

ASIA

As the percentage of urban dwellers increases throughout Asia, cities are increasingly driving the region's dramatic economic growth. In East Asia, cities already account for up to 70 per cent of GDP growth, while Ho Chi Minh City's per capita GDP is more than triple Vietnam's national average. Mumbai alone generates one-sixth of India's GDP. Densely-populated urban areas provide markets for outputs, inputs and labour and other services and enable firms to profit from economies of scale and scope, specialisation and rapid diffusion of knowledge and innovation.⁸

As in other regions, Asia's urban growth brings with it a host of challenges for cities and local authorities, particularly in terms of service delivery, infrastructure financing and land use. In many cities, infrastructure provision is failing to keep up with rapid urbanisation and the demand for services, and the brunt of these gaps generally falls on

the poor, frequently in peri-urban, informal settlements.

Many Asian countries have responded to the challenges of urbanisation by decentralising substantial government responsibility to the local level. However, decentralisation has also raised issues of coordination across different jurisdictions and agencies, of accountability and intergovernmental fiscal arrangements, of municipal financing options and of greater participation by civil society and the private sector.

These issues are the focus of an increasing number of Alliance activities in the region. CDSs continue to be in great demand in Asian cities as a tool for rethinking the city and planning for its future, including political and economic relationships with the city-region. Cities are using CDSs to develop institutional,

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View of settlement near Mumbai Airport, India

⁸ This section draws heavily on East Asia Infrastructure Department's Working Papers Nos. 5, "East Asia and Pacific Urban Business Directions", and 8, "Urbanization Dynamics and Policy Frameworks in Developing East Asia," Washington, DC: World Bank, 2004; South Asia Urban Department's presentation to the regional management team, April 2005; World Bank, *Connecting East Asia: A New Framework for Infrastructure* (Washington, DC: World Bank, 2005).

policy and financing frameworks for efficient and responsive service delivery, improved city management and governance and to promote accountability and environmental sustainability.

Local and national authorities continue to seek Alliance support to develop concrete, implementable action plans for citywide slum upgrading. This year, Alliance members extended support to Hyderabad, Mumbai and Visakhapatnam, the Philippines' Housing and Urban Development Coordinating Council, and Bhutan's Ministry of Works and Human Settlement in their quest to achieve cities without slums and improve living conditions for the urban poor.



CDS IN LANZHOU, CHINA

In 2001, a new CDS concept was launched in city-regions in four of China's poorest provinces. China's experience with urban development had underlined the importance of broadening the perspective from a single city to city-regions. These regions are anchored by one large city that has linkages to a number of smaller cities, towns and villages. China's peri-urban areas have been the most vibrant segment of its economy. While their success is largely attributed to local entrepreneurship, economic growth cannot be realised without strong linkages between peri-urban areas and the central city.

The CDS programme was supported by the World Bank, DFID, UN-HABITAT, central government bodies and the China Association of Mayors. The aim was to upgrade the effectiveness and equity of development strategies in the city-regions, particularly by incorporating poverty concerns, regional developmental and management linkages and stakeholder consultations.

One of the city-regions was the Lanzhou region, with a population in 2001 of almost three

million, 55 per cent of them urban residents, and covering an area of more than 13,000 square kilometres, almost half the size of Belgium or Lesotho. Almost 80 per cent of the population and most economic activities are concentrated in the city of Lanzhou, located in a narrow valley along the Yellow River. The city-region faces considerable economic disparities and demographic differences between its five urban districts and three rural counties. The economy of Lanzhou is based on heavy manufacturing industries established more than two decades ago. Even though the economy has been growing during the last decade, its development is constrained by heavy pollution and productivity inefficiencies. The environmental problems are reinforced by Lanzhou's location in a narrow river valley, which concentrates air and water pollution in the most densely settled areas.

The CDS for Lanzhou was developed in coordination with various commissions and bureaux and with the participation of stakeholders. Lanzhou's vision was to become a transport hub and the economic, scientific, commercial and financial centre for the western region. The principal output markets for Lanzhou are the eastern coastal cities and export markets. One of the priorities for the CDS was to assess the competitiveness of Lanzhou's main industries and to identify the potential for strengthening related industries supported by institutions of higher education.

Stakeholder workshops were carried out to increase community participation. Planning in China is evolving from earlier centralised, technocratic methodologies towards a more participatory approach with greater community involvement. Workshop participants included officials from different levels of local government; managers from state-owned and private enterprises; academics; and representatives from NGOs, community organisations and the media.



Aerial view of Lanzhou along the Yellow River

The stakeholder workshops defined the following challenges for Lanzhou:

- The weaknesses in economic planning and the need for a fresh look at its economic advantages;
- The dependence on large, traditional industries, which has led to an economy that is vulnerable to changes in demand and prices;
- The lack of integration of the main industries with the local economy along with low value added and high environmental externalities;
- The city's negative image nationally, which has discouraged investment;
- The issues raised in connection with developing a new suburban area by relocating non-ferrous industries there, which would provide only limited employment opportunities and may have a negative impact on the area's agricultural potential;
- The need to improve Lanzhou's logistics capacity and links with the rest of the world.

The critical issue is defining and strengthening Lanzhou's competitive advantage in attracting foreign and domestic direct investment. Measures also need to be undertaken to integrate vulnerable populations into the economic and urban development process. Another major issue is identifying the spatial direction of the Lanzhou's future development.

Focusing on these key themes, the CDS presented strategic options and policy recommendations, along with suggested implementation responsibilities that included the following:

- Strengthening the economic linkages between the Lanzhou metropolitan region and other regional urban systems based on comparative functional advantages;

- Maximising agglomeration benefits and access to markets across the Lanzhou metropolitan region;
- Improving production and innovation capacities across the Lanzhou metropolitan region;
- Improving living conditions and social safety nets for migrants and landless farmers, improving living conditions for the urban and suburban poor and preparing for the demands of an aging population;
- Enhancing land development controls in suburban areas;
- Conducting development planning that includes the transportation system and environmental management;
- Promoting economies of scale in regional delivery of social and infrastructure services, attaining full cost recovery for infrastructure services and promoting public-private partnerships for infrastructure service delivery;
- Rationalising jurisdiction boundaries and functional responsibilities;
- Exploring an expansion of the revenue base for the municipal government and improving the management of municipal debt.

CDS preparation reports have been widely distributed among the various agencies, in particular, those agencies that are responsible for drafting municipal development plans. Some of the key findings and recommendations from the CDS have been integrated into the city's and province's 11 Five-Year Plans (2006–10), which will be finalised by the end of 2005.

Zhang Rufei, Deputy Team Leader of the China CDS 2 Team and Managing Director, Chreod Ltd., China.



MONGOLIA: CDSs AND THE GER UPGRADING PROGRAMME

Urbanisation in Mongolia has been rapid and concentrated. Already 57 per cent urbanised, urban population growth exceeds that of employment. About one-third of the population lives in Ulaanbaatar, the capital. The country's modern cities were designed after World War II based largely on the Soviet model. The first waves of urban migration took place in the late 1980s. The process intensified in the 1990s and continues at a rapid pace. In-migration to Ulaanbaatar and secondary cities such as Erdenet and Darkhan has been occurring in the peri-urban *ger* (traditional tent) areas, with little or no planning by local governments, as such settlements were always considered to be temporary. National and local authorities now recognise the permanence of these settlements, which constitute a unique feature of Mongolia's urban landscape. However, the uncontrolled growth in the *ger* areas has impeded the efficient delivery of public services.

Mongolia's secondary cities are relatively small compared with Ulaanbaatar, and have sought to develop a new vision focused on their competitive advantages so as to enhance their competitiveness and liveability, especially for vulnerable groups. With the assistance of the Cities Alliance, the cities of Erdenet, Darkhan, Tsetserleg, Khovd and Choibalsan have undertaken CDSs with the objective of creating a favourable environment for narrowing the disparities between themselves and Ulaanbaatar by accelerating economic growth in the regions and supporting social progress through the efficient utilisation of natural resources.

CDS workshops conducted by the Mongolian Association of Urban Centres with the assistance of Planning and Development Collaborative International have demonstrated a strong sense of ownership, not only by local governments, but also by local chambers of commerce.

The CDSs have now become a key tool in the government's proposed reforms pertaining to regional development restructuring, whereby the

country would be divided into four *aimags* (provinces) and two cities in each province would be the focal points for local economic development and service provision, especially for utilities and social infrastructure such as health and education.

The municipality of Ulaanbaatar has also requested the assistance of the Cities Alliance to develop a strategy for *ger* area upgrading, with an emphasis on land management and planning issues in these informal settlements. The initiative would complement the second World Bank US\$23 million Ulaanbaatar Services Improvement Project, and several grants from the governments of France, Japan and the Netherlands for community-led infrastructure, water and sanitation and environmental management.

The challenge of infrastructure delivery is compounded by the extent of poverty in the *ger* areas: 78 per cent of residents in the *ger* areas of Ulaanbaatar live on less than US\$30 per month, with the poorest eight per cent living on less than US\$12 per month.

The *ger* areas can be divided into three zones: (i) the inner area close to the city centre, where residents have successfully transformed the traditional *gers* into timber or brick houses, but still only have access to very basic services, and this area could be progressively integrated into the city's infrastructure network; (ii) the intermediate area without proper subdivision and with little in the way of infrastructure except electricity and access to water through water kiosks; and (iii) the peri-urban area, which is host to the most recent migrants, where water is provided by truck services but no other basic services are offered.

Both the CDSs and the proposed *ger* upgrading programme are key initiatives designed to fundamentally redevelop Mongolia's towns and cities and to assist the urban poor.

Hubert Jenny, World Bank, Beijing.



Views of *ger* areas in Ulaanbaatar



INDONESIA'S CDS EXPERIENCE

In 2000, the population of Indonesia reached 210 million, with 40 per cent living in urban areas. Unplanned and uncontrolled urban sprawl has resulted in slums and has led to the conversion of fertile land in peri-urban zones. The prolonged economic crisis has caused rising unemployment and widespread poverty in both urban areas and rural hinterlands. To reverse the downward spiral, municipalities believe that they need to stimulate private investment, optimise public infrastructure and streamline their bureaucracies.

The recent drive towards decentralisation has shifted responsibilities for local development from the national to the municipal level. The need for reform of the national government and of provincial and local governments and the consequent reformulation of relationships among development stakeholders have become top priorities. The decentralisation agenda, the increasing urban population and the pressures on the urban environment have highlighted the urgent need for new political institutions and a new management culture, as well as increased dialogue with civil society and the business community.

The Cities Alliance, through the World Bank, UN-HABITAT and the Swiss Development Corporation, has been supporting a number of initiatives in Indonesia. The first one started in 2001 and focused on nine cities. In 2003, a CDS process was initiated in the province of Yogyakarta in central Java.

During a conference in Hanoi, late 2004, where experiences from CDS processes were discussed, the Directorate General for Urban and Rural Development within the Ministry of Public Works of Indonesia provided an interesting overview of Indonesia's experiences from CDS activities:

Political reform and people's participation in decision making are no longer an option but a necessity. A key feature of CDSs is to promote people's participation in decision-making at the local level, particularly at the urban community level. Local democracy cannot emerge in a non-democratic national environment, and national democracy can never be created in a non-democratic global environment.

Democracy should spring from people's awareness, aspiration and demand for participation in public decision-making. Although local democracy needs a national democratic environment, urban governance and people's participation in urban communities should be a result of creative local political processes. Indonesia is in a transition period of a big decentralisation agenda.

One experience is that participatory processes take a long time. Almost two years were spent on elaborating the CDSs, to define the local urban development vision, mission and strategy, and priority programmes. Most of the CDSs focused on poverty alleviation through local economic development, good governance, improved public service, and environment, the expansion of infrastructure services, and also health and education.

The CDSs performed well in activities such as the formation of an urban stakeholders forum, the establishment of a system for urban information management, and the process of involving the communities in formulating the 'urban development strategies' for the cities. The CDSs have enriched the process of local participation in preparing local programmes.

The governance agenda includes developing democratic life, developing political institutions and culture, and promoting the role of the civil society. Five major success factors for improving governance have been identified:

- Appropriate vision-mission statement;
- Effective leadership;
- Good management performance;
- Good governance; and
- Co-operation with the people.

People's participation process should be built in with the local political decision-making processes.

The integration of CDSs with national planning tools should be seen in the context of

the dynamics of social and political changes. The government giving more responsibility to the people means that national processes are going to be filtered down to local level. The direct election of the President will soon be followed by direct election of local mayors.

Local democracy and people's participation will require the active role and leadership by the local government, and should not be seen as a negotiation between stakeholders and the government. We also need a clear division between what the government and the people should and can do; it is wrong to assume that people can substitute or can do better than the government.

Participatory approaches are often seen as threats to ongoing and prevailing political decision-making processes, and a better way has to be found to improve the current political process rather than creating conflicts with it. There is no simple way of defining a stakeholder group as the peoples' representatives; any definition of groups of stakeholders has the risk of bringing in interest groups. We should not deny the fact that people can also be bribed.

Participatory approaches in urban management also require good information systems that enable the sharing of the information by all urban stakeholders. One major objective of our decentralisation law is to provide better public service by giving authorities to local government that is closer to the people. However, the role of the national government is not ended with the move towards decentralisation.

In addition to specific CDSs for our cities, we need a national policy and strategy for our urban development. The national government should take the responsibility for formulating this strategy and to assist local governments in managing their local functions. In the past, the national government had a strong influence on local development by its power of authority and financial subsidy; it is now time for government at the national level to function as 'a knowledge centre' in guiding urban development and management.

The government of Indonesia recently approved a new Law on the 'National Development Planning System', which establishes an integrated framework of long, medium and annual planning for each of the central ministries and local governments. The Law provides for the creation of a Consultative Development Planning Forum at

both the national and local levels, involving all development stakeholders.

The World Bank-sponsored Urban Sector Development Reform Project (USDRP) has a broader spectrum than the traditional urban public works infrastructure projects. It includes elements such as promotion of local economic development, and requires participating local governments to develop an 'urban development strategy' that will guide their priority urban programmes and projects through a participatory mechanism.

Participating local governments are required to commit themselves to urban reforms to promote and improve local transparency, financial management and procurement practices consistent with standard practices of good urban governance. All projects proposed will be evaluated based on financial eligibility criteria such as cost recovery, financial capacity and borrowing capacity of local governments. The Directorate General for Urban and Rural Development (DGURD), Ministry of Public Works serves as the executing agency on behalf of the National Government.

Finally, Indonesia has welcomed the CDS concept and is pleased to see how CDS contributes to the dynamics of our national and local democratic movement.

Andreas Suhono, Directorate General for Urban and Rural Development, Ministry of Public Works, Indonesia.



River settlements in Palenbang

HARD CHOICES AHEAD: REINVENTING MUMBAI AS A WORLD-CLASS CITY

Many Mumbai residents have resigned themselves to the impression that their city, which generates about six per cent of India's GDP and a third of the national tax revenue is dying a slow death. Home to upwards of 12 million people, more than 17 million in the metropolitan area, Mumbai has become Asia's dysfunctional urban giant, famous for its vibrancy, chaotic traffic, evident wealth and, far more visibly, its poverty.

In September 2003, a local civic organisation, Bombay First, and McKinsey consultants produced Vision Mumbai, a ten-year agenda to revitalise the city. The report set the goal of transforming Mumbai into a world-class city by 2013.

To debate the recommendations of this report, Bombay First convened a series of workshops with concerned authorities and stakeholders. Showing its commitment to the Vision, the Government of Maharashtra established a Task Force to co-ordinate the 'Mumbai Transformation', and created the post of Secretary (Special Projects) to oversee implementation. In July 2004 a Citizen's Action Group was formed under the chairmanship of the Chief Minister, comprising eminent citizens from the private sector, academia, as well as slum dwellers.

The Government also began discussions with a number of international agencies including USAID, UNEP and the World Bank for support and technical assistance for the Mumbai renewal agenda. They approached the Cities Alliance to facilitate some of this support, and to directly assist the Government of Maharashtra's Mumbai Transformation Support Unit.

This assistance is to provide support to the various working groups, implementing agencies and the Task Force, as well as providing critical logistical and administrative support channelled through the All India Institute of Local Self Government.

Cities Alliance assistance to the Government of Maharashtra became operational in the middle of 2005. However, the support was seriously jeopardised by the decision of the Government of Maharashtra to undertake a programme of slum demolition in early 2005, targeting those slums which had emerged after 1 January, 1995. A local survey showed that more than 30,000 homes were destroyed before political pressure led to the evictions ending, almost as abruptly as they had begun.

Slums in Mumbai



The evictions have done much damage to Mumbai's international reputation. The city had been hailed for its flexible, pro-poor approach. Since 1999, major projects to renew the city's infrastructure—the Mumbai Urban Transport Project with World Bank support and the Mumbai Urban Infrastructure Project with state and central government finance—have included resettlement without coercion of many thousands of slum households.

Up to 80,000 people were relocated in partnership with the National Slum Dwellers Federation. In October 2000, such was Mumbai's pro-poor reputation, the city was chosen by the United Nations as the venue to launch the Global Campaign for Secure Tenure. Resumption of evictions, such as those seen in 2005, would only further undermine international goodwill and would certainly oblige Cities Alliance to cease its support to Mumbai's transformation.

The State Government and the city now seem to be pursuing a more developmental approach to achieving the very ambitious plans for Mumbai's transformation. Most significant of all, perhaps, is the plan to boost the economic growth of Mumbai from its current base of around two to four per cent per annum, to some eight to 10 per cent by developing manufacturing activities in the hinterland, improving the city's physical and social infrastructure, radically improving Mumbai's transportation systems, and also facilitating slum rehabilitation, provision of affordable housing and urban renewal within the framework of a comprehensive housing policy.

In the words of Jockin Arputham, President of the National Slum Dwellers Federation (NSDF), “We levelled the land first. We have contributed to the city. We carry your shit out of the city. This city is not for the rich only. How can it be a world-class city without a place for its poor?”

IMPROVING LAND TENURE FOR THE URBAN POOR IN PHNOM PENH, CAMBODIA

The aim of this Cities Alliance activity was to introduce new options for and methods of providing secure tenure to the urban poor in Phnom Penh. Building upon work previously supported by DFID, the project explored a number of possible options that were then presented to the municipality of Phnom Penh for consideration.

The first task was to draft criteria for those settlements suitable for upgrading, as well as those suitable for resettlement, based on relevant laws and regulations contained in a variety of documents, including the Cambodian constitution, the Land Law and a subdecree on building regulation. Thereafter, settlement surveys were undertaken according to the criteria that focused on areas identified either for resettlement or for *in situ* upgrading. However, because of time and financial constraints, the survey team focused on the more vulnerable settlements earmarked for relocation. Detailed consultations were then held with all relevant stakeholders, including national and local governments, NGOs, the formal and informal private sectors and squatter communities, which resulted in the formulation of a number of recommendations.

During the course of these consultations, the scope of discussions was broadened to include the draft housing policy, as a result of which the national government accepted proposals for specific approaches to land provision for the urban poor. This was an important outcome for the Cities Alliance-supported activity, in that it contributed to the promotion of secure tenure within the national policy. The consultative activities included representatives from Siem Riep, Battambang, Kandal and Banteay Meanchey provinces, all of which face the challenge of managing informal settlements and the increased pressures of urbanisation.

The municipality of Phnom Penh, in co-operation with UN-HABITAT and other partners, is currently implementing the national Campaign for Secure Tenure. The campaign's components are based largely on the outcomes of the Cities Alliance-sponsored activity, including a proposed nine-month moratorium on resettlement and evictions, as well as of communal land rights and communal land titles.

Beng Khemro, Ministry of Land Management, Lands and Construction, Phnom Penh, Cambodia.