



Chapter 1

Asia's Urban Challenge

Asian cities are growing rapidly. Another 1.1 billion people will live in the region's cities in the next 20 years.

Effective urban management is needed to address this unparalleled growth. But it's lacking, and the results include worsening pollution, no ready drinking water for over 50% of urban residents, the half a billion people forced to live in slums, and crippling traffic congestion.

Megacities, with inhabitants of over 10 million, are magnets for people, enterprise, and culture. And some are expanding even more, into megaregions.

Although cities on average provide 80% of the national economic base, large disparities have emerged as poverty has urbanized. More than 200 million impoverished people live in Asia's cities and many more are vulnerable to economic and environmental shocks.

Managing cities in this context requires a new approach. Current practice is manifestly unsustainable—economically, environmentally, and socially.



The eternal lure . . .

There is a new challenge facing humanity and Asia is its frontline. It is the challenge of urbanization. The problems of towns and cities are not new. Roman cities had their congestion, foul air, and slums. Plato wrote in 400 BC: "Any city, however small, is in fact divided into two: one the city for the poor, the other of the rich." Cities come and go. Some have continuously prospered, reinventing themselves over time, while others have faded away, returning to dust, desert, or forest. Those that have endured have succeeded in one or more of the key functions that cities have always served: ceremony, security, and commerce. These city roles, their reasons for being, have remained remarkably persistent over time and will continue to drive Asia's urbanization.

Asia's dynamic growth is propelled by this rapid, relentless urbanization. It is based on the higher productivity of urban jobs and it can provide a better life for many millions. This realization has driven the tidal wave of humanity to the cities. Their vision of freedom from poverty and of prosperity for their children holds great promise for coming generations.

. . . and often harsh realities

But the bright prospects are neither guaranteed nor universal. Visitors to many Asian cities are shocked by the uncollected garbage, the traffic congestion, the beggars, and the squalid living conditions of vast squatter areas. Many Asian governments are criticized for lacking effective urban policies. Even cities in the developed world, however, suffer from the pervasive urban afflictions of poverty and deteriorating infrastructure. The linkages of family, faith, civic culture, and neighborhood that make a city successful are weakening everywhere. If this continues, the future will be bleak. As Kotkin¹ notes, "the study of urban history suggests that even

¹ Kotkin, Joel. 2005. *The City: A Global History*. London: Weidenfeld and Nicholson.

affluent cities without moral cohesion or a sense of civic identity are doomed to decadence and decline.”

Given the magnitude and the multiple human dimensions of the problem, the remedy may lie more in a new, goal-driven mission for better cities than in simple technical responses to a series of problems.

The biggest city rush of all time

Urban populations have never grown as fast as they are growing today. “Humanity has not been down this road before,” say Peter Hall and Ulrich Pfeiffer.² “There are no precedents, no guideposts.” In 1950, the Asia and Pacific region was predominantly rural, with only 17% or 232.0 million of its 1.4 billion people living in towns or cities.

The United Nations (UN) estimates that by 2030, 55% of 4.9 billion Asians, or 2.7 billion people, will live in urban areas.³ Starting in about 2015, all of the region’s population increase will effectively occur in urban areas. By mid-2022, the urban population will surpass that of rural areas.

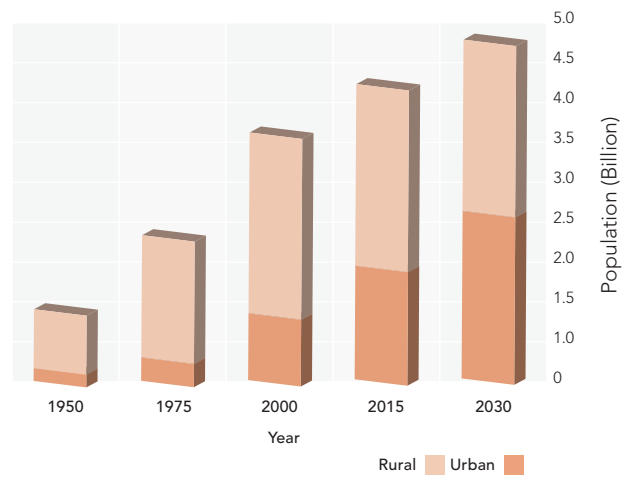
There will be over 1.1 billion more urban residents in 2030 than there were in 2005. The urban population will grow by an annual average of 44.0 million people over the next 25 years. In 2005, almost 50% of the urban population lived in cities with less than 0.5 million people, while 39% were in those with more than 1.0 million. Similar proportions are projected for 2015. The share of the megacities is projected to remain steady at about 10%.

For better or worse, here come the megacities

As most of Asia’s cities get bigger, some are becoming super-sized—the megacities, human settlements with more than 10 million inhabitants that work as magnets for people, functions, and organizations. Their social and economic dynamism provides the structure of a country’s economy and often its culture as well. Megacities are where the global and the local interconnect. New technology has opened up worldwide flows of information, capital, and labor, yet people continue to live their daily lives locally in their neighborhoods.

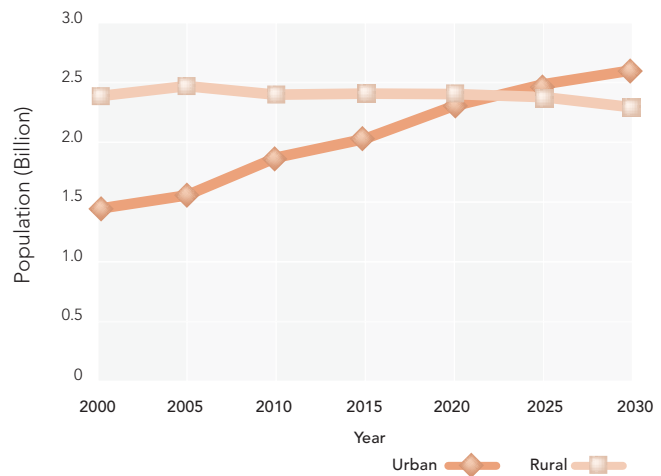
Megacities constitute a new, distinctive spatial form. Their scale itself creates new dynamics. They expand into their hinterland, integrating other areas into their economy. Such cities generate employment and nurture

Asia’s Urban and Rural Population, 1950–2030



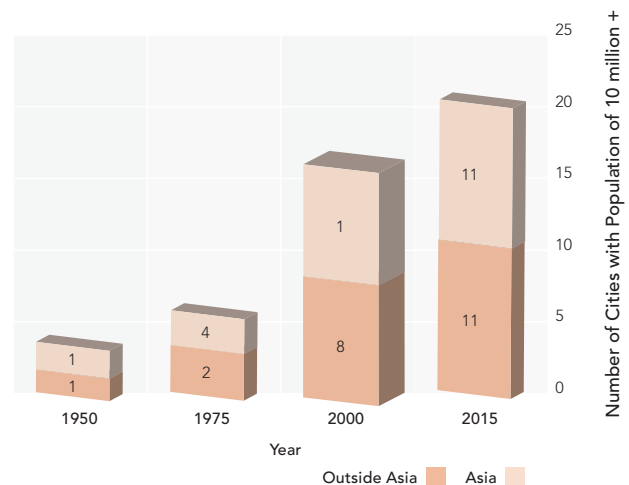
Source: Computations based on figures from *World Urbanization Prospects, 2003 Revision*, United Nations Secretariat, 2004.

Asia’s Projected Urban and Rural Population, 2000–2030



Source: Computations based on figures from *World Urbanization Prospects, 2003 Revision*, United Nations Secretariat, 2004.

Growth of Megacities, 1950–2015

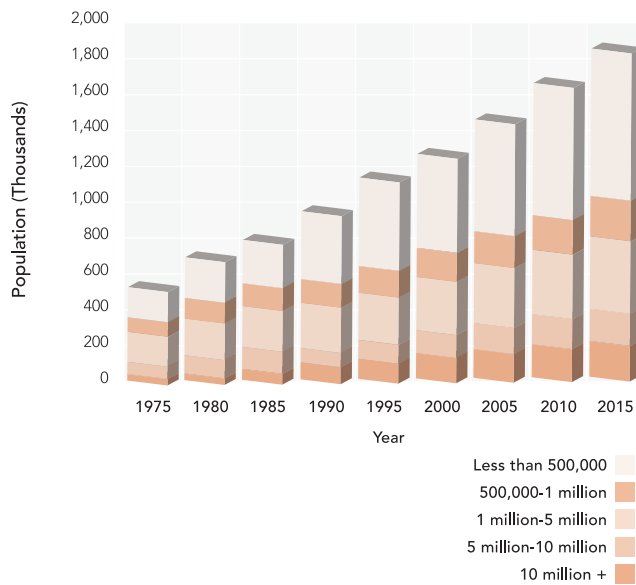


Source: Computations based on figures from *World Urbanization Prospects, 2003 Revision*, United Nations Secretariat, 2004.

² Hall, Peter, and Ulrich Pfeiffer. 2000. *Urban Future 21: A Global Agenda for Twenty First Century Cities*. London: E&FN Spon.

³ United Nations. 2004. *World Urbanization Prospects*. New York.

Asia's Urban Population by Settlement Size, 1975–2015



Source: Computations based on figures from *World Urbanization Prospects, 2003 Revision*, United Nations Secretariat, 2004.



innovation and entrepreneurship, but their expansion can often be accompanied by environmental degradation. In developing countries, most megacities grow faster than their infrastructure, which results in uncontrolled urban sprawl that destroys established communities and increases costs of service provision.

The balance between the benefits of urbanization and the cost needs to be managed since, in the future, it is clear that the quality of life for most people will be determined by the nature of cities.⁴

⁴ Zwingle, Erla. 2002. Cities, Challenges for Humanity. *National Geographic Magazine*. 22 November 2002.

Some Cities are the Size of Nations

City	Country	Population 2005 ('000)	Economic Product 2004 (\$M)
Shanghai	China, People's Republic of	12,665	89,980
Mumbai	India	18,336	83,528
Jakarta	Indonesia	13,194	24,592
Manila	Philippines	10,677	32,277
Bangkok	Thailand	6,604	63,088
Tokyo	Japan	35,327	740,000
	Sweden	8,855	255,400
	Denmark	5,300	174,400
	Cambodia	5,300	26,990
	Bangladesh	136,600	56,600

\$ = US dollar, M= Million.
Source: UN-Habitat database.

Today, there are 12 megacities in Asia.⁵ In 1950, there were only two in the world: New York and Tokyo. By 1975, this had grown to four with two of them in Asia. By year 2000, there were 18, of which 10 were in Asia. Projections are that by 2015 there will be 22 mega cities worldwide and 12 of these will be in Asia.⁶

Some are the size of small countries...

Mega cities in Asia are nation size in population and economic product. For example, the table above shows that Mumbai has more people than Sweden and Denmark put together; Shanghai's economy is almost 150% of that of Bangladesh.

...some with mega management problems

Towns and cities develop, grow or decline within national, continental, and global urban systems. Settlements differ in their economic structure/social and demographic characteristics and functions. Their roles and functions and spatial organization are being redefined as a result of competition, migration, and the globalization of culture, trade, and investment. A recognition of different city typologies, population, economic activity, and land use dynamics is essential to understand urban development.

Clearly, there are distinctive management needs for different urban areas during their transition from small towns to large cities and from spatially separate settlements to their integration as regional and global urban systems. Roles and functions also determine these needs, for example, capital cities are different from financial centers and these differ from secondary cities. Even within mega cities, local, national,

⁵ Tokyo, Mumbai, Dhaka, Delhi, Kolkata, Jakarta, Shanghai, Karachi, Osaka, Beijing, Metro Manila, and Chengdu.

⁶ Footnote 3.



and economic circumstances change. Increased competition has to be met by innovative responses; for instance how do Hong Kong, China and Singapore change now that they face competition from Shanghai and the cities of Viet Nam?

Furthermore, priorities of stakeholders will change as economies develop, increasing the pressure for settlements to become better places within which to live. In these circumstances, the environment becomes a key concern. Other cities are declining, losing population and economic opportunities, and at the same time, requiring explanation for the causes of this decline and the development of policies to attract investment. Effective policies are likely to differ not only according to the type, role or size of the settlement but also in line with change or growth of population and economic activity.

Megacities to... mega regions

With the emergence of mega cities, development is encroaching onto more agricultural land and forests. Cities, towns, and villages are merged into the ever extending city. Faster trains, expressways, and ubiquitous communications are extending the economic influence of a megacity over a continuously increasing area. In fact, mega cities are merging in parts of Asia, creating urban settlements on a scale never before seen. Mega regions are emerging, for example, Tokyo–Nagoya–Osaka–Kyoto–Kobe, which is likely to have some 60 million people by 2015. Another example is the Hong Kong, China–Shenzen–Guangdong region, which could have perhaps 120 million people by 2010.

Hierarchy of Urban Settlements

1. Global cities: typically with 5 million and more people within their administrative boundaries and up to 20 million within their hinterlands, but effectively serving very large global territories: London, Paris, New York, Tokyo.
2. Sub-global cities: typically with 1–5 million people and up to perhaps 10 million in their hinterlands, performing global service functions for certain specialized services (banking, fashion, culture, media) and an almost complete range of similar functions for more restricted national or regional territories: all European capitals apart from the global cities, together with “commercial capitals” (Milan, Barcelona) and major provincial cities in large nation states (Glasgow, Manchester, Lyon, Marseille, Hamburg, among others).
3. Regional: population of approximately 250,000–1 million; some of these have characteristics as “showing evidence of world city formation.”
4. Provincial: population of approximately 100,000–250,000.

Source: Hall, Peter. 2001. *Christaller for a Global Age: Redrawing the Urban Hierarchy*.

Settlement Transition



Town Focus.
Urban hierarchy: small cities town-based urbanization dominant.



Provincial City Focus.
Urban hierarchy: usually capital plus provincial cities with tributary towns.



Regional City Focus.
Urban hierarchy: dominant Regional City (semi-global) with town and city tributaries.



Regional Urban Systems (megapolis).
Urban hierarchy: strong interconnection of provincial-level cities usually with dominant global megacity at core.

Source: World Bank. 2005. *City-region Development Strategies 2 Projects, Volume 1*. Washington, DC.

From scattered villages grow merging metropolises—but how and why?

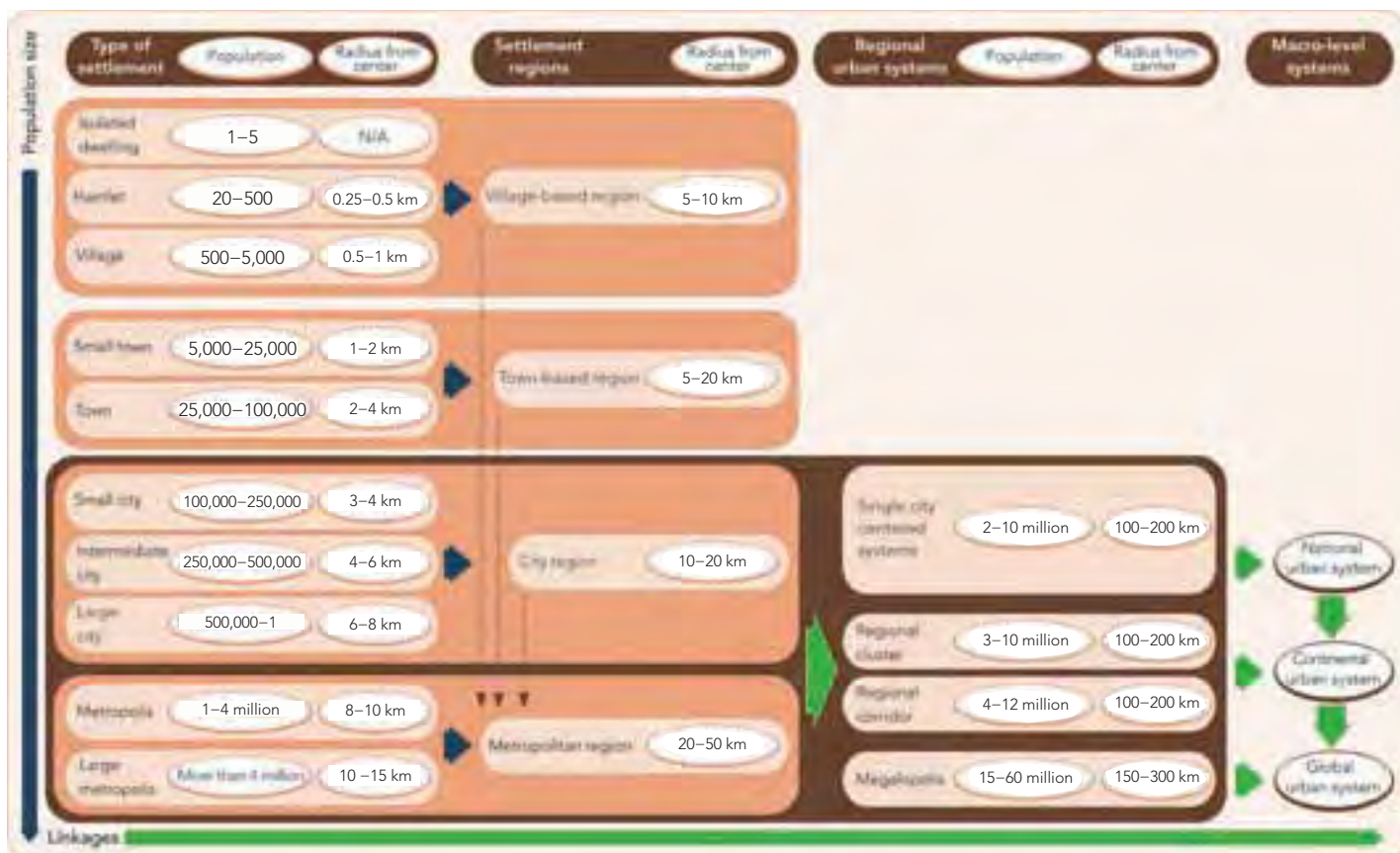
To understand such growth, a taxonomy of settlements is needed. From a variety of sources it is possible to develop such a classification which reflects the specific characteristics of different urban systems. One recent example has used cities of the People's Republic of China (PRC) as a basis⁷ (see figure below). This defines functional urban areas and provides a clear distinction between settlement regions, regional urban systems, and macro-level urban systems of national and global significance.

At the base are settlements that range from isolated dwellings, hamlets, and villages with up to 5,000 residents, to a metropolis with a population of more than 100 million. Settlements are components of regions or territories over which there are clearly identifiable, regular social and economic interactions between and among settlements. At the lowest level, households and enterprises interact at broader scales to form a settlement region of villages, focused on a town. The second stage of urbanization

comes when these towns begin to focus economically and culturally on a provincial city.

Next are the larger city regions focused on a big city where regional development policy, particularly that related to strengthening of urban-rural backward and forward linkages, has relevance. Many regional urban systems cross administrative boundaries and comprise nodes of more than one settlement region. Links of physical infrastructure, mainly inter-city roads, railways, navigable waterways, and power grids connect nodes; and reflect the extended market areas of settlement regions. Regional urban systems can be a single city-centered system where one urban or metropolitan region plays a major role in regional production, employment, and distribution, and encompasses villages, towns/townships, small cities, and intermediate cities; regional clusters of villages, towns, and cities at or below the metropolis scale where no single town or city plays a dominant role; or regional corridors, which are similar to regional clusters but stretch in a linear form along a major road or rail line.

Urban Hierarchy



km = kilometer, N/A = not applicable.

Source: ADB. 2007. Economic Background Paper, *Managing Asian Cities Study*. Manila.

⁷ World Bank. 2005. *City-region Development Strategies 2 Projects, Volume 1*. Washington, DC.



Topping the hierarchy of cities, the megalopolis

...a linear band of metropolitan, urban, and town-centered regions of varying sizes, structured along a highly urbanizing and industrializing corridor.⁸ There are usually two metropolitan regions anchoring either side of a megalopolis as poles, linked by strong transport and communications networks, normally expressways and railways. Examples are the Eastern Seaboard of the United States (US) from Boston to Washington through New York; and Tokyo–Osaka in Japan. These exist when flows of labor, goods, information, and capital are unimpeded between the metropolitan poles and between smaller settlements within the system. A megalopolis is a dominant economic powerhouse in a country—a concentration of consumers, purchasing power, production, and innovation that incubates new and higher forms of economic development and growth. The PRC has two megalopolises, the Pearl River Delta and the Yangtze Delta.

Regional urban systems also interact with other higher levels of settlements. For instance, the Yangtze Delta and Pearl River Delta megalopolises play a crucial part in processing, distributing, and providing quaternary services to cities across the PRC.

Big new cities demand big new ideas

All the countries of Asia have long histories of local governance, but their current systems and structures, which are either inherited from the colonial powers or based on older, mostly western models, must change to better manage the region's larger, rapidly growing cities and towns. Local government management often reflects a centralized administrative form

⁸ A megalopolis is not a megacity such as Bangkok, Manila, and Jakarta but a combination of contiguous large cities some of which can be megacities.

From Fisherman's Wharf to World Manufactory: Globalization as an opportunity for development in Shenzhen and the Pearl River Delta

Less than 30 years ago, Shenzhen in the Pearl River Delta was a poor fishing village. Now it is one of the People's Republic of China's (PRC) most competitive cities. It ranks fourth in terms of GDP among all PRC cities, third in terms of government revenue, and first in terms of per capita GDP, per capita income, and volume of foreign trade. Exports and imports account for almost 6% of the national total. The Pearl River Delta was an undeveloped agricultural province up to 20 years ago and now it has the fastest-growing manufacturing base in the world and is the richest areas in the PRC, accounting for over 10% of national GDP and nearly 33% of the country's exports.

The rise of the Pearl River Delta economy is a story of integration into the world. When the PRC opened up fully to the international community in the early 1980s, the delta began to develop in close economic cooperation with Hong Kong, China, where manufacturing land was scarce and labor costs high. With the transfer of manufacturing, first to Shenzhen and then through the entire delta area, Hong Kong, China, successfully transformed itself into a service-centered economy, while the Pearl River Delta quickly developed an export-oriented economy. By 2006, 60,000 Hong Kong firms were in the delta, employing 10 million people. In collaboration with Hong Kong, China, the Pearl River Delta extended its market ties with other economies, and diversified its manufacturing base from textile and garment products to electronic, mechanical, and other products. Now half of the top 500 global multinationals have branches in the delta. With new factories rising with the inflow of foreign and domestic investment, the demand for labor rose dramatically and Shenzhen and the Pearl River Delta began to recruit migrant workers in the mid-1980s. Shenzhen grew from a settlement of 300,000 in 1978 to a megacity of 8 million people in 2006, more than 75% of whom were migrants. The migrant population of the Pearl River Delta is more than 25 million, 25% of the national total. Now, after more than 20 years of intensive development, the Pearl River Delta is itself facing competition from emergent urban areas as textile and garment manufacturing relocates to central and western regions of the PRC.

GDP = gross domestic product.

Source: ADB. 2007. Economic Background Paper, *Managing Asian Cities Study*. Manila.

Decentralization

Three levels/options:

- **Deconcentration**—transfer of responsibility from central agencies and ministries to their regional or field units. Some discretion is allowed but they are subordinate to the central authority.
- **Delegation**—functions moved from central government to semi-autonomous public authorities and corporations granted the authority of planning and implementation.
- **Devolution**—transfer of decision-making power and authority to local governments which have the power and resources to perform relatively independently from central agency intervention.

that is more suited to command, maintenance of law and order, and revenue extraction than to the open governance and participation at the local level that is favored by the more modern—and more appropriate—management style.

Debating decentralization: central power vs. local government

Many countries in Asia have embraced decentralization, although few fully recognize the right of local communities to determine their own affairs. In practice, most decentralization has been more a transfer of administrative responsibility than a real commitment toward local governance. In some countries, central control over local government is characterized by financial control, in others by the appointment of senior staff. The degrees of dependency on central transfers and of control of financial resources vary. Some countries simply do not have the financial resources to support local governments. The levels of central government involvement in the collection and subsequent distribution of revenue vary too.

Asian local governments operate under legislation promulgated by higher levels, whether the central government in a unitary form of national government or the state or provincial legislative body in a federal system. This structure determines the powers, authorities, duties, functions, and forms of local government. But local self-government is more than structures and instruments of government. It must include the engagement of citizens in voluntary associations, networks, and alliances.

⁹ Mercado, Ruben G., and Rosario G. Manasan. 2002. Metropolitan Arrangements in the Philippines: Passing Fancy or the Future Megatrend. In *Managing Urbanization Under a Decentralized Governance Framework*, edited by Rosario G. Manasan. Makati: Philippine Institute for Development

The appeal of grassroots government

All countries have grown more conscious of the importance of local self-government in providing services and promoting local democracy. The basic concept of local self-government is the right and the ability of local authorities, within the limits of the law, to regulate, manage, and take responsibility for a substantial share of public affairs in the interest of the local population. This right is exercised by councils or assemblies whose members are freely elected by secret ballot on the basis of direct, equal, universal suffrage.

Drawing the boundaries of authority

Local governments are often controlled by higher levels of government in Asia, although the degree of local independence varies. The Philippines has relatively strong local autonomy. Local governments prepare budgets, subject to review by higher levels. There is some local discretion in salaries, although civil service regulations have national coverage. Most staff are hired locally and a few senior positions are appointed by the elected mayor—the city administrator and city secretary, for example. But national governments appoint the treasurer and budget officer. In the PRC, local budgets are approved by a people's congress at the same level but this power is offset by the hierarchical linking of budgets, limited local tax autonomy, directives from above, and earmarked funds. Local officials are appointed by the local people's congresses but higher levels of government appoint senior local government officials. Although Viet Nam is similar to the PRC, the major cities have been allowed greater autonomy. Overall, the transitional countries of the former Soviet Union in Central Asia feature less local autonomy, and there is more local independence in countries with extensive experience of market mechanisms, such as Indonesia, Philippines, and Thailand.

Managing a metropolis calls for multiple methods

Major cities throughout the region face challenges posed by growth across local government boundaries. In response, they have developed arrangements that attempt to manage and coordinate the efforts of many central or subnational agencies whose mandates often conflict or overlap. Some solutions involve cooperation between stakeholders, including collaborative urban development and multi-organizational partnerships, or simple cross-border cooperation agreements. In other cases, there is an additional level of metropolitan government. Manasan and Mercado⁹

Studies and Demographic Research and Development Foundation, Inc.



Coordinating Structures of Government

Approach	Advantages	Disadvantages
Metropolitan governance overlapped by one or two autonomous agencies (central coordination and control)	Centralization—planning, economies of scale, internalizing externalities	Neglect of diversity throughout the urban area
Number of public service agencies with local governments (technical efficiency)	More professional management Less political interference	Problems with coordination Government far removed from citizen
Many municipalities operating in an urban area (local control and participation)	Recognizes local differences in demand Most suitable for citizen participation	Cannot provide uniform services and taxes Difficulties in overall planning and coordination of capital investments Problems with externalities

The division of responsibility between central, federal, and local governments is the vertical dimension of decentralization. The horizontal dimension relates to how large cities are organized to finance and deliver services in their areas. Experience in Asia shows that large cities deliver services and raise revenues according to a combination of three arrangements, one of which generally dominates. They are: (i) an area-wide general purpose government where a single local government is responsible for most local services within a boundary that includes the entire urban area; (ii) use of

autonomous agencies that provide specific services citywide, although service areas may differ, and then delivery split with local government; and (iii) a system of smaller cities and municipalities that make up the urban area, where the same local services are provided by many local governments in the area.

Source: Bahl, Roy, and Johannes Linn. 1992. *Urban Public Finance in Developing Countries*. New York: Oxford University Press.



have identified a number of forms in Asia. First is a metropolitan city in the form of a single local government that is responsible for all local functions. It has either evolved from a previous political jurisdiction whose administrative area was sufficient to contain the city's built-up area, or has resulted from the amalgamation or annexation of a number of political jurisdictions to create a single unit. Examples include the Bangkok Metropolitan Authority, as well as administrations in Seoul, Kuala Lumpur, Surabaya, and Jakarta. This arrangement eases the coordination and implementation of plans and programs, although, as is the case in Bangkok, national government service providers may not come under local government jurisdiction.

The second form is described as "jurisdictional fragmentation." In these cases, responsibility for local services falls onto the local governments of the metropolitan area but they lack the necessary resources and capabilities. Several local governments cooperate with a higher level of government that provides wide metropolitan government. Metro Manila in the Philippines is an example.

The metropolitan agency takes a number of forms:

- **Metropolitan Development Council (MDC)**, which allows the constituent local governments to retain their powers and whose leadership rests on a governing council of mayors, with a chair appointed from among them. An example is the Metro Naga Development Council in the Philippines.
- **Metropolitan Development Authority (MDA)**, with corporate powers and functions, revenue sources that are often from the national government, and a technocratic administrative structure. The council of mayors can be the policy-making body (Metro

Local Government and Its Many Variations

Areas of local government authority normally include public schools, local roads and drainage, municipal services, and some aspects of social welfare and public order. More specifically, local governments are mandated to undertake urban planning; land use and building regulation; socioeconomic development; local physical infrastructure; water supply and sanitation; public health and solid waste management; fire services; slum upgrading and urban renewal; and provision of public amenities, including open space, street lighting, parking lots, public conveniences, and bus stops. But there are differences across the region that stem from the structure of government, and the varying powers given to each level of local government.

In general, local government in Asia falls into two types.

- The centralized model, which has clear lines of authority, from the central government's ministry of the interior through a centrally appointed head of a first tier/regional body, to the municipality, which either has a locally elected or an appointed mayor and council. The head of the region, as the local chief executive and the representative of central government, has the authority to overrule local councils and supervise local expenditures. Variants of this system are found throughout Central Asia and the former French colonies of Southeast Asia.
- The devolved model is often seen in British colonies and involves local government through elected councils at the county and sub-county levels. This system has less central government interference and greater local budgetary authority than the other. A key feature, often, is the committee system of decision making instead of a strong executive, for administering public services.

Some countries, particularly the city states, including Singapore, and the small island nations of the south and north Pacific, have no real system of local government. Because of their size, functions can be carried out under island or small area delineations. Here, it is not viable to introduce a full-fledged system of local government because of limited revenue-raising powers and a small population.

Local government throughout the region usually involves several tiers. At the top is the province or district or county, which is divided into a number of municipalities that may be classified as urban or rural. Below them is a neighborhood jurisdiction. Most lower levels are controlled by the higher tier. But in some countries, larger, and usually more urbanized, municipalities are semi-independent and neither report to nor are controlled by the authorities at the higher levels. Some countries have community development councils and most make special arrangements for their very large cities and capitals.

Examples of three local government systems:

Philippines

Although the local government system originates from the Spanish and American colonial periods, decentralization over the past 50 years is the main basis of the current system. At its lowest level is the barangay, headed by a barangay captain, who presides over the barangay council. Next are the more than 1,600 municipalities or towns. Each is headed by an executive mayor, and has a municipal council headed by the vice mayor, and comprising eight councilors and the presidents of the youth council and the local barangay. All are elected for 3 years and may not serve more than three consecutive terms. Cities belong to the same sub-tier as the municipalities but receive greater central government subsidies to fulfill their responsibilities. Three metropolitan areas exist, including the National Capital Region of Manila, which consists of the city of Manila and 16 other cities and municipalities. The Metropolitan Manila Development Authority is a division of the central government, with a chair appointed by the president. The 79 provinces are the highest level of local government and are largely modeled on the three branches of central government, with an elected executive governor and vice governor presiding over the provincial legislature. National government control and oversight come from the Department of Interior and Local Government, which is divided into 17 regions for administrative purposes. Two regions—the Autonomous Region in Muslim Mindanao in the southwest and the Cordillera Administrative Region of the indigenous Igorot in the north—are autonomous.

Singapore

Singapore is a republic with a unicameral parliamentary government. The bulk of the executive powers rest with the Cabinet of Singapore, comprising ministers headed by the Prime Minister. The President of Singapore was historically a ceremonial head of state, but the Constitution was amended in 1991 to create the position of a popularly elected President with veto powers in a few key decisions, including the use of the national reserves and the appointment of key judiciary positions. The legislative branch of government is the Parliament. Prior to secession from Malaysia in 1965, there was a Singapore city council and a Singapore rural board. The city authority was the administrative council responsible for the provision of water, electricity, gas, roads and bridges, and street lighting. Both, however, were abolished in 1965. Specific local services, including housing, economic development, water and sewerage, and public transport, are run by boards.

People's Republic of China

Executive power in the PRC rests with the General Secretary of the Chinese Communist Party (CCP). Below the Premier and the State Council, within the National People's Congress (NPC), is a system of provincial level entities. There are four levels of local government—province, county, city or municipality, and town or village—apart from national autonomous regions and special administrative districts. In general, the purpose of all levels of local government in the PRC is to achieve socioeconomic objectives, including short and long-term plans for development. They are responsible for all elements necessary to meet those ends, including finance, creating and maintaining infrastructure, and ensuring rule of law. City and county governments are headed by their respective people's congresses, with functional bureaus below them to implement policy in areas such as health and education, as well as other city offices or committees for such issues as family planning and transport. The election process at all levels is indirect. Representatives to the people's congresses are elected by the population, and those representatives then elect the holders of the various local government positions.

Source: ADB. 2007. Governance Background Paper, *Managing Asian Cities Study*. Manila.

Forms of Metropolitan Governance

Bangkok Metropolitan Authority

Metropolitan Bangkok, governed by the Bangkok Metropolitan Authority (BMA), represents the unitary model of metropolitan governance. The first BMA was created in 1972 by amalgamating the functions and activities of the municipalities of Krung Thep and Thon Buri, the Krung Thep and Thon Buri provincial administrations, the Metropolitan City municipality, and the Sanitation Administration. By 1985, the law enabling the current BMA came into effect. Its primary responsibility was managing the city of Bangkok. The BMA's comprehensive responsibilities are typical of an urban governance authority. These include local development planning; promotion of investment activities and management of BMA enterprises; provision of transportation services; provision and maintenance of infrastructure—roads, waterways, drainage systems, including those connecting local authorities; solid waste management; provision of social services; coordination of various activities with other local authorities; and promotion of public participation in local development. These services are delivered through BMA's 14 departments. The BMA council is the legislative body for the metropolitan area whose members are elected as representatives by the local residents based on proportional representation. The council enacts laws, sets policies, and reviews and approves the annual budget of the BMA.

Metro Naga Development Council

The Metro Naga Development Council (MNDC) is a voluntary grouping of Naga City and 14 contiguous rural municipalities. Originally a voluntary, cooperative undertaking, Metro Naga and the MNDC were formally organized in 1993 under a presidential executive order. The goal was to share resources among member governments and promote the area as "a singularly attractive investment alternative." MNDC is governed by an executive committee of all the mayors of the constituent local governments. A project development unit led by an executive director handles the day-to-day operations of the council. The structure includes the Metro Naga Investment Promotion Center, comprising all 15 local government investment coordinators to promote the city region as an investment hub.

Mumbai Metropolitan Region Development Authority

The Mumbai Metropolitan Region Development Authority (MMRDA) is responsible for the development of Mumbai Metropolitan Region, and covers the city and its rapidly developing hinterland. MMRDA was set up by legislation in 1975 to plan and coordinate development in the region. The authority prepares plans, promotes alternative growth centers, strengthens infrastructure facilities, and provides development finance. In particular, it is tasked with accelerating economic development by formulating and implementing key projects for developing new growth centers and improving transport, housing, water supply, and environmental services.

MMRDA consists of 17 members from various ministries, the mayor of Mumbai, councilors of the Municipal Corporation of Greater Mumbai, members of the Maharashtra Legislative Assembly, the metropolitan commissioner of MMRDA, and representatives of other bodies. They oversee and control all the activities of MMRDA. This governing structure is an example of a metropolitan federation, wherein the metropolitan authority undertakes functions that are distinct from those of other local authorities, in this case the Municipal Corporation of Greater Mumbai. But MMRDA covers the whole megacity region. The MMRDA has a legal character and access to funding, including the power to borrow from multilateral institutions. There has been loan assistance from the World Bank for a number of projects, including the Bombay Urban Transport Project and Mumbai Urban Development Project. These projects brought together other public sector agencies, including local governments, as implementation partners. The success of these initiatives led to the establishment of a revolving fund that the MMRDA utilizes to cofinance slum improvement projects, projects and programs for improving local government services, and as equity participation in commercial projects. Recently, the MMRDA has provided funding for municipal councils in the region to improve water supply, roads, storm water drainage, and to procure vehicles and equipment.

Tokyo Metropolitan Government

The relationship of the TMG with its constituent municipalities is characterized by a division of functions. TMG handles the broader administrative work, while the municipalities deliver services that closely affect the everyday lives of the local residents. TMG oversees the provision of firefighting and water supply, except in certain municipalities; collection of metropolitan taxes; urban development; environment; social welfare and public health; industrial and labor affairs; construction; transportation; infrastructure—ports and the harbor, and sewerage; public safety; and the provision of financial and technical assistance. Capital-intensive services, such as transportation, water supply, and sewerage, are managed by three public corporations.

TMG is governed by the Tokyo Metropolitan Assembly, which is the elected legislative decision-making body of the metropolis. The assembly is led by a president who is elected from among its members, and has the authority to enact, amend, and repeal metropolitan ordinances and approve the budget. It sets up standing and special committees for specific issues. The executive branch of the metropolitan government is led by the governor, who is directly elected by the citizens. The governor's official functions include overall control of metropolitan affairs and maintaining the collective integrity of the metropolitan administration. In addition to representation in the assembly, local residents are able to express their views and concerns in the public hearings organized by the Bureau of Citizens and Cultural Affairs.

A special administrative arrangement exists between the wards and TMG for managing the delivery of water supply, sewerage, and firefighting services through the special ward system. Outside the TMG, these services are typically provided at the level of municipalities, but the densely populated wards required a single body that delivers uniform, efficient services.

Seoul Metropolitan Government

The metropolitan area of Seoul has a population of some 10 million people and covers 25 autonomous districts or *gu* and 522 villages or *dong*. Recently, the status of the *gu* was upgraded from an administrative suborganization of the city government to an autonomous district that performs both local autonomous governance functions and those commissioned by the city. The metropolis is governed by the Seoul Metropolitan Government, which performs the executive and administrative functions, and the Seoul Metropolitan Council, the policy-making body.

The Seoul Metropolitan Government is led by a mayor and three vice mayors, who are assisted by four policy advisors for women's issues, welfare, environment, and urban management. Bureaus, divisions, and affiliate offices complete the bureaucratic setup. Urban services are delivered in the metropolitan city through three project offices, six public works corporations, and 29 organizations, including 21 fire stations, under the direct control of the Seoul Metropolitan Government and its various bureaus. The project offices undertake water supply, infrastructure management, and subway construction. The Seoul Metropolitan Subway Corporation, Seoul Metropolitan Installation Management Corporation, Gangnam Hospital, Seoul Agricultural and Marine Products Wholesale Market Management Corporation, Seoul Metropolitan Development Corporation, and Seoul Metropolitan Rapid Transit Corporation are the function-specific public corporations. The Seoul Metropolitan Council is made up of 106 members, of whom 96 are elected from the autonomous districts and 10 are chosen according to proportional representation. The council enacts and revises municipal ordinances, examines and decides on budget bills, verifies execution of works, deliberates on administrative affairs, and accepts and acts on petitions submitted by citizens. The latter is the vehicle for citizen participation.

Source: ADB. 2007. Governance Background Paper, *Managing Asian Cities Study*. Manila.



Manila Development Authority), or this body can be composed of representatives appointed by national or state government (Chennai Development Authority) but the authority is run and operated by a chief executive officer.

- **Metropolitan government**, where the local governments comprising the metropolitan area are under a higher jurisdictional authority—usually the state or the province—whose leadership, as governor, for example, is typically elected.

An example of a highly structured system is found in Tokyo. It governs the 23 special wards and 39 municipalities (26 cities, 5 towns, and 8 villages) that comprise the metropolitan area. The Tokyo Metropolitan Government (TMG) has two distinct governance systems: a special administrative arrangement with the 23 wards, not found elsewhere in the country, and an administrative arrangement, typical of other prefectures, with the municipalities. An example of a voluntary council arrangement is the Metro Naga Development Council in the Philippines.

Booming cities, flagging infrastructure

Despite the wide range of metropolitan coordinating mechanisms available in the region, provision of urban infrastructure at the local level has failed to keep pace with rapid urbanization. Urban infrastructure requires strong planning and coordination. Effective land use management is crucial to urban planning but a lack of legal frameworks, poor enforcement of rules and regulations, and political interventions frequently result in irrational planning decisions. Weak outcomes can be exacerbated by poor timing. When urbanization precedes the infrastructure, the required retrofitting usually means much higher costs and greater disruption. Coordination between multiple agencies and across urban boundaries presents additional challenges.

Keeping tabs on city assets

The assets of a city comprise those of the administrative units—including their financial assets, land, real estate, infrastructure, and human resources; those of all its other stakeholders—including people, businesses, and other organizations; and the city's natural resources and environment. There is a clear distinction between the assets owned by or under the control of the local government and those of everyone else. This distinguishes between managing the city's administration and managing the city's economy and life.

The property rights of local governments over city assets may be prescribed by law or established by accepted practice. The asset base can be built up through processes of decentralization, nationalization, donation, purchase, transfers, or foreclosure through the enforcement of sanctions for nonpayment of dues. And yet many local governments and their agencies have neither asset inventories nor valuations. Physical assets generally relate to water supply, sanitation, and sewerage, flood control and drainage, roads, public transport, houses and buildings, and telecommunications, among other things. Their ownership is usually well established but decentralization and asset ownership are not explicit in some cases and local governments often are unsure of who owns them.

A cure for asset stress: unburden by unbundling

For much of the 20th century, state monopolies deliver infrastructure services. These monopolies often provided very poor services, especially in developing and transition economies, and were particularly bad at servicing low-income citizens. Typical problems were low productivity, high costs, low-quality service, lack of asset maintenance, insufficient revenue, and levels of capital investment that fell far below the needs.¹⁰ Over the past 20 years, many countries have implemented major institutional reforms that have restructured, corporatized, and privatized these entities, and have established new approaches to regulation.¹¹

It is now more widely accepted that network utilities should be unbundled so that potentially competitive functions are under separate ownership from natural monopoly components where there is substantial invested capital.¹²

¹⁰ Kessides, Ioannis N. 2005. *Infrastructure Privatization and Regulation: Promises and Perils*. Washington, DC.

¹¹ Joskow, Paul L. 2003. *Electricity Sector Restructuring and Competition: Lessons Learned*. *Cuadernos de Economía*. Instituto de Economía: Pontificia Universidad Católica de Chile.

What is Asset Management?

The management of the acquisition, use, and disposal of assets; maximizing their service delivery potential; and the management of related risks and costs over their lifespan. Asset management requires an inventory that is recorded in a central register; valuation; life-cycle costs from initial capital, through operating and maintenance costs to salvage and disposal costs. It requires a plan. An example is an asset management improvement plan for road management, which identifies 12 steps:

- Establish road asset database.
- Establish road hierarchy and classification.
- Establish road condition standards.
- Determine current road condition.
- Identify risks.
- Establish maintenance standards and practices.
- Establish renewal/upgrading program to ensure network meets standards.
- Determine resource requirements.
- Determine organizations' capacity to provide required resources.
- Review standards having regard to organization capacity.
- Establish monitoring and inspection program.
- Establish complaints and action process and tracking system.

Source: Municipal Association of Victoria, Australia. 2003. Quoted in K.C. Leong, 2004, *The Essence of Asset Management – A Guide*. United Nations Development Programme in association with Eastern Regional Organization for Planning and Housing and Asia Pacific Institute for Good Asset Management.

Privatization can be justified as a trade-off in which potential losses of coordination and possible increases in transaction costs through unbundling are exchanged for potential efficiency gains from competition and increased transparency.¹³

¹² Guasch, J. Luis, and Charles Blitzer. 1993. *State-owned Monopolies: Horizontal and Vertical Restructuring and Private Sector Access Issues*. Washington, DC: World Bank.

¹³ Gomez-Ibañez, Jose. 1999. *Regulating Coordination: The Promise and Problems of Vertically Unbundling Private Infrastructure*. Boston: Harvard University.

¹⁴ Many Asian Development Bank (ADB) project completion reports support this conclusion.

¹⁵ ADB, Japan Bank for International Cooperation, and World Bank. 2005. *Expenditure on Infrastructure in East Asia Region, 2006 to 2010*. In *Connecting East Asia: A New Framework for Infrastructure*. Tokyo, Japan.

Examples of Unbundling

- Electricity:** Transmission and distribution split from generation.
- Telecommunications:** Local network split from long-distance mobile and value-added services.
- Water:** Source development separated from distribution and both from wastewater treatment.
- Natural gas:** High pressure transmission and local distribution separated from production, supply, and storage.
- Railways:** Tracks, signals, stations, and other fixed facilities separated from train operations and maintenance.

The high price of neglecting infrastructure maintenance

Proper maintenance of infrastructure and other built assets is essential to improving city sustainability. And effective asset management is vital for urban systems. But maintenance gets low priority from most Asian cities both in funding and attention.¹⁴ Neither regular nor periodic maintenance takes place in a timely manner. Newly constructed assets often deteriorate rapidly. The problem is made worse by the fact that much of the infrastructure in Asia's cities is near the end of its serviceable life.

There is a capital cost to this absence of adequate maintenance and failure to set aside money for major rehabilitation. A lack of funds is often quoted as the reason for deferring maintenance, but this leads to unrecognized future funding requirements for many utility agencies and local governments. Little work has been undertaken to establish the scale of the maintenance deficit. But using annual requirements ranging from 2% of the estimated value of infrastructure for electricity, roads, and railways, to 3% for water and sanitation, to 8% for telecommunications stock, Yepes¹⁵ estimates that the annual maintenance requirement from 2006 to 2010 for infrastructure¹⁶ in East Asia¹⁷ to be about \$58 billion, or some 54% of the capital investment requirements. This amounts to an estimated 2.3% of gross domestic product (GDP), but it relates to all infrastructure. Specific estimates for urban infrastructure were not prepared. If the PRC is excluded, the figure is about \$14 billion, or 70% of the capital investment maintenance clearly requires additional investment to that needed for new capital works. Not carrying out appropriate maintenance will mean shorter

¹⁶ Covering electricity, telecommunications, roads, rail, water, and sanitation.

¹⁷ For People's Republic of China (PRC), Indonesia, Republic of Korea, Lao People's Democratic Republic (Lao PDR), Malaysia, Mongolia, Papua New Guinea, Philippines, Singapore, and Thailand.

Corporatization and Privatization

A partnership approach has been adopted for services such as electricity, water and sewerage, and public transportation which smaller local governments are hard-pressed to finance. Such local entities may assume a corporate character that encourages management by professionals rather than politicians. Many of these special purpose entities were set up as a result of the transfer of power from local authorities through corporatization, or privatization. The former refers to the reorganization of a publicly owned service to operate according to private sector, corporate principles. Privatization is the transfer of a function, or part of it, to the private sector, but generally this leaves a local government retaining some control. There are many examples of corporate agencies, including the local water districts of the Philippines, the water companies (PDAMs) in Indonesia, electric utilities, and public bus companies. Nevertheless, they all have common characteristics, including a continuing organization, the authority to undertake public services, the ability to enter into contracts, the right to sue and be sued, and the ability to collect taxes or charges and determine a budget. In other countries, local governments simply regulate a service which is, or always has been, provided by the private sector. There are a significant number of publicly owned markets, bus terminals, and slaughterhouses in the region, although many are now operated or owned by the private sector.

Various aspects of the modalities are shown in the table but whatever arrangement is adopted, each one relies on a specific contract between a public (government) entity and a private company.

These arrangements take different forms in different sectors. For example, in the water sector, privatization has generally fallen into six categories:

- The disposal by government of public water delivery and treatment systems through the sale of shares, often on the stock market, as undertaken in the United Kingdom in the 1980s.
- A long-term lease agreement with a private company to design, build, and operate water/wastewater systems.
- Awarding concessions or leases to corporations to take over the delivery of the service. As developed in France, the corporation bears the costs of operating and maintaining the system, collects the revenues, and keeps the surplus as a profit.
- Another form of long-term agreement is a build/operate/transfer (BOT) arrangement. Here, a government entity contracts with a private company to construct a water or wastewater facility and to operate it under a long-term agreement. At the termination of the contract, the public utility gains all rights to the facility and its operation. Under many concessions or BOT agreements for water services, the government enters into a take-or-pay arrangement, where the government must pay for a specific amount of water at an agreed price whether it uses the water or not.
- Contracting with a private entity to manage, operate, and maintain some or all of its water/wastewater treatment facilities and services. Generally, this involves the public sector retaining the water rights and setting the charges while paying a fee to the private entity to manage the system.
- Outsourcing operational tasks, including meter reading, billing and collection.

Another form of water privatization involves private entities supplying raw water to public water companies or local governments.

A Range of Privatization Models Adopted in the Region

Public ownership & provision	Service contract	Management contract	Leasing (Affermage)	BOT	Concession	BOOT/BOO	Divestiture	Private ownership & provision
Commercial Risk	Public	Public	Shared	Private	Private	Private	Private	
Duration	1–3 years	3–5 years	8–15 years	25–30 years	20–30 years	Indefinite		
O&M	Public	Private	Private	Private	Private	Private	Private	
Asset Ownership	Public	Public	Public	Public	Private /Public	Private		
Financing Investment	Public						Private	
Role of Government	Provider						Enabler / Regulator	

BOT = build/operate/transfer, BOO = build/own/operate, BOOT = build/own/operate/transfer, O&M = operations and maintenance.

Source: ADB. 2006. *Developing Best Practices for Promoting Private Sector Investment in Infrastructure*. Manila; and World Bank. 1995. *World Development Report 1994*. Washington, DC.

lives for infrastructure assets, resulting in system failures, safety and health costs, and additional repair and replacement costs later.

City governments' struggle for authority, efficiency . . .

Asian coordination mechanisms, including city planning, development control, and service management, are often too government-driven and fragmented to respond effectively to change. There is also a tendency to micromanage cities when strategic thinking is required. Management styles in Asian cities can be closed, unresponsive, and regulating. More effective local governance is also constrained throughout the region by the factionalism that results from the dominance of local politics by powerful families and strong interest groups. Many service entities are independent fiefdoms. Planning is generally short-term and physically oriented. There is limited consultation with communities and participation is often not encouraged. Local and national government agencies have limited accountability and many show weak leadership.

Despite the coordination efforts, urban growth is fast overflowing local government—and metropolitan—boundaries that were delineated during times of slower growth when there were clear distinctions between urban and rural areas. Increasing economic integration of rural areas within the urban economic system and fabric suggests the need for improving both cross-border and cross-sector coordination without the costly redrawing of local government boundaries. Cross-border coordination is related to the size and spatial extent of a city relative to administrative boundaries and the local government system. Cross-sector coordination relates to decentralization that determines the roles and responsibilities of the levels of government and includes public participation. For many large cities, the separation of some services from the local political process through the creation of autonomous service agencies or companies has been a partial solution.

. . . demand more public involvement

Two prerequisites for good governance are public participation in decision making and public oversight of government functions. Public participation at the local level varies considerably across the region. Some countries allow full participation, while others permit none.

Most Asian countries have legislated for participation but citizen involvement differs largely according to how



well developed civil society is. Indonesia and Thailand have active civil societies, but their involvement with local government is limited. In other countries like India and the Philippines, civil society is stronger and more active at the local level.

There are several channels for public participation. The most common, traditional system is the fully or partially elected local council. In some countries, organized civil society groups interact with local governments on issues of interest to them. However, the existence of a civil society is not a guarantee that public participation will take place. Systems need to be devised to provide all groups in society an effective voice in decision making.

Public and private: potential partners for progress

Partnerships between the public and private sectors are becoming more important. Progressive city administrations are increasingly joining forces with the local business community to tackle urban challenges together. While this type of partnership usually goes under the term “public-private partnership” in the United Kingdom (UK), it is not to be confused with the other “PPP,” designed to drive private finance initiatives. The rise of partnerships between the public and private sectors has largely arisen because enterprise needs successful cities, and becoming directly involved in improving a city is important for the business community. By participating, business leaders not only bring their entrepreneurial skills

Urban Partnerships in Action

Partnerships in London

Central London Partnership (CLP) was established in 1997 and brings together the private sector, eight central London local authorities, and other public bodies, including the Metropolitan Police. CLP aims to improve the center of the capital city. Business members contribute to CLP through a membership fee, and provide in-kind support and sponsorship for programs and events. CLP provides a channel of information and consultation to the business community, engaging business leaders in city issues that have a direct affect on their operating environment, from congestion charging to planning and local authority service provision. The partnership also works on projects to tackle broadly ranging specific problems, including transport, management, skills, and economic development.

The Circle Initiative was the UK's first pilot Business Improvement District (BID) program, set up to bring private sector engagement and funding into managing and improving local areas. Established by CLP in 2001, five private sector led partnerships were set up across central London to test the concept. Four partnerships are operating as formal BIDs, supported and funded through businesses that pay an additional levy on their business rate. BIDs work closely with public sector agencies, bringing additional private funding and resources. Services focus on a "clean and safe" agenda.

Paddington Waterside Partnership was launched in 1998 to drive urban regeneration. It comprises the major developers, landowners, commercial occupiers, and transport operators in the Paddington area, working closely with the local authority, Westminster City Council, and other public agencies. Members of the partnership subscribe voluntarily and drive the direction of the partnership's vision and activities, through a developer forum and an occupier forum.

Building London Creating Futures is a partnership between members of London's construction and development industry, central London authorities, and regeneration partnerships. It aims to find long-term employment for local people in central London, helping the construction industry with its recruitment needs. The partnership was established in 2001, responding to the shortage of skilled labor in the central London construction industry and the difficulties experienced by many local people, particularly ethnic minorities and other disadvantaged groups, in finding and sustaining employment.

Source: Brown, Patricia. *The Role of Public-Private Partnerships in Managing Cities*.

Urban Regeneration Companies

In England, toward the end of the 1990s the need for effective urban regeneration partnerships led to the creation of Urban Regeneration Companies (URCs). Seen as an effective means for delivering major regeneration projects in key urban areas, three pilot URCs were organized in Liverpool, East Manchester, and Sheffield. URCs are "independent organizations uniting national, regional, and local public and private stakeholders in key towns and cities" through a corporate structure. Their principal aim is to revitalize urban areas by engaging the private sector in a mutually determined and/or agreed-upon regeneration strategy, including the formulation of a comprehensive approach for addressing problems and promoting new opportunities in the area.

A key factor in the operations of the URCs is the preparation of a business plan for regeneration and the prioritization of public sector funding over a given period with a goal of attracting private sector investments. A URC will cease operations upon completion of the outputs of the strategic plan. The operating costs of URCs are funded by the concerned regional development agency, local authorities, and English Partnerships, the national government's regeneration agency. URCs are formal corporations or partnerships that are expected to treat the local authorities involved at arm's length.

This is to show a measure of independence. URCs are independent companies with the liability of the contributing parties limited by guarantee and not by shares. They have a governing board that typically consists of the local authority, the regional development agency, a representative from English Partnerships, and the private sector. Also inherent in the URCs is the focus on public consultations to firm up the linkages between public sector bodies, businesses, and the public. The chairman of each URC is from the private sector. There are now 23 URCs. Liverpool Vision was the first and its Strategic Regeneration Framework aims to restore the city's status as a premier commercial and retail center, redesign its physical beauty, and renew its infrastructure. Its main partners are the Liverpool City Council, the North West Development Agency, and English Partnerships.

Source: Urban Regeneration Companies. Available: www.urcs-online.co.uk

to the city but also demonstrate a commitment to their employees. Indeed, competitiveness is intrinsically linked to a good business operating environment, which in a high-income and advanced service economy is as much about a high quality of life as it is about levels of business taxation or supply chains. Public-private partnerships can be established to undertake many activities—from strategic, city, and regional urban infrastructure development to local urban regeneration and social inclusion initiatives. What is critical is a shared vision and genuine desire by each party to work collectively to improve or manage an area.

Partnership arrangements organized through public-private sector collaborations may be centered on economic activities or industrial clusters, infrastructure, transportation, land use planning, traffic, housing, environmental and waste management, and increasingly, urban regeneration functions. Structurally, they adopt a myriad of forms, including boards, councils, companies, and networks. These arrangements may span traditional jurisdictions and co-opt the participation of other critical stakeholders, including the business sector, civil society, technocrats, academe, and communities.

Public-private partnerships fill a gap created by management arrangements that are so rigidly tied to local government boundaries that they fail to cover essential functional linkages and geographical space needed for key activities. The approach is similar to functional unbundling, which limits the local government's scope of service delivery while authorizing autonomous local entities with corporate powers to undertake specific services on a city-region or metro-wide basis.

Accepted: change is essential and improved management the starting point

To achieve change in city management, an effective city administration will foster a strong interaction with the wider community that it serves and manages. Institutions must offer the public easy access. Their decisions must be made openly and the lines of accountability clearly defined. Effective institutions provide people with information about plans and proposals. These institutions will often delegate the management of the city to the local level so that citizens can gain easy access to those who make decisions and provide services. The city of Vancouver in Canada provides a good example of urban management that enables its citizens and businesses to participate in its decisions. In Pakistan, under the citizen community boards, residents are given the funds to undertake local projects if they provide 20% of the project cost. This kind of approach offers an opportunity



for community groups that are normally excluded from the planning process to take part in it.

Facilitate, not regulate, for success

Institutions must listen to and learn from their communities. They need to establish mechanisms that enable communities and business to make suggestions and receive responses, including opportunities to participate in debates on the future planning of the city and its local areas. Effective institutions learn from the experience of others. They find ways to learn about the city, including research and monitoring activities. This ability to listen and learn will become increasingly important if cities are to be successful. Indeed, some cities call themselves “learning cities.”

Institutions must be enabling—that is, they must actively help others make their own decisions and carry them out. This means a role change from being regulators that tell people what and what not to do to acting as facilitators that offer people and business advice and support so they can operate efficiently. An example of facilitation: a city government provides a brief that indicates its broad planning desires but, within those parameters, allows developers to carry out the development according to their own designs and details. In this way, the city achieves its overall objectives but those objectives are implemented flexibly, allowing for innovation. This leads to more effective and interesting forms and styles of development.

Institutions can also set up partnerships with stakeholders, including business, nongovernment organizations (NGOs), and community and social groups. These partners will work together on projects, sharing information and powers. Each partner brings its own resources, knowledge, and skills into the partnership and uses these to achieve jointly agreed goals.

To achieve these goals, institutions must span the whole urban area—a difficult challenge for government entities in rapidly expanding cities. They must also reduce the transaction costs of doing business with government, and must balance strong leadership with collective responsibility and support both with a strong civil service.

A strong economy, society, environment: it's all about strategy

Planning for sustainable development as a whole is the key to successful city management. City development strategies (CDSs) are examples of planning instruments that can provide the planning context for a city or city region and enable a better understanding of the city's current problems and future development. Key lessons learned have been documented in an ADB review.¹⁸ The key to CDS is participation, and this takes time. Many strategies have been prepared too quickly

How an Empowered Woman Changed a Pakistan Community

Yasmeen Tariq is a well-educated, 38-year-old mother who was elected to the union council in Kakul in Abbottabad district. Although elected in a reserved seat, she considers everyone in the community part of her constituency. She has been actively involved in social welfare work in her area for some time. Her husband is a banker. His support and influence have complemented her dedication to serve the people and made it possible for Yasmeen to formally enter the political arena. Since assuming office, her links with nongovernment organizations and government agencies have been strengthened. As a council member she faced enormous problems in negotiating projects. After training, however, she negotiated a road construction project from the union council and secured gas connections for 40 households through the private sector. She also plans to facilitate road access to a village in her constituency. At present, the forum she belongs to is involved in an initiative to develop a directory of skilled workers to enhance their skills and to establish links with the market to expand their economic opportunities. Yasmeen has no doubt that her levels of information and knowledge as well as her acceptability in the community have been enhanced as a result of her council membership and project activities. Her plans for the future include contesting provincial elections.

Source: ADB. 2004. *Gender and Governance Issues in Local Government*. Manila.

City Development Strategies (CDSs)	
Impact	Not only on cities but also on supporting development partners
Resources	CDS is a powerful tool for mobilizing financial and human resources
Learning	Horizontal learning among cities proved to be a significant contribution
Local Government Association	Role of local government association in dissemination of learning experience and sustainability of the process is important
Partners	Other donors should be brought in as potential implementation partners
Monitoring & Evaluation	M&E cannot be treated separately from the actual CDS exercise
Diversity	CDS needs to reflect the diversity of cities

Source: Cities Alliance. 2006.

and simply follow a standard model, often only to satisfy outside objectives. They often lack economic content, a major failure. Too little time is spent on consultation, participation, and seeking originality. A CDS needs to be a true reflection of the collective vision of its stakeholders.

A CDS must be built on an economic foundation. Such a strategy can change the way a city is managed by focusing on a new economic structure that promotes the city as an attractive destination for regional, national, and global investment. A successful CDS highlights new and unique features of a city and builds upon these for future development. Thinking globally, regionally, and long-term is essential, but funds are needed to maintain momentum. There is more than one way to prepare a CDS program.

A key output of a CDS is an investment program to support the vision. It must have the commitment of stakeholders, including funding support from the national and local governments. These programs need to be implemented within the context of economic and social objectives, which will provide the basis for prioritizing investments.

Planning is always subject to risks, including events that could impact on the continuing success of Asia's cities as economic powerhouses. They are part of a globalized world, both contributing to and depending on its growing prosperity. They are thus vulnerable to falling demand for

¹⁸ ADB. 2004. *City Development Strategies to Reduce Poverty*. Manila.



or reduced consumption of goods produced in Asia for sale in the US, Japan, and Europe. Deteriorating environments in many major cities also pose risks that are certain to lead to declining competitiveness. This includes the diminishing attraction of cities as places to live. Cultural disharmony, too, can play its role in reducing competitiveness, if those who lose out in the globalization process forcibly demand more.

This introduction

This chapter has laid out the general context within which the management of Asian cities can be improved. It has highlighted the rapid growth of city populations and economies, and the resulting risks and problems. It has stressed administrative responsibilities and the need for better asset management.

Above all, it has shown that there is a need for change that leads to the greater involvement of people in determining the future of their cities and for partnerships with the private sector and civil society. This change will be achieved only through strategic planning—which is vital.

The following chapters

We will now examine the economic, environmental, and social aspects of Asian cities in more detail. These chapters provide the context for the development of integrated approaches appropriate to the management of the burgeoning cities that are the primary drivers of the economies of Asia.