


Best Practices in Urban Development in Selected Asian Countries

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Presentation

- ◆ The Asian Urban Challenge
 - ◆ Best Practice: A Tool for Sustainable Development
 - ◆ Selected Asian City Case Studies of Best practice urban Development
 - ◆ Summary of Lessons from Case Studies
 - ◆ Focusing on the Implementing Best Practices
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Urban Growth Challenge

	Population (million) 2005	Urban Population (million) 2005	Proportion Urban			Estimated Increase in Urban Population	
			(%) 1950	(%) 2005	(%) 2030	2005– 2030	2005– 2030
World	6,453.6	3,172.0	29	49	61	1,772.7	56
Asia	3,917.5	1,562.1	17	40	55	1,102.2	71
Malaysia	25.3	16.5	20	65	78	10.8	66
Thailand	64.1	20.8	17	33	47	14.6	70
PRC	1,322.3	536.0	13	41	61	341.6	64
Philippines	82.8	51.8	27	63	76	34.8	67
Sri Lanka	19.4	4.1	14	21	30	2.4	59
Indonesia	225.3	107.9	12	48	68	80.0	74
India	1,096.9	315.3	17	29	41	270.8	86
Viet Nam	83.6	22.3	12	27	43	24.5	110
Pakistan	161.2	56.1	18	35	50	79.3	141
Cambodia	14.8	2.9	10	20	37	5.8	197
Bangladesh	152.6	38.1	4	25	39	48.4	127
Lao PDR	5.9	1.3	7	22	38	2.3	177

Where Urban Growth is Most Rapid

City Size	Citi es (No.)	PRC		Citi es (No.)	INDIA		Citi es (No.)	INDONESIA	
		Av. Annual Growth.			Av. Annual Growth			Av. Annual Growth	
		(%)	(%)		(%)	(%)		(%)	(%)
		2005– 2010	2010– 2015		2005 –2010	2010– 2015		2005– 2010	2010– 2015
0–0.5 million	126	1.80	1.91	157	2.04	2.18	14	2.38	2.47
0.5–1 million	127	2.03	2.08	45	2.45	2.36	10	2.78	2.54
1–5 million	93	1.25	1.45	33	2.79	2.52	5	2.78	2.45
Over 5 million	4	0.77	1.04	7	2.30	2.12	1	3.19	2.46

The Urban Density Issue

- The densities of Asian cities are falling between 2 -5%, populations are rising between 2 and 5% while household sizes are falling and wealth levels and consumer spending is rising.
- ◆ The implications of these trends for managing cities are:
 - Average unit length of urban utilities, eg roads, water supply electricity will rise between 40 to 50% in the next 25 years.
 - Cost of servicing urban areas will rise by a similar amount
 - Externality costs will rise (pollution, congestion) substantially undermining the productivity and competitiveness of cities.
 - Around 100 m² of mainly productive agriculture land will be lost for each new urban resident, increasing the ecological foot print of Asian cities
 - Institutions in Peri-urban areas will not have the resources and capacity to manage the expansion of new urban areas and new regional institution structures will be need to be created for managing rapidly developing urban regions
- ◆ How do we address the urban density issue given there are many competing interests over the demand for land?

The Challenge of the New Economic Geography of Cities

Country	Urban Share GDP 2004	City	City Product Per Capita 1998	GNP Per Capita 1998	Ratio National /Urban GDP
	(%)		(\$)	(\$)	
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

Sub Regional Differences in Economic Development - Guangdong Province China

Cities	GDP growth (%)	Per Capita GDP(US\$)	Gross Industrial Output* (US\$ bn)	Retail Sales (US\$bn)	Exports (US\$ bn)
Guangzhou	15	7,034	63.0	20.9	21.5
Shenzhen	17.3	7,409	81.4	11.4	77.8
Zhuhai	13.8	5,231	15.8	2.3	9
Foshan	16.3	5,957	41.6	6.8	2.5
Huizhou	15.1	2,955	14.0	2.7	8.7
Dongguan	19.6	8,999	32.3	4.9	35.2
Zhongshan	18.7	5,501	21.2	2.2	10
Jiangmen	12.2	2,706	16.5	3.9	5.1
Zhaoqing	13.2	1,743	67.3	2.4	1.2

The Challenge of Building Stronger Enabling Environments

- ◆ Structural and institutional weaknesses are constraining the capacity of local governments to mobilization capital and resources to service the development of cities.
- ◆ The Implications of this on Asian cities are:
 - Enabling environments are not robust enough to respond to demand driven investment and development needs
 - Governments are inept in managing exogenous risks which affect the performance of economic development
 - Public agencies have no idea of the type, value and liabilities of the assets they own so that many of these continue to under perform or remain as 'dead capital'
 - Cities lack the ability and tool to improve financial management to raise capital for investment in strategic infrastructure.
 - National fiscal revenue sharing arrangements under decentralisation are not improving the competitiveness of local governments.
 - Institutions lack the capacity to implement policies, plans and reforms to ensure strong and effective government (it takes up to 10 years to reform government institutions)
- ◆ What do we have to do to create national and local enabling environments which provide the incentive structures, infrastructure and performance gains necessary to development dynamic, competitive and well managed cities in Asia?.

The Land Markets Challenge

- ◆ Urban land markets, land administration and management systems are inefficient and corrupted leading to the underperformance of other urban markets
- ◆ The implications of this on the management of cities are:
 - There is growing uncertainty over tenure and administration leaving billions of dollars of land and property undercapitalized
 - Land tax systems are not yielding their full revenue potential (Many urban local governments collecting less than 10 percent of land & property taxes)
 - Land use rights which are not well defined and enforced are substantially reducing the economic rent which can be achieved from land and property.
 - Projects are not achieving expected economic rates or return
- ◆ How can the efficiency of land markets be improved given the many vested interests in land?

The Plan Implementation Challenge

- ◆ The inability to implement policies, projects and plans is constraining urban development and service delivery.
- ◆ The reasons plan implementation is failing are:
 - The lack of integrated policy, planning, budgeting, financing and monitoring and evaluation at local and metropolitan scale.
 - Poor or over designed projects with inadequate attention given to cost recovery, participation, timing and economic benefits.
 - Separation of the political and administrative responsibilities for plan and policy development and implementation.
 - Lack of delegation on functional responsibilities
- ◆ How do we improve capacity building in fields of integrated policy, planning, budgeting, financing and monitoring and evaluation at local and metropolitan scale.
- ◆ How do we to develop a culture and commitment to city building

The Urban Infrastructure Challenge

- ◆ Significant work has been undertaken by the ADB and World Bank to project the demand for infrastructure.
- ◆ Annual demand for infrastructure in Asia may well be in the order of \$250 - \$300 billion - more than half of which will be required in cities.
- ◆ And estimated 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 each day for more than:
 - ◆ 20,000 new dwellings
 - ◆ 250 km of new roads and a similar length of water supply and sewerage
 - ◆ 6 mega litres of potable water
 - ◆ 150 tonnes of solid waste and
 - ◆ 650 KW of electricity
- ◆ Few cities in Asia can be expected to meet the demands for urban services without significant improvements to urban management and financial practices.
- ◆ How can the infrastructure demand be met when many people living in urban communities do not have the ability to pay for services?

The Effectiveness of ODA

- ◆ International development assistance is not providing the catalyst for leveraging capital, assets innovations, reducing the multiplier effect of ODA assisted urban development programs
- ◆ The implications of this are:
 - Expensive on-off ODA projects being written off or under performing
 - Systems being poorly maintained and inefficient
 - A failure of public and private by in and ongoing commitment to implementation and investment in programs
 - Disengaged communities and loss of trust
- ◆ How can development assistance programs be used to create catalysts which will ensure by in and engagement by communities, consumers and investors.

Best Practice

- ◆ Best practice is a term used to describe practices that result in change or improvements to production, resource usage, governance and use of new technology.
- ◆ A general definition for best practice developed by the United Nations 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.

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

- ◆ Good or best practice has become synonymous with sustainable development.
- ◆ Best practices cannot be applied internationally. They must be considered carefully in terms of a country's context, level of development and cultural sensitivities.

Case Studies

- ◆ Framework for Analysing Case Studies
 - Good Governance
 - Urban Management
 - Infrastructure/Service Provision
 - Financing and Cost Recovery
 - Social & Environmental Sustainability
 - Innovation and Change
 - Leveraging Official Development Assistance

Urban Management, Sleman District Indonesia

Sleman Regency (district) abuts Yogyakarta with a total population of 850,000

Best Practice Attributes adopted:

- ◆ Focus on the development of an education industry cluster which has 35 large and smaller universities
- ◆ Introduction of performance based budgeting and Asset management, valuation and appraisal
- ◆ Production of an annual set of public accounts which are published in local newspaper
- ◆ Integrated planning process with Yogyakarta and Bantul for planning and solid waste management
- ◆ Developed Integrated GIS for planning, monitoring and evaluation
- ◆ Developed strategic infrastructure focused on building the strength of its tourism, food, art/craft and education sectors



Environmental Improvement of Nhieu Loc-Thi Nghe Basin, Ho Chi Minh City



- ◆ The program has involved upgrading the urban environment along the Nhieu Loc-Thi Nghe basin canal, separating sewage and stormwater drainage, reducing the impact of flooding, promoting economic development, and improving the efficiency of public institutions involved in the management of infrastructure systems in the basin
- ◆ Initiatives:
 - **Public Consultation**
 - **Improved sanitation and reduced flooding 20km of canal**
 - **Resettlement and Compensation Policy, Land for land, land for Housing Program involving clearing of 11,400 houses, with new apartments built for 8,000 households**
 - **Poverty reduction program**

National Urban Renewal Mission India

- ◆ The objective of the National Urban Renewal Mission (NURM) is to encourage city governments to initiate measures to improve the existing service levels in a financially sustainable manner.
- ◆ NURM involves (\$11.5 billion) program targeting 63 of the larger cities
- ◆ Key Initiatives
 - NURM encourages states/cities to undertake fiscal, financial, and institutional changes required to create efficient and equitable urban centers
 - The NURM seeks to make fuller use of the energy and initiative of the private sector in implementing its reform agenda.
 - It intends to free land and housing markets from the constraints of the age-old statutes,
 - adjust infrastructure tariffs and prices to the cost of service provision in conjunction with local tax reform to meet the cost of joint services, and
 - introduce accountability and responsiveness in municipal governments.

Luang Prabang, Lao PDR



- ◆ Luang Prabang is the ancient capital of the 14th century kingdom known as Lan Xang (“a million elephants”), which included what is now the northern part of the Lao PDR
- ◆ ADB project to improve environment and heritage
- ◆ Initiatives:
 - Infrastructure improvements alongside heritage conservation
 - Urban Development Authority established
 - Heritage requirements led to higher standards of design and materials, and compromises in highway standards
 - Need to improve a living city led to adaptation of preservationist approach to heritage

Lessons Gained for Studies of Best Practice

- ◆ **Creating strong enabling environments** – two level approach at national and local level required
- ◆ **Importance of leaderships** – not just political leadership needed
- ◆ **Human capital development** – linking skills, competencies and technologies to develop and manage efficient public institutions
- ◆ **Improved financial management** – performance based budgeting, credit ratings for Local governments and leveraging public assets and improved valuation and tax collection
- ◆ **Strategic Infrastructure** – targeting infrastructure to maximize economic development potential
- ◆ **Creating efficient land and property markets** – utilizing the potential of dead capital
- ◆ **Improved planning** - Improved plan implementation mechanisms and the linking of land use and infrastructure planning to policy, budgeting and finance planning.

Implementing Best Practice

- ◆ Dynamic, performance based local governments are central to meeting the urban development challenges of Asia's rapidly increasing urban populations. This requires a much improved approach to urban management practices.
- ◆ Despite thousands of reports analyzing and offering solutions to the problems facing the development of Asian cities, urban development practices and performance indicators are not promising.
- ◆ If best practice approaches for urban development are to become more widely applied in Asia cities, local governments must educate employees/business/communities about the need for change and improved approaches to urban management involving the adoption of best practice.
- ◆ Meeting this challenge requires a shift in institutional culture away from governments seeking to control and lead development to governments working in partnerships with business and communities to facilitate the development of markets and applications of best practice in all sectors.
- ◆ The main focus of best practice must be on the building better enabling environments that enhance the competitiveness, competencies and management practices of cities – especially local governments