best practice for improving community engagement to improve sanitation and water supply. The practice was viewed by the community as equitable and important to maintaining trust. Many community engagement processes fail because there is not an independent arbitration system to enable differences that may occur between government and community to be resolved amicably.

The Pichit Municipality saving waste paper project introduces an innovative approach to engaging public agencies in utilizing waste materials which, at the same time, is helping to supplement low salaries paid to government staff. Such an approach has reduced the pressure for public officials to become involved in rent seeking activities, and offers an alternative legitimate and transparent means of earning a living.

The use of lottery funds to pay real wages to the police in Bacolod for one of the Philippines case studies is very innovative. It has reduced corruption within the local police force and improved public safety. It is a practice that could be replicated in many other cities. Similarly, the Paak Tang Community Waste Bank in Phichit, Thailand, has proved innovative in creating bank which provides credit and incentives for the collection and recycling of waste.

Cyberjaya was a development initiative undertaken by the Malaysian government to help diversify the economic base of the nation's capital and transform the country into a high tech/service orientated economy. It has been criticised because of the demand side approach taken by government to develop an IT industry in Malaysia, but has been moderately successful. Cyberjaya has developed as an IT industry cluster and has provided the catalyst for nurturing a range of new technology industries. Singapore embarked upon similar initiatives to make the island state the knowledge and information centre of Asia. Bangalore, India, which was not selected as a case study, is recognized as a global centre of innovation for IT; however its development was driven more by the private sector through expatriate Indian investment. The more advanced economies of Asia recognized the importance of investing in new technology and information based economies. With the exception of Korea and Japan, it is mainly the English-speaking countries of Asia that have been most successful in diversifying into knowledge-based industries by development technopoles and growth centres.

There are many examples of best practice technology innovation to be found in approaches used to manage Asian cities. Many cities are using GIS and other technology for managing traffic, monitoring pollution and environmental management. However, innovation in administration and financial management institutions is weak and presents challenges to the reform of local governments in the lesser developed countries of Asia. Many attempts to reform local government under decentralization have failed. Identifying and introducing best practices involving change management remains a stumbling block to developing more sustainable governance and institutional systems in Asia cities.

### **ODA leveraging**

Official Development Assistance (ODA) involving international development agencies, United Nations and the international development banks plays an important role in sustaining the development of many Asian countries. NGOs have also played an important role in supporting many projects. Without this assistance, many countries in the region would lag further behind in their development than they do at present. Many of the best practices outlined in the project case studies presented have been supported by ODA and other international development assistance. Without these funds few of the projects would have proceeded.

Several projects, such as the provision of infrastructure in Phnom Penh, Cambodia; Luang Prabang Conservation Project, Lao PDR; Sleman Budgeting and Urban Management project, Indonesia and the Naga Metropolitan Development Council

project, Philippines, have been very successful in leveraging further international development assistance and follow-on institutional investment. A review of other ODA-assisted projects in the region involving similar projects described in the case study, indicate that follow-on investment has not been so forthcoming. The success of continued ODA leveraging is dependent on several factors: continuation of strong local leadership, a commitment to planning and plan implementation, creation of an enabling environment which provides investor confidence, an engaged community and good governance.

A common factor emerging from ODA assisted case study projects is the flexibility in project designs and the benefits of putting in place integrated project management frameworks for implementation – especially for projects involving multi sector activities. Most international Agencies and some NGOs tend to steer away from multi-sector/integrated projects as these are more difficult to manage and generally have higher risk associated with them. Ironically, such projects have been shown in several case studies to generate better development outcomes than those which are confined to a narrow set of project activities. Much of the success of the more integrated projects has to do with the quality and autonomy of local project management. Critical to the success of projects is the ability to build networks quickly which enables the leveraging of local resources and connection to external sources of information and assistance. Naga City has been very successful in tapping into international development assistance support to fund ongoing programmes for institutional capacity building.

### ***Applying the Lessons of Asian City Good Practice***

The case studies of best practices provide valuable lessons and examples of ways Asian Cities can achieve more sustainable forms of urban development. The principal lessons from the case studies are:

**Leadership** was fundamental to the success of the best practice projects studied. It is doubtful if many of the projects and programs would have succeeded without strong leadership. The case studies show different styles of leadership are needed to implement urban development projects and programs. Political leadership and commitment to change is important; however academic, technology, business, religious, community, NGO and institutional leadership play a key role in project implementation. Leadership is part of the trust building process which is vital to creating confidence in beneficiary groups, especially when change and/or new ideas are to be introduced. Several case studies demonstrated clearly that trust building was achieved through open engagement with community and business organizations; fostering and mentoring local networks and establishing an open monitoring and evaluation system for measuring performance of project or program activities. Establishing an agreed vision, outputs and outcomes for projects or programs is best practice as it establishes a framework for identifying the different types and roles of leadership and responsibility necessary to support the execution of projects during different stages of implementation.

**Creating strong enabling environments** contributes to the improved efficiency and effectiveness of public administration and financial systems, and is critical to the success of achieving sustainable urban development outcomes. The application of best practice to improve financial management – especially asset appraisal and evaluation, performance-based budgeting, credit ratings of public institutions and streamlining of regulation and revenue collection systems – are important to strengthening the capacity

of enabling environments and enhancing the competitiveness and performance of public institutions. This is especially important for local governments. The focus of local governments must be on creating enabling environments that encourage private or joint venture investment in new projects and services that create catalysts for future development.

**Human capital development** underpins the success of many projects and programmes described in the case studies. Most local governments in Asia (especially those outside the larger urban centres) lack the necessary skills, competencies and technologies to create and manage efficient public institutions. In some countries, like Indonesia and the Philippines, there is a huge loss of intellectual capital caused by the migration of skilled people from the country. (The Philippines has more than 11% of its Philippine born population living overseas.) While many of these continue to contribute to the development of the country through remittances and expatriate business development, these countries are losing their critical mass of human capital needed to support their development. The implication of free trade in the region by 2020 will create open markets for human capital movement, leading to significant flows of human capital from less competitive to more competitive economies. Several case studies have recognised the importance of a long term commitment to human capital development especially in areas of IT, leadership, planning, negotiating, marketing and English language skills in responding to the impact of globalization and the need to develop more open and competitive economies.

**Improved financial management** is vital to increase government fiscal management, access to development capital and ensure better performance of public assets. Most public assets in Asian cities are under performing. The case study of Sleman, Indonesia, which has completed an appraisal and valuation of its public assets, is at the point where it could request the local government be given an international credit rating. Asian cities must establish better financial management systems and credit ratings. Credit ratings provide an important means for cities to measure their competitiveness and risk. Credit ratings enable more credit worthy cities to gain access to development capital at lower interest rates and on more favourable terms and conditions; improved long-term financing and budgeting, and leveraging of public assets under PPP and other delivery mechanism arrangements. To improve urban financial management to generate funds to upgrade existing urban infrastructure and services, local governments must: introduce asset based accounting and performance based budgeting; document the tenureship of land, building and intellectual property for tax purposes; increase the level of local tax collection; utilize public assets as collateral raising debt capital or investment in public private sector projects, and improve the performance of public assets and municipal services through franchising management. These are important measures all Cities in Asia must undertake to improve their financial management performance.

**Strategic infrastructure** is important to fostering the development of competitive and liveable cities. Strategic infrastructure involves both hard and soft infrastructure which enhance the economic multiplier effects in a local economy which have the strongest influence on growth. In many cities this will be the export sectors. Singapore and Hong Kong are cities that have focused on the development of strategic infrastructure in the transport, logistics, and finance and business services sectors. Shenzhen and Kuala Lumpur are also examples of a best practice cities which have focused on the developing the strength of their utilities, logistics and land development sectors in support of export manufacturing. The development of strategic infrastructure must be linked to good strategic planning. Most Asian cities are falling behind in the provision of strategic

infrastructure because of weakness in physical and financial planning. Best practice provision of strategic infrastructure for the development of cities requires close attention to the relationship between policy, planning, budgeting and finance. This relationship remains weak for most cities in Asia.

**Creating efficient land and property markets** is essential to enhanced economic performance and development of cities. Most cities in Asia remain grossly undercapitalised due to the inability to capitalise on built assets as the result of uncertainty of tenure or poor asset inventories. Governments must give attention to improving land administration and management if capital and property markets are to develop in Asia. Without clarity of title and land-use rights, the operation of land markets will remain inefficient and uncertain. The uncertainty in land markets leads to property speculation, the leapfrogging of development and poor planning and delivery of infrastructure services. Well managed land markets are a primary factor contributing to the success of urban development in northeast Asia, Hong Kong, Malaysia and Singapore. Recent improvements to the Thai land administration and management system have contributed significantly to stabilizing property markets in Bangkok, following the 1997 Asian financial crisis. Until Asian countries and cities improve their land administration and management systems, the ability to use land as collateral will remain constrained, greatly inhibiting the ability of financial markets to create desperately need local capital for investment in new industries, housing and infrastructure. For many countries, the ability to capitalize on land would greatly reduce the need to seek foreign investment to support development. It would also improve revenue collection for land and related property taxes and charges.

## **Conclusion**

This paper has outlined briefly some of the challenges facing the development of Asian cities. The focus of the paper, however, has been on best practices which offer solutions to improving the quality of development and urban management practices in Asian countries. The best practice case studies discussed briefly in this paper are covered in detail in the book *Urbanization and Sustainability in Asia*. All, in their own way, show examples of success on how to achieve more sustainable urban development outcomes through the adoption of best practices. Not every case study is considered a best practice by international standards. However, the case studies discussed provide examples of the state of development of best or perhaps 'good' practice in the countries studied.

Many Asian countries and cities will not meet international best practice standards in the foreseeable future because they do not have the resources, skills and current level of development which countries like Singapore, Korea and Japan enjoy. The case studies demonstrate there is a growing awareness by local governments and communities of the importance of adopting best practice approaches to improve the sustainability of urban development. There is also recognition that much can be learned from documenting and sharing information on best practice.

It is not easy to introduce best practices into urban management and development processes in Asia. Most of the case studies cited in the paper and book as best practice still a long way to go to improve on practices. Resistance to introducing best practices is high: which is why there are so few documented cases citing good examples of best practice. The greatest obstacle to the adoption of best practices is the fear of change.

Overcoming resistance and implementing change will be a significant challenge to a faster up take of best practices. Much of the resistance to change is cultural and political, but the lack of knowledge and information are also major impediments to institutional change. Unless there is cultural change in public institutions, business and communities towards embracing reforms to make Asian cities more competitive, the wider application of best practices will remain limited and many opportunities to achieve more sustainable development outcomes for cities will be lost.

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