

CITY ENABLING ENVIRONMENT RATING: ASSESSMENT OF THE COUNTRIES IN ASIA AND THE PACIFIC



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CITY ENABLING ENVIRONMENT RATING:
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IN ASIA AND THE PACIFIC

FOREWORD

Over the past three decades, rapid urbanisation has changed the nature of cities. They continue to be important centres of economic growth and social and cultural melting pots, but many have become very large, polluted, and showing increasing incidence and intensity of multi-dimensional poverty. Cities are also significant consumers of energy and contribute to about 70 per cent of greenhouse gas emissions and waste. Many cities are at high risk of facing natural disasters due to climate change.

Addressing these challenges facing cities—especially in the Asia Pacific Region will require the development of innovative solutions that support sustainable development. Towards this end, cities need strong enabling environments that allow their local governments to function more efficiently, competitively and flexibly and to define a development pathway that contributes to achieving The United Nations sustainable development goals agenda.

The City Enabling Environment (CEE) Assessment is an attempt at understanding which “enablers” and “actors” underpin the transformation of 21st-century cities and thereby attenuate, drive or simply shape the human, social and environmental challenges playing out in our cities today. The ‘enablers’ that the assessment examines are ‘core enablers’-that is, policies, law, institutions and systems of governance, fiscal autonomy, and levels of public engagement that hamper or unleash the potential that urbanisation has for the sustainable development.

This CEE assessment in the Asia and Pacific region builds upon similar assessment in Africa in 2013 and 2015 by UCLG Africa. It has been a collaborative effort, led by UCLG ASPAC with the Cities Alliance, conducted through the network of local government associations and professionals. The assessment is an institutional introspection and has provided an opportunity for local government associations in the region to assess the legal and institutional frameworks for cities and to review the policy agenda for services delivery.

The peer review process for the CEE assessment was supported by UNDP Bangkok Regional Hub in most countries. Relevant stakeholders were involved, including national and municipal governments, urban experts, and organisations working on urban issues. The review process has broadened the discussions and enriched the scoring. The peer review process has also highlighted that though the assessment does not fully capture the country-specific complexities of municipal governance systems in the region, it definitely contributes to the national discussions on the city enabling environment.

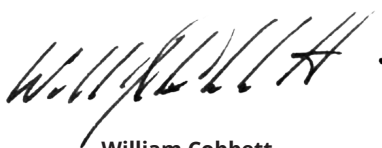
The findings show that countries, generally, have legal provisions for cities to function with some level of independence—possibly due to the push towards decentralisation since the 1990’s. However, more must be done to ensure that the municipal governments have the capacity and autonomy to set their development policies and programmes. In addition, transparency and accountability of municipal governments, and ensuring public engagement in decision-making process still requires attention. Addressing these gaps is crucial to creating more collaborative spaces and enabling environments within the cities for greater citizen engagement and develop solutions for sustainable development.

The reports’ findings have been used to outline some policy directions on how to address the gaps identified in the enabling environments at the country level. We hope the knowledge gained can be used to further the conversation on municipal governance systems in the region and aid improvement to urban policies and practices towards the achievement of more sustainable development in cities in the region.



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FOCUS OF THE REPORT

How can countries in Asia and the Pacific create stronger, more adaptive and responsive enabling environments for cities - especially the strengthening of legislative frameworks to make the development and management of cities more sustainable? This question provides the focus of this report on City Enabling Environment Rating: Assessment of Countries in Asia and the Pacific, prepared by UCLG ASPAC, and supported by Cities Alliance and UNDP.

Preparation of the report has involved a significant collective effort by a large team of authors and peer reviewers. It was conducted through the network of local government associations and professionals throughout the Asia-Pacific region. The City Enabling Environment (CEE) Assessment looks primarily at the legislative frameworks of the enabling environment of cities in 28 Asia and Pacific countries. It also examines other elements related to finance and the environment. The assessment builds upon previous work conducted in Africa by UCLG in 2012 and 2015.

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CONTENT

EXECUTIVE SUMMARY	10
--------------------------------	-----------

PART A.

CITY ENABLING ENVIRONMENT RATING: ASSESSMENT OF THE COUNTRIES IN ASIA AND THE PACIFIC

CHAPTER 1: INTRODUCTION	14
--------------------------------------	-----------

1. Assessing the enabling environment for cities in the Asian Pacific Region	16
2. Structure of the Report and Chapter Outlines.....	19

CHAPTER 2: CHALLENGES OF THE GLOBAL DEVELOPMENT AGENDA	20
---	-----------

1. Urbanisation in the Asia-Pacific Region.....	22
2. Cities and Local Governments.....	25
3. Challenges of Urbanisation.....	26
4. Cities and the Agenda 2030	29
a. Sustainable Development Goals.....	29
b. New Urban Agenda.....	30
5. Supporting cities to achieve the sustainable development agenda.....	34
a. Multi-level governance and multi-stakeholder partnership framework.....	34
b. Civic engagement, knowledge sharing and innovation.....	34
c. Financing	35

CHAPTER 3: PRINCIPLES AND METHODOLOGIES OF CITY ENABLING ENVIRONMENT RATING	36
--	-----------

CHAPTER 4: ASIA-PACIFIC DIVERSITY OF CEE RATING	46
--	-----------

1. Overall Enabling Environment Assessment.....	48
a. Very high performing countries.....	48
b. High performing countries.....	49
c. Moderate performing countries.....	49
d. Lesser performing countries.....	50

2. Overall Asia-Pacific Region Criteria Performance and Challenges.....	50
3. Sub regional Performance.....	51
4. Scores by criteria.....	51
a Criterion 1: Constitutional Framework.....	51
b Criterion 2: Legislative Framework.....	52
c Criterion 3: Local Democracy.....	53
d Criterion 4: Financial Transfers from the Central Government to Local Governments.....	54
e Criteria 5: Local Governments' Own Revenues.....	55
f Criterion 6: Capacity Building of Local Government Administrations.....	56
g Criterion 7: Transparency.....	57
h Criterion 8: Citizen Participation.....	58
i Criterion 9: Local Government Performance.....	59
j Criterion 10: Urban Strategy.....	60
k Criterion 11: Environmental and Climate Change Governance.....	61

CHAPTER 5: CONCLUSION..... 63

1. Overview.....	66
2. Summary of Findings.....	66
3. Actions to Strengthen City Enabling Environments.....	67
a Devolution and Subsidiarity Roles and Responsibilities of Governments.....	67
b Integrated multi-level Enabling Environment Frameworks.....	67
c Collaborative Governance.....	68
d Fiscal Decentralisation.....	68
e Developing and Strengthening E-Enabling Environments.....	68
f Legislative and Policy Reform affecting the Performance of Enabling Environments.....	69
g Urban Management and the Enabling Environment.....	69
h Localising SDG Reporting on Enabling Environments.....	69
i Other Learning Outcomes from the Report on CEE.....	69
4. UCLG ASPAC Agenda for Supporting the Building of Stronger City Enabling Environments.....	70

PART B. **COUNTRY REPORTS ENABLING ENVIRONMENT RATING: ASSESSMENT OF CITIES IN ASIA AND THE PACIFIC**

Bibliography.....	130
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EXECUTIVE SUMMARY

INTRODUCTION

The structural urbanisation trends in the Asia Pacific region are now relatively well documented, in reports such as the State of Asian and Pacific Cities (2015) or through the Habitat III reporting process. This backdrop of rapid but inequitable economic growth, climate threats and faltering democratic processes must not be forgotten when considering the salient challenges of local economic governance, which are altogether much less well documented.

This report goes some way to mediating this. It is ambitious not only because of the geographic scope but also in its attempt to provide standard benchmarks against which the aptitude of the enabling environment can be judged. Readers must bear in mind these challenges when considering its findings. A key challenge of the report is within the analysis of how national and local governance converge to provide an enabling environment that goes beyond typical issues of urban management or subsidiarity, but that also looks at how the broader challenge of economic development or gender also structure and colour this environment.

The need to improve enabling environments will be crucial to addressing some of the issues related to the improved functioning and management of cities if the targets of the UN Sustainable Development Goals related to cities are to be met. The findings of this report point to many opportunities for governments at all levels to strengthen enabling environments for Cities in Asia-Pacific countries. The principle challenges as well as areas of opportunity from the study are summarised below:

Devolution and Subsidiarity Roles and Responsibilities of Governments

Many urban local bodies do not have a strong level of administrative authority, policy and fiscal autonomy, adequate skills, resources, technologies or capacity to play a more direct role in city planning, management and development. Urban local bodies must have a more direct role and responsibility for developing and managing their cities, and be given the

responsibility and resources through better vertical fiscal and institutional arrangements. This calls for a fundamental rewrite of governance arrangements between levels of government in many Asia and Pacific countries. Countries such as Bhutan and New Zealand are leading the way in reconceptualising urban local bodies.

Integrated Multi-Level Enabling Environments

The enabling environment for urban local bodies operates at multiple levels of government. Streamlining administrative, technical and operational services between levels of governments is crucial to avoiding duplication, overlap and conflict between governments and to enable concentration of public resources where they will benefit local economic and social development and improve in productivity and reduce transaction costs. Initiatives such as the creation of a council of national governments and committees, integrated management information systems between levels of governments, and adoption and standardization of operation manuals for line agency officials at differing levels of government are ways in which the integration of multi-level enabling environments in support of sustainable development can be improved.

Collaborative Governance

Collaborative governance involves government, community and private sectors communicating and working together on policies, planning, programme activities and the like to achieve more than the entities could achieve on their own. The focus of collaborative governance should be on the development of open governance systems, local government resource sharing, open platform databases and shared information systems, research and development, marketing and local economic development, and innovation and technology transfer.

Fiscal Decentralisation

Local governments in the Asia and Pacific region must be given greater fiscal autonomy to generate revenue and raise capital to develop infrastructure and deliver services that strengthen the capacity and competitiveness of cities. They must also take more responsibility for the management

of public finances. Local governments can do this by supporting: participatory budgeting and reporting; powers to raise capital through the issue of stocks, bonds and sub-sovereign loans; public-private partnerships, especially for the provision of community infrastructure; the introduction of credit rating systems for cities to establish creditworthiness; and, annual and 5-year financial plans.

Developing and Strengthening e-Enabling Environments

The introduction of e-based systems and services has potential to reduce transaction costs and to bring value-add to local economies. It is crucial that local governments develop and strengthen systems that will support the rapid introduction of e-governance, business, libraries, information services, and local government performance reporting. Nations such as South Korea or India are leading the way in key “Smart” platforms to fluidify and facilitate improvements to key elements within the enabling environment.

Legislative and Policy Reform

Many local government laws, especially those related to finance, public sector management, planning and provision of urban services are outdated and are often in conflict with other laws and regulations. The failure of the regulatory environment is a significant impediment to the efficient operation of urban local bodies and cities. Governments could significantly strengthen the legal framework by undertaking reform of local government laws and regulations, greater use of policies and by-laws to provide flexibility and plain language policy documents.

Urban Management and the Enabling Environment

Urban management is a term covering the management of a large set of functions that affect the planning, development, efficient operation and maintenance that comprise the urban systems of cities. The core function of the urban local bodies is to provide inhabitants with a liveable environment which addresses a range of factors including the need for shelter, livelihood, entertainment, food and other goods required for healthy living. Urban management should also ensure that the transport, logistics, information and energy systems that run cities are operated and maintained efficiently and effectively. Good urban management elements include: audits and valuations of all public assets and facilities; integrated development planning and development approval systems; operations

maintenance of public assets and facilities; and enforcement of planning, building and environment policies and plans.

Localising SDGs

The localisation of the SDGs at the city and municipal government levels is crucial for achieving the sustainable development agenda. Developing localised sets of SDGs indicators is a necessary step in identifying what needs to be done at the local level. It is also critical for strengthening and monitoring the performance of policies and development programmes. In addition, localising SDGs indicators and collecting data at the local level can help countries to provide accurate aggregated reporting on the 169 targets of the Sustainable Development Goals (SDGs). This can help governments to monitor performance towards achieving the SDGs. National sets of indicators and a template can be developed to measure the enabling environment of cities, to complement the SDGs indicators. Cities can then apply these for collecting information to monitor the performance of the SDGs at the local level.

An Agenda for Strengthening City Enabling Environments

A multilevel agenda with efforts by all levels of government is required to move forward on implementing reforms and strengthening the legislative and institutional framework for cities in Asia and Pacific countries. An action agenda is necessary at regional, country and local levels. This should not be a new agenda, but one that builds on the existing structures created by the 2030 Agenda, New Urban Agenda, as well as under regional organisations such as APEC, ASEAN and South Asia Free Trade Area (SAFTA), and national plans, policies and urban strategies.

This report sets out the agenda for three levels of action to support the development of stronger enabling environment frameworks for city and local governments in the Asia and Pacific region. In adopting an agenda, both horizontal and vertical integration of agenda actions, and the efforts of continued monitoring of the enabling environments provide a useful function to governments in implementing policies in support of sustainable development and achievement of the SDGs.

Regional Agenda

Global and regional multilateral and bilateral organisations should build on their engagements with countries in the region to advocate for the

reforms of policy, legal and political agendas and for recognition of the importance of developing strong local enabling environments that support the core functions and sustainable development of cities. The focus may also be oriented towards policy discourse on greater interconnectedness of the enabling environment of cities to support trade, investment, knowledge and information flow between cities.

Country Agenda

Global and regional development actors should partner with national organisations, including national, local government associations, for advocacy with urban champions, influencers and policymakers including parliamentarians on the importance of strengthening policy, legal and institutional frameworks.

In parallel, local governments (including through the national association of local governments), civil society organisations, development actors should work with central government to develop an agreed set of reporting criteria for urban local body enabling environments. This could help cities and national governments to understand where gaps exist in achieving the SDGs. These criteria should complement the SDGs indicators.

Global and regional organisations should also build an inventory of effective policy, legal and institutional frameworks, drawing from the CEE Asia Pacific database, as tools for effective decentralisation. These tools will also enable cities in accessing new opportunities for trade, investment, cooperation, collaboration and information sharing between cities to help overcome economies of scale in accessing new markets for business and trade.

City Agenda

Urban local bodies in Asia and Pacific countries should monitor the city enabling environment, in addition to the SDGs indicators, in order to achieve the goal of sustainable, inclusive, safe and resilient city.

Way Forward of CEE Rating

This report on city enabling environment rating has provided a tool to measure country performance based on 11 CEE criteria. It has identified key areas for reform in each country from the scoring against the criteria. The result of the rating may be used in advocacy for strengthened cities and local authorities in the Asia and Pacific region.

Furthermore, a regional alliance may be formed for periodic assessment by measuring, every two years, the progress of each country in improving their legal instruments of enabling environment for cities and local authorities.

Presentation of the Report

The report is presented in two parts. Part A presents the overall findings of the research and consultations on City Enabling Environment Rating: Assessment of Countries in Asia and the Pacific. It describes the background to and sets the general context of the report. The challenges facing cities and the need to develop enabling environment frameworks to support the SDGs and new urban agenda are described, followed by analysis of the overall results of the findings and conclusions. Part B presents the individual country reports with 11 criteria.



Young people are key agents for social change, economic growth and technological innovation

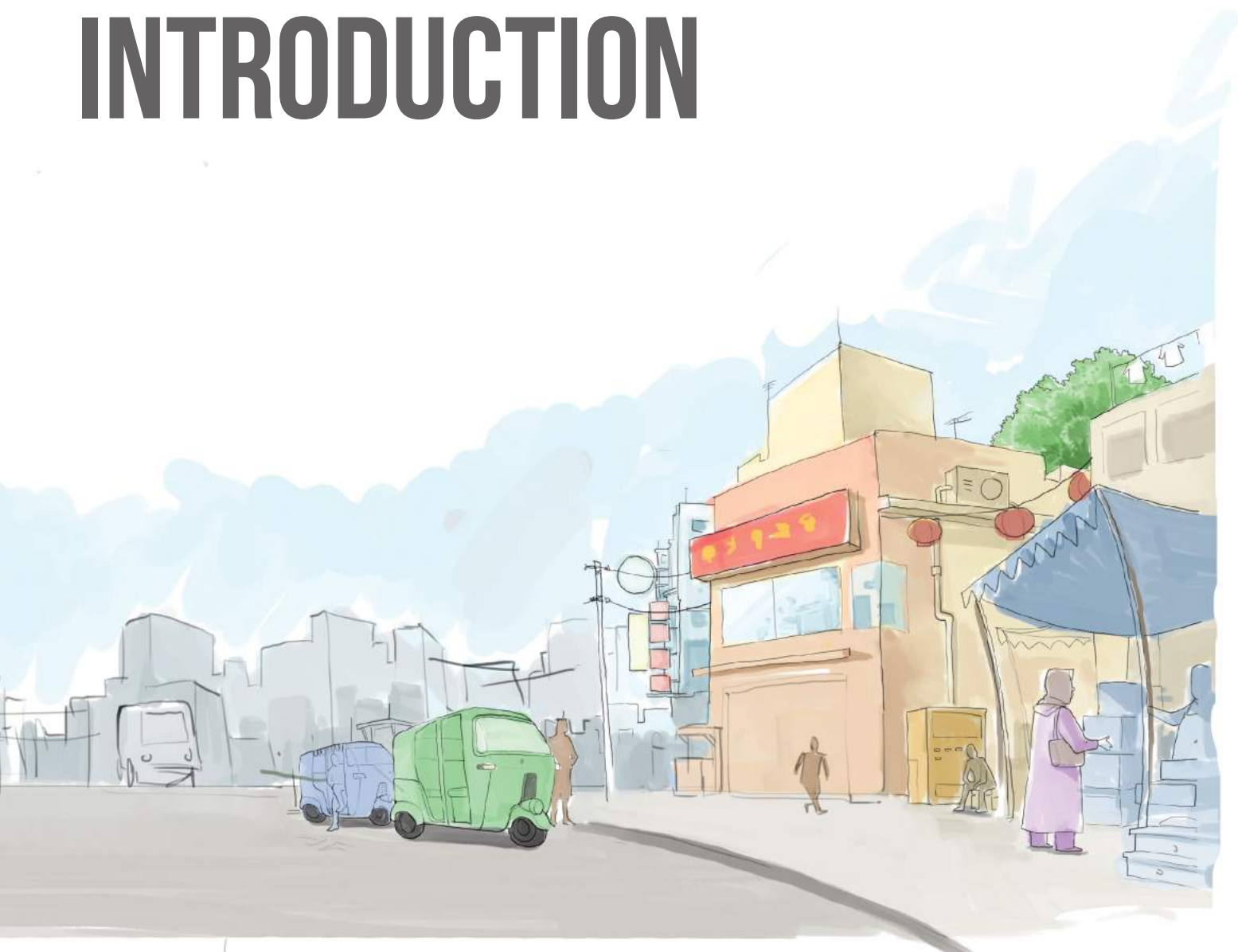
An illustration of a city street scene. On the left, a building has a red and yellow awning and a sign that says 'TRY'. A man in a green shirt is talking to a woman in a red sari who is holding a tray of round items. In the background, a woman in a brown hijab and a child are walking, and a pink dress is also visible. There are cars and buildings in the distance under a blue sky with clouds.

PART A

CITY ENABLING ENVIRONMENT RATING ASSESSMENT OF THE COUNTRIES IN ASIA AND THE PACIFIC

CHAPTER 1

INTRODUCTION



1. ASSESSING THE ENABLING ENVIRONMENT FOR CITIES IN THE ASIAN PACIFIC REGION

Cities, globally, are experiencing a period of unprecedented transformational social, economic, governmental as well as, technological and spatial change. More than half the world's population (4.2 billion people) live in cities and urban areas, of which 2.1 billion live in Asia and Pacific countries.¹ By 2050, this is predicted to reach 3.3 billion. Between now and then, advances in technology, knowledge, change in the nature of work, production, governance, practices, communications, climate and social changes are set to bring about significant and unpredictable transformation to the function and development of cities and the way people live in cities in the region. Many local governments are unprepared to manage these transformations and changes. They will need new and continuously adaptable ways to manage cities—especially their enabling environments.

This report benchmarks the state of legal, policy and institutional frameworks of cities in Asia and Pacific countries against 11 selected criteria to understand the overall enabling environment that currently exists. The term enabling environment is the “political, economic, policy, social, legal and regulatory systems within which organisations and individuals operate”.² In other words, it is the broader system within which individuals and organizations function and one that facilitates or hampers their existence and performance. The enabling environment for cities, thus, refers to a range of actors and systems (including administrative systems, institutional arrangements, legal and policy frameworks) that facilitate cities functions, shape policy and decision making, and contribute to the achievement of sustainable development.

The actors range from businesses to civil society organisations to private interest groups. They are engaged at various levels (from local to national, and sometimes international) in many different systems (political, economic, social, legal) and where each system is unique yet interconnected with other systems at many levels. This makes strengthening enabling environments for cities a complex and difficult endeavour.

In addition, a range of cross-cutting elements also shape the performance and need for improved transparency and inclusiveness within these systems; these include: gender equity, human and political rights, anti-discrimination, accessibility and accountability. Values and culture have a significant bearing on these factors.

The causes and consequences of weak enabling environments can be explained using problem tree analysis.

Figure 1.1 shows a problem tree analysis of the enabling environment problem including the causes and consequences. The core problem is that the enabling environment systems supporting the development and operations of cities in the region are inefficient, ineffective or not well-integrated and are thus not capable of responding to the current and changing demands and needs of business, governments and communities who depend on them. This is caused by a range of factors, some of which are illustrated in the figure. The consequences of cities not investing in improvements to enabling environment systems is a deterioration of conditions in many of those cities, coupled with rising transaction costs, falling productivity and living standards, and failure to protect human rights—especially for the urban poor and disadvantaged.

For cities to realise their development potential, there is a need to create enabling environments that promote inclusiveness, create conducive investment environments, support innovation and creativity, uphold the rule of law and practices of good governance, are open to change, are open and transparent, and invest in human capital development and technologies that bring benefits and improve the well-being of all, rather than an elite few. The importance of robust, but adaptive, enabling environments that also imbue the above equalities is crucial to the success of cities achieving the Sustainable Development Goals and the New Urban Agenda. It will also address issues related to equity, inclusiveness, risk mitigation, creativity, innovation and entrepreneurship and opportunity.

The enabling environment of cities are shaped by many things. Geographic, historic, social, governance, cultural and economic factors, influence, the scope and scale of development opportunities, competitiveness and potential for development, governance arrangements and investment risks.

At the municipal level, better laws and policies are required to ensure enabling environment are more efficient and effective, especially for urban local bodies to produce and deliver services to all. Cities need to have stronger yet agile municipal governance systems, participatory decision-making processes, improved administrative capacities, and significantly improved control of resources. These aspects of enabling environment give municipalities greater autonomy and responsibility for local decision-making. Thus, the arrangements for the overall policy, legal and, institutional enabling environment is vital to ensure that cities have a more significant role and responsibility in implementing the SDGs and other agenda which support more sustainable urban development and management.

¹ United Nations, World Urbanisation Prospects The 2015 Revision. 2015, United Nations Department of Economic and Social Affairs, Population Division: New York.

² UNDP(2011), 'Practitioner's Guide: Capacity Development for Environmental Sustainability,

For this, effective multi-level and multi-stakeholder governance arrangements, incorporating public and private interests and exchange, is vital. All institutional and legal frameworks need to be guided by the principles of subsidiarity and devolution, which define the roles, responsibilities and resources.³

The importance of dynamic enabling environments to support the operation, management and development of cities was recognised by the Habitat I agenda in 1976. Several international development organisations and agencies have developed indicators for measuring the enabling environment at national and local levels. There is, however, no commonly agreed set of indicators used to measure the effectiveness of enabling environments. This is partly because factors that define enabling environments can vary significantly between countries and are affected by the scope, scale and level of urbanisation, and economic development. Nevertheless, the

measurement of enabling environment factors is important in providing insights into what governments at various levels need to do to ensure conditions support competitive, equitable, inclusive and sustainable development outcomes for cities.

City Enabling Environment Assessment

Cities Alliance, in collaboration with UCLG Africa (UCLGA), developed an assessment methodology for a criteria-based rating of the national framework of urban policies, laws and institutions for evaluating the efficiency of City Enabling Environments (CEE). UCLGA adopted the methodology for rating African enabling environments, based on 10 criteria, in 2013 and 2015. The CEE methodology used for Africa was adapted by UCLG ASPAC for assessment in 28 countries in the Asia-Pacific region (See Figure 1.2). 11 criteria including the 10 criteria used for assessment in Africa are used in the Asia and the Pacific.

UCLG ASPAC conducted the CEE assessment through its affiliate local government associations and independent experts. The country-level

³ GTF, 2016, 'Local and Regional governments - Shaping the New Urban Agenda'

Figure 1.1 Enabling Environment Problem Tree Analysis

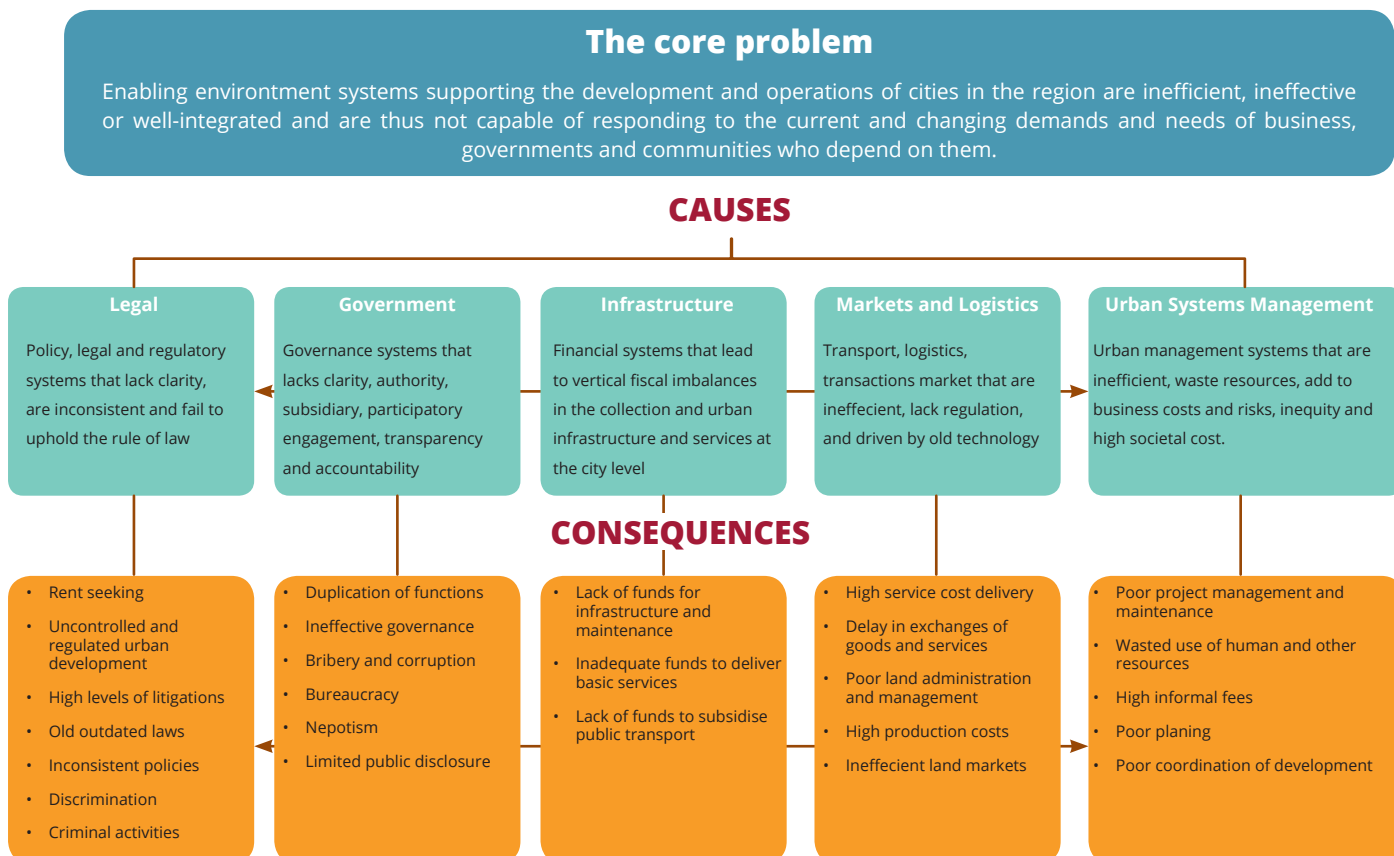
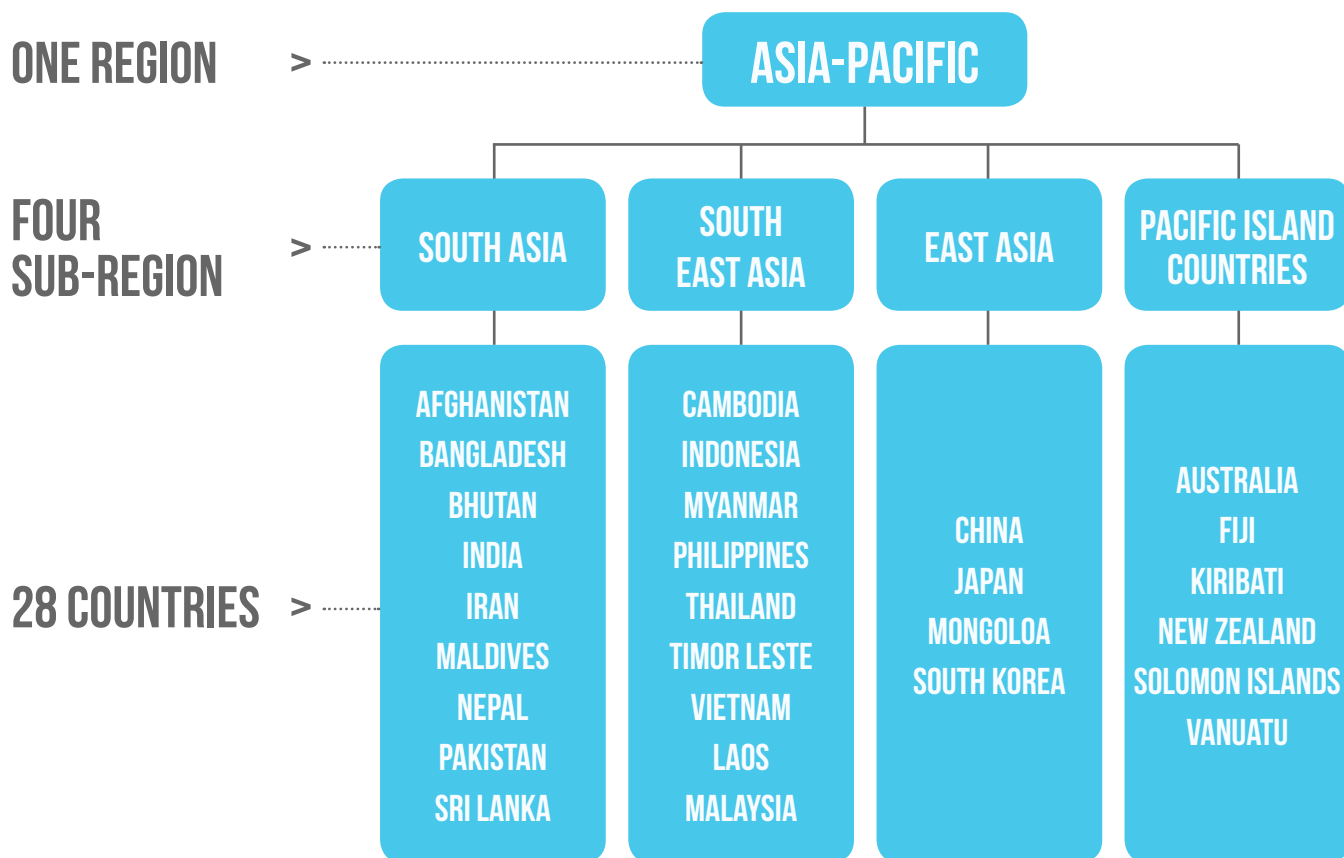


Figure 1.2 Asia-Pacific region countries participating in the study



assessors scored each country against the 11 criteria based on de-jure legal, policy and institutional provisions. UNDP supported the peer review of the country-level assessments. Country-peer review groups comprised of multiple stakeholders reviewed and provided feedback on the assessment. The peer review at the regional level was done by Cities Alliance, UCLG ASPAC, UNDP, UNESCAP, UN-Habitat and CDIA.

The CEE assessment is used to analyse the factors that influence shaping and implementing urbanisation policies and strategies to support the sustainable development of cities in the Asia-Pacific region. More specifically, the report assesses legal, institutional and governance frameworks; public finance, human resource development, and environmental management systems, along with cross-cutting issues such as gender, transparency and, accountability to understand and evaluate how conducive these frameworks and systems are for cities to function, grow and develop in a sustainable way.

The challenges to adopting common criteria for country assessment in the region include definitional flexibility to account for variations in constitutional, legal and governance systems across countries. There are also the issues around the reliability of the data and information collected and used for the assessment. The definitional issues are addressed by adopting criteria for CEE assessment which were earlier rolled out in Africa and take in to account the variations in institutional settings across countries. The study team has made every attempt to verify the results with reliable public sources of information and through an in-country peer review process. The results provide a useful snapshot of the state of enabling environment for cities in countries of the Asia Pacific region and are a starting point for building a more systematic approach to understanding how and through which methods cities operate.

2. STRUCTURE OF THE REPORT AND CHAPTER OUTLINES

The report is presented in two parts. Part A presents the overall findings. Part B presents the findings per country. This report is structured in the following way:

Chapter 1, the Introduction chapter

sets the background and context for the report, and describes the scope, structure and content of the following four chapters, which are briefly described below.

Chapter 2, Challenges of the Global Development Agenda

contextualises the significant role of the enabling environment of cities in addressing the challenges of sustainable development. It highlights how Agenda 2030 and the New Urban Agenda promote the role of cities in reducing greenhouse gas emission, climate change and other sustainable development issues. The chapter presents a general overview of cities in the Asia Pacific region and the challenges they face with rapid urbanisation and ageing populations. The chapter highlights the need for legal and institutional support for cities and local government to respond to the emerging challenges of urbanisation.

Chapter 3, Principles and Methodology

provides the background for conducting the CEE assessment in the Asia Pacific and highlights the objective of the assessment. The methodology applied follows the framework and methodology used in the African CEE report. To capture the diversity of issues and unique challenges of the Asia Pacific region, and additional criteria on the environment were included in the assessment. Detailed information on the scoring system for a criterion is outlined.

Chapter 4, Asia-Pacific CEE Country Ratings

provides an analysis of the scoring of criteria for the region. It aggregates country performance on the enabling environment assessment at sub-regional level, to identify which criteria

need improvement. Furthermore, different colours are used to differentiate the levels achieved by the respective countries from the highest to the lowest. The chapter proposes reforms to improve the performance of enabling environments in cities.

Chapter 5, Key findings and Conclusion

summarises the important findings and lessons gained from the CEE assessment of the 28 Asia Pacific countries. The lessons learned, along with key challenges to be overcome to strengthen and adapt the enabling environments for cities in the future are outlined. An advocacy plan to support continued CEE reporting in the future is outlined.

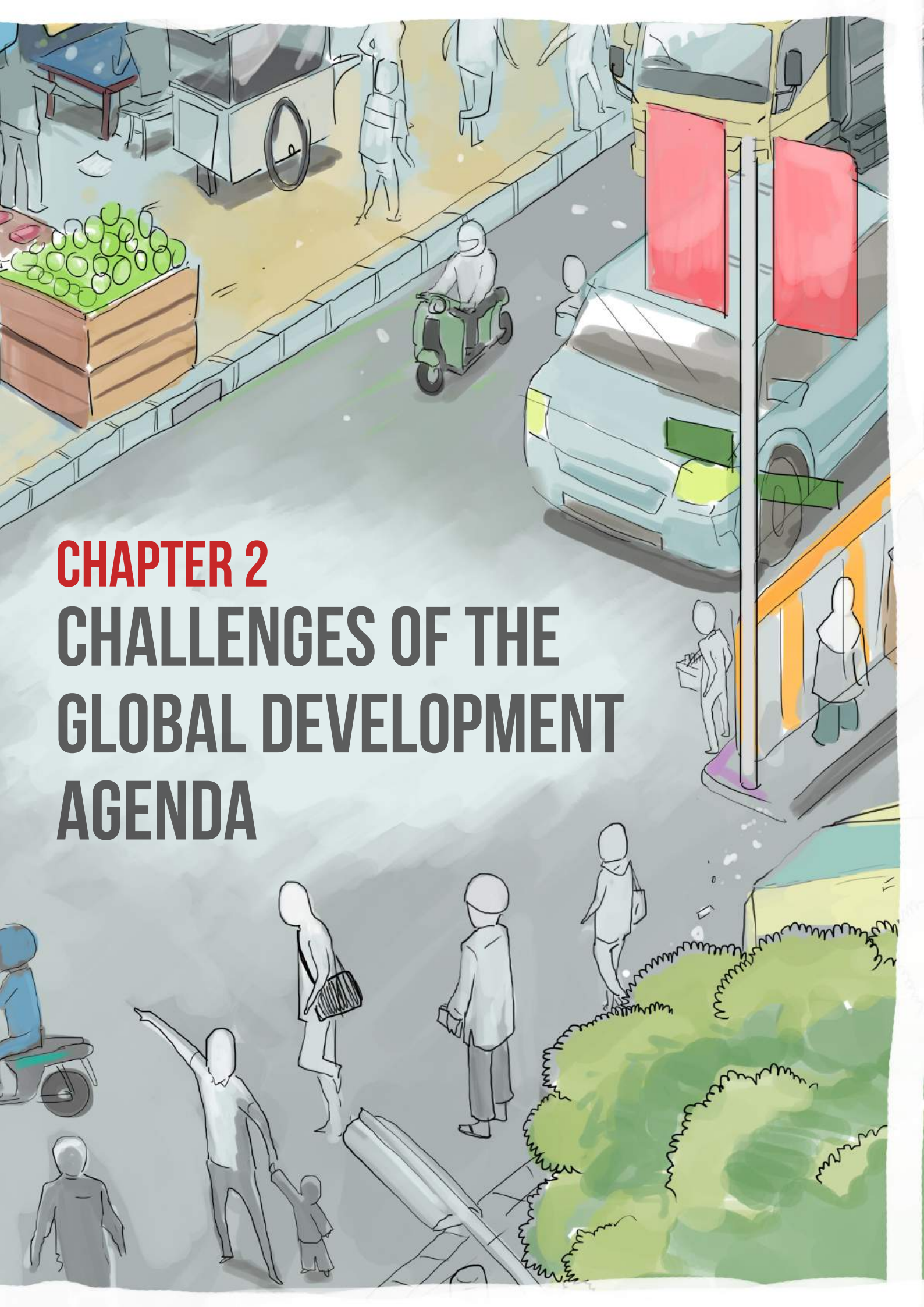
Part B

includes an analysis of the city enabling environment for the 28 countries included in the study. Assessment for each country includes a set of facts to set the context for the assessment of the 11 indicators. For each country, an explanation is provided of the ratings, a comment on proposed reforms for strengthening the legal and other frameworks for city enabling environments.

Target audience

The report will assist regional agencies, national and sub-national governments to use the CEE framework to identify gaps in enabling framework and to monitor changes in the enabling environment in their efforts to achieve the SDG goals. The report will be useful to local government and its associations in identifying reforms required to strengthen city enabling environments, and advocacy with higher tier(s) of government for changes in legal, institutional and policy framework for promoting sustainable urban development through incentives and infrastructure to support local economic and social development and improve equity and access to local services.





CHAPTER 2 **CHALLENGES OF THE GLOBAL DEVELOPMENT AGENDA**

1. URBANISATION IN THE ASIA-PACIFIC REGION

The world's population reached 7.6 billion in mid-2017, 56 per cent of the people live in Asian countries. However, the region is one of the demographic contrasts. It is comprised of two demographic giants, China and India, and many small and isolated island states of the Pacific which have populations of less than 100,000 inhabitants. On average, the region is the most densely populated region in the world. Urban population densities exceed more than 15,000 per km² in cities like Manila and Seoul, and over 30,000 per km² in some inner-city areas. The annual population growth rate has reduced from 3.2 per cent in the second half of the 20th century, to 1.21 per cent between 2000 and 2015.

Approximately 50 per cent of the region's population (2.1 billion people) lives in urban areas.¹ The urban population is predicted to reach 3 billion people by 2050. The urban share of the population varies, ranging from 18 per cent in Sri Lanka to 100 per cent in Singapore. Migration from rural to urban areas is driven mainly by greater choice of employment opportunities offered in cities, and improved access to services such as healthcare and education. Migration because of disasters, either natural or human-made, and insecurity is also increasing.

Some of the fastest growing cities in the world are in the Asia-Pacific region. Urban areas in the region range from small cities to secondary, intermediary cities (tier-2) and megacities. Between 2000 and 2016, the world's cities with 500,000 inhabitants or more grew at an average annual rate of 2.4 per cent. However, 47 of these grew more than twice as fast, with an average growth of more than 6 per cent per year; of these cities, 40 are in Asia (20 in China alone). The region has 45 per cent of all metropolises and 47 per cent of all intermediary cities (Figure 2.1). Twenty of world's megacities are in Asia. Figure 2.2 shows the global ranking by size of the region's cities.

Cities in the Asia Pacific region are becoming very large, but the population density of some are falling as populations age and household, and family sizes fall. In parallel to the growth of metropolitan areas, there has been spill-over of population, jobs, and urbanisation and industrialisation of surrounding urban and peri-urban areas. This situation has led to inequitable

sharing of costs, revenue collection and availability of services—especially in peri-urban areas.

Urban population and density influence the cost of running cities in the region and the economic returns from public investment. Singapore generates over 514 million dollars of GDP per km² compared to Sydney which generates 179 million dollars (2016 figures). Both cities have a population of around 5 million and similar national GDP. Sydney has an urban area of 1687 km², three times that of Singapore. Busan, South Korea, has a population of around 3.5 million and a GDP per capita 60 per cent that of Sydney, but still manages to produce a GDP/km², similar to Sydney.

The implications of falling urban population density of some countries on the economic performance of their cities and return on capital investment by local governments in the region is an issue requiring special attention. Allowing cities in the region to continue to sprawl will have long-term implications on the cost of operating cities, especially in the recovery of infrastructure and servicing costs, business competitiveness and the capacity to use public funds to develop strong and efficient enabling environments. The economic growth of Asia-Pacific cities has shown a positive correlation with urbanisation in recent years. According to the Asian Development Bank (ADB)² the region accounted for less than 30 per cent of world output in 2000, and by 2014 this contribution had risen to almost 40 per cent. Moreover, the region accounted for nearly two-thirds of global GDP growth in 2016. China, Singapore and Australia are examples of 'booming economic countries' with long-term continuous growth in the region. The cities of the Asia-Pacific are central to improvements in global economic outputs. They are also critical in leading the way in implanting the 2030³ and new urban development agenda.

¹ United Nations, World Urbanisation Prospects The 2015 Revision, 2015, United Nations Department of Economic and Social Affairs, Population Division: New York.

² ADB, Asian Development Outlook (ADO) 2017: Transcending the Middle-Income Challenge, 2017, Asian Development Bank: Manila, p. 341.

³ United Nations, Transforming Our World: The 2030 Agenda for Sustainable Development 2015, United Nations New York, p. 31.

Figure 2.1

URBAN POPULATION OF METROPOLITAN, INTERMEDIARY, & SMALL CITIES BY REGION

Population figures are in ('000)

(Number of units, inhabitants, % inhabitants by type of settlement/total urban population by region, % inhabitants of type of settlement/world population of this type of settlement) - (% total population and % of world urban population)



TOTAL URBAN POPULATION

POPULATION 3,945,834
URBAN 54.1%
REGION 100%

METROPOLITAN AREAS (NO. 503)

- **Population** 1,626,455
- **Urban** 41.2%
- **Region** 100%

INTERMEDIARY CITIES (NO. 8,923)

- **Population** 1,423,282
- **Urban** 36.1%
- **Region** 100%

SMALL TOWNS

- **Population** 896,875
- **Urban** 22.7%
- **Region** 100%

METROPOLITAN AREAS (NO. 228)

- **Population** 816,690
- **Urban** 44%
- **Region** 50.2%



TOTAL URBAN POPULATION

POPULATION 1,855,998
URBAN 46.8%
REGION 47%

INTERMEDIARY CITIES (NO. 4,222)

- **Population** 642,118,740
- **Urban** 34.6%
- **Region** 45.1%

NORTH-EAST ASIA

Metropolitan Areas (no. 125)

Population 456.085
Urban 47%
Region 55.8%

Intermediary Cities (no. 2,538)

Population 379,768
Urban 39.1%
Region 59.1%

Small Towns

Population 134,472
Urban 13.9%
Region 33.9%

Total Urban Population

Population 970,326
Urban 60.1%
Region 52.3%

SOUTH EAST ASIA

Metropolitan Areas (no. 25)

Population 87,213
Urban 29%
Region 10.7%

Intermediary Cities (no. 407)

Population 74,146
Urban 24.7%
Region 11.5%

Small Towns

Population 139,235
Urban 46.3%
Region 35.1%

Total Urban Population

Population 300,594
Urban 47.5%
Region 16.2%

SOUTH ASIA

Metropolitan Areas (no. 72)

Population 258,020
Urban 46.3%
Region 31.6%

Intermediary Cities (no. 1,232)

Population 181,362
Urban 32.6%
Region 28.2%

Small Towns

Population 117,532
Urban 21.1%
Region 29.6%

Total Urban Population

Population 556,915
Urban 33.1%
Region 30%

SMALL TOWNS

- **Population** 397,189
- **Urban** 21.4%
- **Region** 44.3%

Figure 2.2

GLOBAL RANKING OF METROPOLITAN AREAS IN THE ASIA-PACIFIC REGION

<p>1ST RANK GHUANGZU CHINA 48.600.000 PEOPLE</p> <p>Northern Pearl River Delta; incl. Dongguan, Foshan, Jiangmen, Shenzhen, Zhongshan</p>	<p>2ND RANK TOKYO JAPAN 39.800.000 PEOPLE</p> <p>(Greater Tokyo Area) incl. Chiba, Kawasaki, Maebashi, Sagami-hara, Saitama, Utsunomiya, Yokohama</p>	<p>3RD RANK SHANGHAI CHINA 31.100.000 PEOPLE</p> <p>incl. Suzhou</p>	<p>4TH RANK JAKARTA INDONESIA 28.900.000 PEOPLE</p> <p>(Jabodetabek Metropolitan Area) incl. Bekasi, Bogor, Depok, Tangerang, Tangerang Selatan</p>	<p>5TH RANK DELHI INDIA 27.200.000 PEOPLE</p> <p>(National Capital Territory) incl. Faridabad, Ghaziabad, Gurgaon</p>	<p>6TH RANK KARACHI PAKISTAN 25.100.000 PEOPLE</p>	<p>7TH RANK SEOUL SOUTH KOREA 24.800.000 PEOPLE</p> <p>incl. Bucheon, Goyang, Incheon, Seongnam, Suweon</p>
<p>8TH RANK MANILA PHILIPPINES 24.100.000 PEOPLE</p> <p>(Metro Manila) incl. Kalookan, Quezon City</p>	<p>9TH RANK MUMBAI INDIA 23.600.000 PEOPLE</p> <p>(Greater Tokyo Area) incl. Chiba, Kawasaki, Maebashi, Sagami-hara, Saitama, Utsunomiya, Yokohama</p>	<p>13RD RANK SHANGHAI CHINA 20.700.000 PEOPLE</p>	<p>14TH RANK DHAKA BEIJING 17.900.000 PEOPLE</p>	<p>15TH RANK OSAKA JAPAN 17.800.000 PEOPLE</p> <p>(Osaka Metropolitan Area) incl. Himeji, Kôbe, Kyôto, Sakai</p>	<p>18TH RANK BANGKOK THAILAND 17.400.000 PEOPLE</p>	
<p>21ST RANK CALCUTTA INDIA 16.200.000 PEOPLE</p> <p>(Kolkata Metropolitan Area) incl. Haora</p>	<p>28TH RANK TIANJIN CHINA 11.800.000 PEOPLE</p>	<p>31ST RANK BANGALORE INDIA 10.800.000 PEOPLE</p>	<p>32ND RANK LAHORE PAKISTAN 10.500.000 PEOPLE</p>	<p>32ND RANK NAGOYA JAPAN 10.500.000 PEOPLE</p>	<p>34TH RANK CHENNAI INDIA 10.300.000 PEOPLE</p>	<p>35TH RANK XIAMEN CHINA 10.100.000 PEOPLE</p> <p>incl. Jinjiang, Quanzhou</p>

Source: Thomas Brinkhoff: Major Agglomerations of the World, <http://www.citypopulation.de>

In Asia-Pacific, the powers, roles and responsibilities of local governments are set out in specific legislation or acts promulgated by national or state level government, with some countries having more or fewer local powers and functions assigned to them. These legislations and laws serve as the basis legal framework of decentralised local self-government in the countries.

Source: GOLD I, UCLG, 2007

2. CITIES AND LOCAL GOVERNMENTS

Since the 1990s, decentralisation policies and state reforms occurred in most Asian countries. Asia has been the most successful democratising region during the lifetime of the Democracy Index.⁴ The pattern of decentralisation and local democracy in the Asia Pacific differs widely from country to country. In the federal system of government such as Australia, India, Malaysia and Pakistan,

⁴ The Economist Intelligence Unit. Democracy Index 2015 Democracy in an age of anxiety, <https://www.yabiladi.com/img/content/EIU-Democracy-Index-2015.pdf>

Figure 2.3 Map Showing Cities of Metro Manila, Philippines



states are accorded with a greater or lesser degree of autonomy. Local government is generally a state or province matter in this federal system. Although some general provisions concerning local governments are available in the federal constitutions, the assigned scope and authority is left to the state or provincial government. Meanwhile, in the unitary states, local government is under the supervision of national governments, and the scope of local government is defined within the country's constitution.

One of the most common phenomena related to local government and cities is with large metropolitan regions which have a multiplicity of layers of governments. Metro cities like Jakarta, Manila, Bangkok, Colombo and Sydney are comprised of a multiplicity of local governments, often with differing political leanings. In the case of Jakarta, Jabodetabek or Greater Jakarta, comprises 13 cities within the jurisdiction of three provinces. Cities, such as Bangkok, Delhi, and Manila have imposed metropolitan development authority governance structures to address coordination and urban management issues. In Auckland, New Zealand, regional difficulties in coordination between five local governments led the central government to call an enquiry that resulted in the amalgamation of the five local governments into one large supra city authority.⁵

The complexity of multiple numbers and layers of local government, and the competition and rivalry for resources between them makes it extremely difficult to create a competitive enabling environment in large cities. Significant diseconomies can emerge in the delivery of government services in metropolitan areas, and transaction costs to business rise as the benefits of clusters and agglomeration are lost when spatial supply chains become more dispersed. Each city in such large metropolitan region seeks to develop competitive enabling environments independently, with a very strong reluctance to share information and collaborate. This raises the question, about the best models of urban governance that cities with a multiplicity of government statutes should adopt to build stronger and more competitive enabling environments for in the region. The core cities network in New Zealand⁶ offers a viable example for cities in the region to collaborate through the development of stronger enabling environments for sustainable economic growth and development.

⁵ Government of New Zealand. (2009). Report of the Royal Commission on Auckland Governance. Wellington: New Zealand Government.

⁶ Allen, J., & Equb, S. (2012). Core cities Collaborating for growth: International experience. Retrieved from Wellington, New Zealand: <http://www.lgnz.co.nz/assets/Publications/Core-Cities-International-Experience.pdf>

3. CHALLENGES OF URBANISATION

The rapid scale and intensity of urbanisation have created enormous development challenges in the region's cities that national and local governments are struggling to respond. These have been documented in many reports, most recently by the State of Asian Cities Report 2015.⁷ Over the next three decades, one-third of the region's urban population is projected to live without access to good housing, and basic services such as water, sanitation, healthcare and education. More than 500 million people currently live in slums and informal settlements.⁸ In these areas land-tenure and security are weak, and connectivity to basic services limited. Infants living in slums are less likely to survive their fifth birthdays than their age cohort in better quality urban areas.⁹

In other parts of the region, the population is ageing, and growth is slowing. Many cities in Japan, China, Thailand and Korea have ageing populations. By 2050, nearly one billion people in the region will be aged 65 years and above. This demographic shift is reducing the taxpayer to pension ratio, and the tax base of countries and cities across the regions. The governments, at all levels, will be hard-pressed to raise the capital needed to retrofit buildings and infrastructure in cities to accommodate the needs of the aged.

Urbanisation levels, associated with higher disposable income and expenditure on cars and motorcycles are rising, especially in the developing cities of the region. Urban areas generate about 1.21 million tons of municipal solid waste daily, and by 2025 this is expected to double to 2.65 million tons daily. Many cities in the region also exceed a mean concentration of PM2.5 and PM10¹⁰ –ranging from 5.8 and 9.6 micrograms in Australia to 101.2 and 281.8 micrograms per cubic meter in Pakistan.¹¹

7 UN-Habitat. (2015). The State of Asian and Pacific Cities 2015. Retrieved from Nairobi: <http://unhabitat.org/books/the-state-of-asian-and-pacific-cities-2015/>

8 Urban poverty in Asia <https://www.adb.org/sites/default/files/project-document/81002/urban-poverty-asia.pdf>

9 UNICEF (2016) State of the Worlds Children Report 2016, A fair chance for every child. UNICEF, New York. https://www.unicef.org/publications/files/UNICEF_SOWC_2016.pdf

10 Refers to Particle Matter in the air. PM2.5 describes fine inhalable particles with a diameter of 2.5 micrometers. PM10 are less than 10 microns in diameter, and are very small liquid or solid particles in the air

11 UNESCAP, ADB and UNDP, 2017, "Asia-Pacific Sustainable

Asia-Pacific cities are facing more frequent disasters and destructive weather due in part to human-induced effects on climate change. Natural disasters are four times more likely to affect Asia-Pacific countries than African countries, and 25 times more likely than in Europe. The changes resulting from global climate change and surging population growth in low lying concentrated urban areas are a formidable challenge.¹² By 2060, it is projected that 875 million people, 17.5 per cent of the population, will live in low lying flood prone or coastal inundation areas. Most of these will live in urban areas.

Spatial development patterns of cities in the region are changing. The primate, secondary and smaller cities are merging into urban corridors, polycentric and cluster urban agglomerations and megalopolis are common. The emergence of economic development corridors and the emergence of the One Road One Belt¹³ initiatives led by China will transform the economies of the region and will result in increased connectivity and competition between towns and cities. There is a need for governments to think about urban areas as one interlinked ecosystem, with mutually reinforcing dependencies with rural hinterland areas rather than narrowly focusing on the core municipal area and clustering all services within the central business and a few regional centres.

As enshrined in the New Urban Agenda, cities must be transformed to fulfil their territorial functions across administrative boundaries and to act as hubs and drivers for balanced and integrated urban and territorial development (Paragraph 13. e NUA).

The changing spatial pattern of development of cities in the region will affect the ability of local populations to engage in local decision-making processes. For example, people living in peri-urban areas are an integral part of a metropolitan region or secondary city economy; however, they have limited ability to engage in metropolitan

Development Goals Outlook"

12 ADB (2013). The Rise of Natural Disasters in Asia and the Pacific, Learning from ADB's Experience, <https://www.adb.org/sites/default/files/evaluation-document/36114/files/rise-natural-disasters-asia-pacific.pdf>

13 Jinchen, T., One Belt and One Road: Connecting China and the world. 2016, Western Development Department of China's National Development and Reform Commission. : Beijing.



Flooding Central Jakarta in 2013

planning and budgeting processes, and have less access to higher order public services (education, healthcare, water and sanitation) that core cities offer. These peri-urban residents are disenfranchised, many of whom have been forced out of inner city areas because of urban redevelopment and high rents.

Conversely, core city municipalities, receive no tax revenues from areas outside the city limits, though people from outside the official city limits may commute to work within the city.¹⁴ The result is a fiscal imbalance between central and peri-urban municipalities. This is a significant issue for cities like Jakarta, Manila and Sydney. Developing more integrated infrastructure and services for the whole urban-rural continuum requires coordination with other local governments. However, mechanisms to support such coordination, like the Manila Metropolitan Development Authority have failed. Improved mechanisms for financing the development of infrastructure and maintaining cities in the region remains a major challenge.

Cities are closely linked to a country's economic growth and wealth creation. They are also centres of arts and culture, capital markets, knowledge and social change. Many urban centres in the region have become large manufacturing and industrial hubs that attract skilled and unskilled labour. Cities are variously estimated to account for over 80 per cent of Global Gross Domestic Product (GDP).¹⁵ Some cities have larger economies than many countries in the region. For example: Mumbai accounts for 40 per cent of India's tax revenues and Tokyo for a third of Japan's GDP.¹⁶

However, the development of cities is not evenly spread. Many small to medium size secondary cities have GDP per capita incomes two to three times less than the nation's largest cities. This is the case for secondary and small cities in Indonesia and Thailand compared to the metropolitan of Jakarta and Bangkok. Many of these cities are lagging behind larger cities and suffer from poor access to resources (human, financial and organisational), poor connectivity and governance. Their ability to participate in the global economy or tap into innovative growth models is therefore limited. Globally, secondary cities produce less than 40 per cent of world GDP but provide most of the resources needed to support the operation and development of the world's 600 largest cities. The large cities produce 60 per cent of the world GDP.¹⁷ Even large cities need to be continually innovative to deliver services and address existing and emerging challenges.

Given the magnitude of challenges in the Asia-Pacific region, progress made in the region will contribute significantly to achieving the targets of the 17 SDGs. Local government capacities to play a lead role in achieving the Goals can be strengthened by proper institutional and legal frameworks that define their roles, responsibilities and resources based on the principles of subsidiarity.¹⁸ Hence, a facilitating environment is a requirement for local governments to work flexibly and efficiently to face various challenges in the region.

¹⁴ UNDP 2014, "Transparency and Accountability to Combat Corruption in Local Governance: Supporting Next Generation of Initiatives" Guidance Note.

¹⁵ World Economic Forum, 2014, A report of the Global Agenda Council on Competitiveness 'The Competitiveness

¹⁶ Rockefeller Foundation, 2008, 'Century of the city – no time

to lose'

¹⁷ Roberts, 2014, Managing Systems of Secondary Cities, Cities Alliance/UNOPS, Brussels

¹⁸ GTF, 2016, 'Local and Regional governments - Shaping the New Urban Agenda'

ECONOMIC GOVERNANCE AND EMPLOYMENT

A key aspect that the CEE assessment did not look at is the potentially disruptive impact of technology on jobs and economic growth.

Many Asian cities that have become reliant on manufacturing are likely to see many labour-based jobs disappear as the result of reshoring of production to developed economies using new production technology (especially 3-D printing and artificial intelligence) and materials closer to home markets as a way of reducing operational and transaction costs. Advanced production technologies and artificial intelligence will replace many routine processing jobs in Asian and Pacific cities. Central and local governments will need to focus on endogenous growth opportunities and the building of new frameworks for enabling environments to support modern technology based jobs in service industries.

A significant challenge facing cities in the region will be the impacts of the fourth Industrial revolution (4IR) as it emerges. How will local governments support the development of enabling environments that will enable a wide range of organisations, business and individuals to deliver the goods and services to support the growth and development of cities and enact rules and regulations responsive to rapid technological and social change? Many of these services will be delivered using virtual technologies such as e-education, e-health and e-government. Few local governments, especially in lesser developed countries, understand the potential impacts that 4IR will have on their local economies and employment, and how to support it.

4IR will create changes to the way cities function, the way people work, and employment skills. However, it will also create many opportunities, especially for secondary cities and towns; it calls for a significant transformation of local enabling environments. PWC suggests that this could create a sustainability revolution. In countries and cities, the laws that shape the operation of enabling environments are outdated and need reform. The skills and capacity of local governments, especially in smaller Pacific Island states are weak, adding to the difficulties of developing enabling environments to support new trade and investment opportunities in remote locations.

For remote cities, the use of information technologies to create more virtual enabling environments that provide crucial access to support services will be the key way to create competitive advantage. The internet will play a pivotal role the application of e-governance, finance, health, education and knowledge services.

Developing an enabling environment to support the development of a better informed, inclusive and digital economy in the towns and cities of the region will become a significant challenge for national and local governments. The cost of gaining quality access to the internet in remoter cities is very high, and is likely to become a significant factor in aid and national grant schemes in the future. Countries like Rwanda demonstrate the way that cities in the lesser developed and remote parts of the African region will need to use the internet of things as a way of creating virtual strategic infrastructure, enabling environments and services to build stronger and more competitive economies. Virtual strategic infrastructure, involves the use of the internet to tap into higher level e-services, such as legal, science, technology, education and information services that, because of a city's size, means these are not locally available.

Learning to live with and adapt to the Fourth Industrial Revolution (4IR) and associated disruptive technologies and the changes it will bring, will be as challenging to city local governments, as learning to adapt to climate change, rapid urbanisation and ageing populations. Creating city local government legislative enabling environment frameworks responsive to the 4IR is perhaps the greatest challenge facing local governments today, as the structure of these frameworks is virtual, global and constantly changing.



4. CITIES AND THE AGENDA 2030

With most of the world's population living in urban areas, poverty, inequality, climate change and environmental degradation have become 'urbanised'. As economic and cultural hubs, cities are best-placed to develop solutions to address these challenges as, by 2030, there will be a net loss of jobs in rural and sub-regional areas in all but a few countries. Cities play a pivotal role in the global development discourse on sustainable development, as it is here that the human capital, skills, creativity, innovation and capital are mainly located to provide solutions to the challenges of meeting the SDGs and the New Urban Agenda. The decentralisation of responsibilities, capital and resources to cities to address the sustainable development problem call for an 'urban paradigm shift' in the development discourse and practice.

a. Sustainable Development Goals

The global development discourse has evolved from one focused merely on economic development to a more holistic human development approach. Learning from the lessons of the Millennium Development Goals, the 2030 Agenda for Sustainable Development provides an ambitious, universal and comprehensive agenda towards political, economic, environmental, and social transformation of all countries (Figure 2.4). In a world with increasingly interlinked economic, social, environmental, political and cultural challenges – and opportunities, such transformation is essential for ensuring human dignity, respect and quality of life for all people; promoting inclusive and sustainable growth; protecting the environment, and fostering peaceful and inclusive societies, through the participation and engagement of all countries, stakeholders and people.

At the UN Summit held in September 2015, the 193-member states adopted¹⁹ the 2030 Agenda. This agenda set 17 Sustainable development goals (SDGs) with 169 targets configuring and integrating the three dimensions of sustainable development—economic, social and environmental—on an equal footing. The agenda requires countries to improve governance for achieving the SDGs, including prioritisation of and

localisation of SDGs and integrating SDGs with national planning and budgeting processes, and better cohesion between all levels of government. Lack of progress in any of the goals will affect the achievement of the overall sustainable development agenda.

Recognising the link between sustainable urban development and a wide range of human development issues, ranging from poverty, inequality and social cohesion, to environmental footprint, resilience, public health, or rural-urban linkages and equitable growth, the 2030 Agenda includes SDG 11 to 'Make Cities and Human Settlements inclusive, safe, resilient and sustainable.' The goal calls for action on housing, public services, transport, participatory planning and management, cultural and natural heritage, disaster management and resilience, environmental impact, air pollution, waste management, green and public space, rural-urban linkages and integrated policy-making (Box on Goal 11).

Goal 11, however, does not fully address the measures that need to be taken to make cities more resilient and sustainable. Nor does it discuss the role of cities in achieving the sustainable development agenda. Given that the 17 goals are integrated and indivisible, the other 16 goals also provide the framework for how cities should be governed, structured, function, as well as their overall policy agenda. The targets under Goal 11 on building effective, effective, accountable and inclusive institutions, and on strengthening participatory processes are also applicable to cities.

Further, local governments also have a significant role to play in ensuring that local populations have legal identify, have access to justice (including redressal mechanisms), and that their fundamental freedoms are protected. Though these are traditional within the purview of cities, with more people living in urban areas than before, cities will also have to ensure that legal identity is provided to the local population to ensure that they have access to basic services. This is particularly critical as currently, over 500 million people live in slums and informal settlements in the Asia Pacific region with little or no housing-tenure security and connectivity to basic services.

¹⁹ UN General Assembly Resolution "Transforming Our World: the 2030 Agenda for Sustainable Development" (A/RES/70/1).

Figure 2.4 Seventeen Sustainable Development Goals



Source: United Nations (2015)

Infants and children living in slums are less likely to survive their fifth birthdays than their urban peers. Over the next few decades, one third of the urban population projected to live without access to adequate housing, and basic services such as water, sanitation, healthcare and education.

Goal 8 is important to local governments to consider when shaping the framework of enabling environments for urban development. Goal 8 seeks to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Job creation and quality are particularly challenging issues for cities given that by 2030 rural populations and jobs will begin to decline. Goal 8.3 outlines the importance of governments 'promoting development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.' Achievement of this sub-goal will be very challenging, as local governments in many of the region's cities have traditionally not had responsibility for local economic development, and have little capacity to strengthen the enabling environment in support of local business and investment without being given a stronger remit and resources to do so.

In addition, targets under other Goals (such as ending poverty, delivering education, water and sanitation, healthcare, promoting gender equality, decent work and economic growth, etc.) suggest the need for a scaled policy framework for cities (as well as for countries). The importance of cities and local governments to achieving

the SDGs was acknowledged in the UN Secretary General's Synthesis Report on the Post-2015 Agenda - "many of the investments to achieve the sustainable development goals will take place at the subnational level and be led by local authorities."²⁰

Of the 169 targets and 231 indicators, 65 per cent are relevant in the urban context. National and municipal governments will have to adapt or translate the development goals into objectives that are relevant, applicable and attainable at the local level—in other words, *localise SDGs*. Towards this end, municipal governments should engage with local communities, the private sector, as well as with diverse levels of government vertically (national) and horizontally (inter-municipal) to define shared priorities and align with the SDGs. In addition, governments should also invest in building municipal governments' planning, implementation and fiduciary capacities.

b. New Urban Agenda

The Habitat conferences were instrumental in bringing the urban agenda into the overall development discourse. The rapid growth of cities owing to migration from rural areas has already started to create a scarcity of adequate housing and led to the establishment of slums and informal settlements. Habitat-I (in 1976) aimed to bring the issue of adequate housing—specifically for poor and marginalised sections of the population—to the forefront.

²⁰ (A/69/700, para 94).



Goal 11:

MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

- 11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
- 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
- 11.3 By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries
- 11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage
- 11.5 By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations
- 11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
- 11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities

MEANS OF IMPLEMENTATION

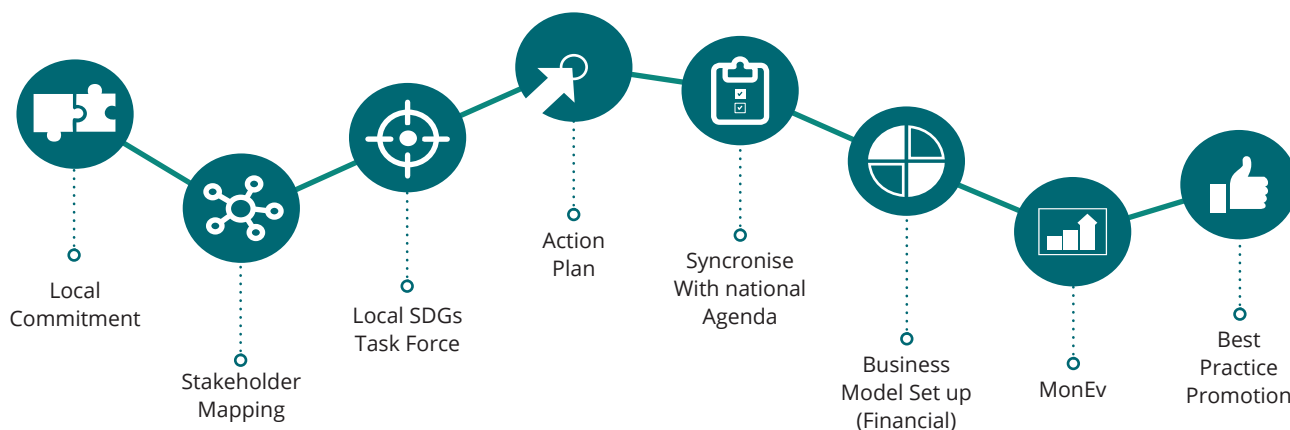
- Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning
- By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels
- Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilising local materials



Empowering local economic to boost prosperity in Namsaemun Market-the largest traditional market in Seoul

Figure 2.5 Roadmap for localising SDGs

The 2030 Agenda is a product of unprecedented global consultation and dialogue, in which local and regional governments have actively participated. Given the critical roles of cities and local governments in realising the Agendas, UCLG ASPAC has developed a roadmap for local governments to localise SDGs. Localisation SDGs refers to the process of adapting, implementing and monitoring the SDGs at the local level, taking into account subnational contexts.



This roadmap is a tool which cities and local governments can apply to internalise the indicators of SDGs and strengthen their roles as key contributors. Once a roadmap has been set up, cities and local governments will be able to implement these global targets and indicators consistently according to the local context.

Source: UCLG ASPAC, 2016, Roadmap for localising SDGs for local governments

Following the adoption of the 2030 Sustainable Development Agenda, in October 2016 the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) concluded with the adoption of the New Urban Agenda (NUA). Developed based on broad regional and thematic consultations and inputs from UN member states, civil society, the private sector, philanthropy, academia and local and regional authorities, the NUA reaffirms the global commitment to the sustainable development agenda in cities. It reiterates that sustainable urban development is 'a critical step' for achieving sustainable development in an integrated and coordinated manner at the global, regional, national, sub-national and local levels, with the participation of all relevant actors.²¹ Implementing the NUA contributes to the localisation of the SDGs in an integrated manner among all levels of government—from the national to municipal level.²²

More importantly, the NUA reinforces the vision of 'cities for all' (Right to City)—referring to the equal use and enjoyment of urban areas by all, and where all persons can enjoy equal rights and opportunities. The NUA is guided by and grounded in the Universal Declaration of Human Rights, and international human rights treaties, and is informed by the Declaration on the Right to Development.

The NUA defines the implementation framework for cities to tackle development challenges: social exclusion, urban poverty, environmental degradation, disaster risks and climate change. It also outlines requirements for effective implementation of the agenda, including appropriate institutional and regulatory frameworks that promote transparency and accountability, integrated urban policies and plans; multi-stakeholder partnerships; and planning for and managing balanced urban spatial development that fosters the role of urban areas in food security, housing, infrastructure, trade and markets. In addition, the NUA recognises that inclusive and sustainable economic growth, decent work for all, as well as environmental protection should be at the centre of efforts for sustainable urban development.

The NUA also recognises the leading role that national governments play in defining and implementing inclusive and effective urban policies, and supporting sustainable urban development. It highlights the importance of an urban governance framework that fosters stronger coordination and cooperation between national and municipal governments as well as civil society and other relevant stakeholders to achieve the positive development outcomes of urbanisation. The NUA also prescribes a follow-up and review mechanisms to track progress and assess impacts to ensure effective implementation and accountability to citizens.

²¹ Outcome Document of the third United Nations Conference on Housing and Sustainable Urban Development (Habitat III)

²² *ibid*

5. SUPPORTING CITIES TO ACHIEVE THE SUSTAINABLE DEVELOPMENT AGENDA

Key issues need to be addressed to strengthen the national policy, legal and institutional framework to create the enabling environment for cities to harness the transformative force of urbanisation to achieve the objectives of the 2030 Agenda and the New Urban Agenda, and improve the capacities and capabilities of different levels of government that impact outcomes at municipal level, including fiduciary capacities. These are:

a. Multi-level governance and multi-stakeholder partnership framework

Both the NUA and the 2030 Agenda call for developing a multi-level governance framework with active engagement and input from all

levels of government—including local and municipal governments. This was elaborated further by the Global Taskforce of Local and Regional Governments. The 4Cs approach – Coherence, Cohesion, Coordination between national, subnational and local policies, plans and strategies, and Cooperation between all levels of governments and stakeholders is recommended.²³ Budgeting processes should match efforts to bring Coherence, Cohesion, Coordination and Cooperation to all levels of government, and across sectors.

Towards this end, better analysis of functions, roles and responsibilities of various levels of government, and capacity development of key institutions (including at sectoral level) need to be supported. Appropriate institutional mechanisms for coordination among all relevant stakeholders need to be established or strengthened. Furthermore, the principles of transparency and accountability will have to be promoted throughout the multi-level governance and partnerships framework.

Such an approach of strengthening institutions at all levels can help in setting and implementing priorities across sectors, and various levels of governments (vertically and horizontally).

b. Civic engagement, knowledge sharing and innovation

The importance of participatory urban governance systems for localising SDGs and NUA is highlighted above. Existing participatory mechanisms should be strengthened to facilitate formal and informal multi-stakeholder engagement including civil society members, the private sector, academia, among others. Further, new platforms for participation and engagement can be supported using ICT services, including collecting community-driven data to inform planning and implementation.

4CS APPROACH

- **COHERENCE** of policies across national sectoral policies. Across different themes and ministries, the ultimate goal for sustainable development should encompass coherent efforts, also keeping in mind the balance of the economic, environmental and social dimensions;
- **COHESION** of national and subnational plans and strategies, paying the necessary attention to specific needs of subnational regions, particularly those that lag behind, in order to ensure more integrated and balanced regional growth and social cohesion;
- **COORDINATION** between national and subnational level to align strategies and ensure the necessary support to action at the subnational level. Mechanisms for multi-level governance also need to be considered for coordination among subnational and local governments;
- **COOPERATION** among all levels of government and with all stakeholders will be key to the success of the 2030 Agenda. Establishing partnerships and involving civil-society, business, academia and local communities should be at the heart of the implementation efforts of subnational and local governments.

²³ The Global Taskforce of Local and Regional Governments, in collaboration with UNDP and UN-Habitat, have been working on the localisation of the SDGs



Dotonbori canal, a waterfront concept for a sustainable urban development

In addition, while the role of national governments in supporting the urban agenda is mentioned above, local and regional governments should also have opportunities to share their knowledge and experiences in developing and implementing appropriate policies as well as innovative measures for achieving sustainable development. There are diverse city-to-city networks that support cities to share their knowledge as well as offer capacity development support. These networks can also be sources for supporting research and collecting disaggregated data, including at sector level.

c. Financing

Agenda 2030 and NUA calls for effective and innovative sustainable financing frameworks, instruments, and products. The ability of city governments to raise locally generated funds (mainly taxes and fees) would have to be improved. In addition to regular and reliable allocation from national governments to cities, cities will also need to be supported to access to different multilateral funds, including the Green Climate Fund, and the Climate Investment Fund. More importantly, mechanisms to ensure transparent and accountable management of financial resources, including through oversight mechanisms such as city-level financial and performance auditing, are needed.

Agenda 2030 and the NUA also emphasise that for urban areas to play a more transformative role in achieving sustainable development they need be supported by strong but flexible legal, regulatory and institutional frameworks. This call for dynamic rather than rigid frameworks that constitute enabling environments, since all cities must address the impact that disruptive technology will have on a wide range of policy, laws and planning systems in the future. Adaptation and innovation will be vital to developing dynamic enabling environments capable of responding to rapidly changing demands and practices. Cities must also adopt formal and informal mechanisms that allow for participatory processes—especially the use of social media in governance and policymaking. Thus, facilitating inclusion, and a collaborative approach is needed to develop solutions for varied challenges affecting sustainable development agenda.

The CEE assessment precisely assesses the legal and institutional framework (including those related to fiscal space) that would enable cities and urban areas to contribute to the achievement of the SDGs.



The background of the page is a watercolor-style illustration. In the upper right corner, there is a green outline map of India. The rest of the background is a light blue sky with soft white clouds and scattered colorful confetti (red, yellow, blue). In the foreground, there is a crowd of people. Two people in the immediate foreground are dressed in traditional Indian attire: a man in a striped green and red shirt with yellow pants, and a woman in a red and green sari. They appear to be dancing or performing. Behind them, a large, diverse crowd of people is depicted in a sketchy, watercolor style, some sitting on the ground and others standing. The overall mood is festive and cultural.

CHAPTER 3

PRINCIPLES AND METHODOLOGIES OF CITY ENABLING ENVIRONMENT RATING

Many studies have been undertaken to measure the performance of elements of the enabling environments for cities,^{1,2} There are, however, no universally applied indicators/criteria or methods used for the collection of data or analysis. The selection of criteria used in assessments, in many cases, are tailored for specific purposes depending on what aspects of enabling environments are being investigated.

The CEE rating tool used by UCLG was first applied in Africa in 2013 and it was repeated in 2015. A set of recommendations, based on the assessment, were made for strengthening local governments in Africa. Given the positive outcomes of the assessment in Africa, UCLG ASPAC in collaboration with Cities Alliance and UNDP undertook the CEE assessment in countries of the Asia-Pacific region. This chapter explains the principles and methodologies used to conduct the CEE Rating for the Asia-Pacific Region.

1. Explanation of City Enabling Environment Rating

The CEE rating is a toolkit designed to support local government capacity to collect and analyse data on the performance of factors contributing to the operation and impact of urban local bodies in 28 countries in the region. It allows national and sub-national governments to benchmark the selected enabling environment criteria against the minimum conditions required for cities to contribute significantly to effective management of urbanisation. An analysis of country perspective was applied to deliver a contextual review of the function of urban local bodies. Their performance depends largely on a country's legal and institutional context.

The assessment uses 11 criteria to measure aspects of the state of the enabling environment applied across the 28 countries. These are described in detail later. The criteria cover a broad range of measures related to national policy, laws and institutional

1 Brinkerhoff, D. W. (2004). The Enabling Environment for Implementing the Millennium Development Goals: Government Actions to Support NGOs. Paper presented at the The Role of NGOs in Implementing the Millennium Development Goals, George Washington University Conference, Washington, DC. http://www.rti.org/pubs/Brinkerhoff_pub.pdf

2 Bannock, G., Gamser, M., & Juhlin, M. (2005). The Importance of the Enabling Environment for Business and Economic Growth: A 10 Country Comparison of Central Europe and Africa. Retrieved from London: http://siteresources.worldbank.org/INTWDR2005/Resources/477407-1096581040435/dfid_bannock_gamser_juhlin_1.pdf

WHY CEE RATING IS IMPORTANT?

- It seeks to catalyse policy debate on creating enabling environments for cities and local governments to promote productive, sustainable and inclusive development.
- It helps cities and local governments to identify key urban reforms for advocacy with the higher tier of government(s) for increasing their efficiency and effectiveness in urban planning and management.

frameworks, economic, social, environmental and cross-cutting issues consistent with the enabling environment framework shown in Figure 1.1 described in Chapter 1. With limited resources available for the study by the partners, only a selected range of criteria was selected.

A more extensive set of criteria are desirable to improve knowledge about all encompassing city enabling environments. The 11 criteria used for the assessment, however, focus on the enabling environment for the urban local bodies in the countries in the region. Subsequent peer review of the data and analysis by experts and panels has enabled the initial findings to be checked and supporting additional information to be included in the country reports.

The analysis and discussion in the report provide a snapshot of the situation after year one of the NUA implementation. The result of this assessment could help urban local bodies to identify areas for reforms and advocacy with a higher tier of government to address policy, institutional, and legal gaps impacting efficiency and performance municipalities. The assessment also seeks to provide a pathway to improve the effectiveness of local governments within the sphere of sustainable urban development.

a. What are the objectives?

The objective of the assessment is to assign a CEE Rating for countries in the Asia-Pacific based on the national policy, the institutional framework for the urban local bodies to achieve sustainable urban development.

The rating may be used to compare countries in the region to identify which ones are currently better positioned to efficiently manage urbanisation and use demographic change to catalyse faster and more equitable national growth. More importantly, the assessment will enable cities to identify areas for institutional reforms, drawing lessons from the better-rated countries, to create a conducive environment for inclusive and sustainable urban development including inclusive and gender-responsive governance.

Other objectives include:

- Examine in selected countries of the Asia-Pacific, government initiatives to promote an enabling environment for local governments to contribute to achieving the SDGs/Post-2015 agenda.
- Assess if the legal and institutional environment (including financing issues) is conducive to the "localisation" of the SDG/Post-2015 Agenda.
- Identify areas where reforms to strengthen local government capacities and promote strategic participative approach for the implementation of the SDGs/Post-2015 Agenda are needed.
- Strengthen and develop mechanisms to implement and monitor the SDGs, with the active participation of local governments.

b. How does the scoring work?

The CEE Assessment in the Asia-Pacific uses a qualitative approach and assessment linked to a set of legislative frameworks, enabling environment criteria and a scoring system using a scale of 1-4

(1 being less effective to 4 most effective). The CEE Assessment for a country is the aggregated score for all the criteria – out of a maximum score of 44.

The aggregated final scores are classified into four categories:

CEE Score Range	Performance Status and Actions
Scores of higher than 33 (>33)	These are countries with the most favourable legislative enabling environment for the action of cities in accordance with the conditions adopted.
Scores of 28 to 33	These are countries whose legislative enabling environment is favourable to the action of cities, but where some improvements are needed.
Scores of 23 to 27	These are countries whose progress towards a legislative enabling environment for cities will require significant reform efforts.
Scores of less than 22 or less	These are countries where the legislative enabling environments is generally unfavourable to the action of cities.

To assess the relevance and accuracy of the information, the assessment process included two general steps. First was data collection, which was organised by local government associations, individual experts, and other partners. This phase included development of the methodology, and small group discussions with stakeholders to complete in-country assessments. Pilot testing of the CEE ratings was done in ten nations and this initial result was shared during the Habitat III Conference in Quito, Ecuador.

The second step was quality assurance. This was done in three layers of validation which was a check against the publicly available index and indicators linked to the criteria produced at country and international and country and regional peer reviews. The country peer review involved key country actors such as national government officials, urban experts, local governments and others to produce a consolidated country rating. In addition, a regional validation workshop was held gathering together all country assessors to share their experience on working with the assessment as well as to discuss the scoring result. Lastly, the regional peer review was organised in collaboration with institutional partners such as Cities Alliance, UNDP, UN-Habitat, CDIA and UNESCAP to validate the whole of region rating.

These levels of the implementation sought to ensure correct, up-to-date and verified information. Specifically, UCLG ASPAC provided overall guidance and quality assurance throughout the assessment process.

2. Criteria for Evaluating Countries Based on the National Enabling Environment for Cities and a Presentation of the Ratings

The CEE Assessment in the Asia-Pacific is based on 11 criteria (10 criteria adopted from the assessment in Africa, complemented with one region-specific criterion on the environment.³ Initially, gender dimension was also assessed in the CEE rating yet the criterion was eventually excluded. The 11 criteria cover five areas – local governance, local capacity, financial autonomy, local efficiency and national institutional framework, which cover the essential elements of a city’s institutional environment within the context of decentralisation and development. The 11 criteria selected for the assessment were:

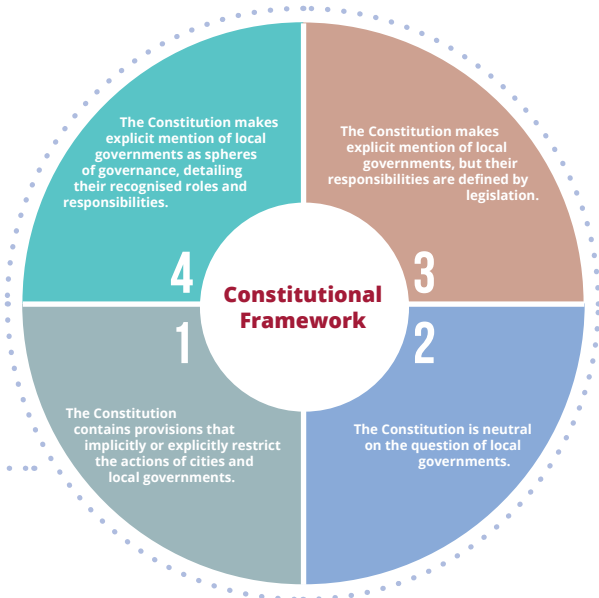
Criterion Number	Criterion Headline Description
1.	Constitutional Framework
2.	Legislative Framework
3.	Local Democracy
4.	Financial Transfers from Central to Local Government.
5.	Local Governments Own Revenue
6.	Capacity Building of Local Government Administration
7.	Transparency
8.	Citizen Participation
9.	Local Government Performance
10.	Urban Strategy
11.	Environmental and Climate Change Governance

³ A second criterion on women and development was surveyed; however, the results of the assessment, were incomplete and inconclusive. However, where data was collected for countries in the region, a summary has been written in the country assessment in part B of the report.

The following provides a more detailed description of the categories of assessment for each criterion.

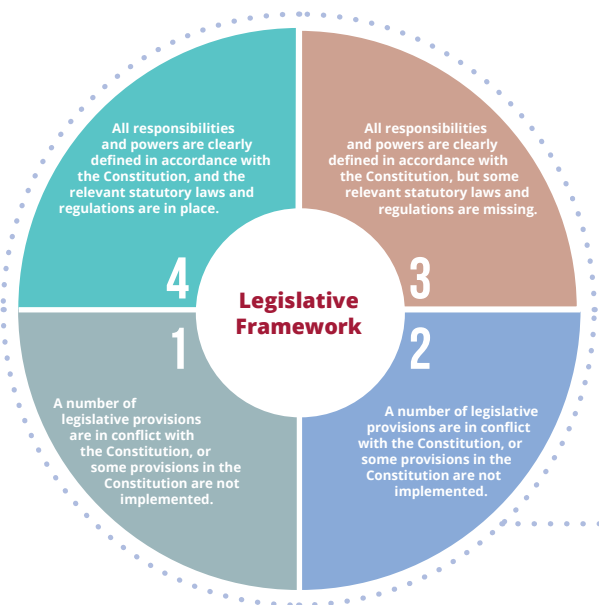
1. Constitutional Framework

The best guarantee for action by cities and local governments is a national constitution that recognises local government as an autonomous sphere of governance equipped with legal powers and financial autonomy, and with clearly defined roles and responsibilities. In this way, the decentralised communities and the nation-state both derive their legitimacy from the same founding document and fundamental law.



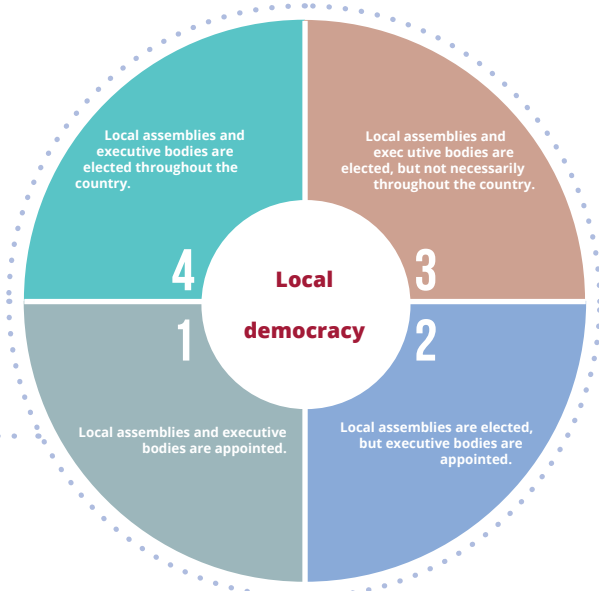
2. Legislative Framework

In many cases, constitutional provisions are complemented by constitutional laws and legal texts that clarify specific matters for which local governments play an individual role or share a position with the central government or other sub-national government levels. The law specifies, in principle, the roles and responsibilities of local governments in activities such as development, planning, management of local institutions and human resources, management of taxation and finance, provision of essential services, etc. The legislative framework that is the most favourable is one inspired by the principles of subsidiarity and complementarity between levels of governance, differentiation, solidarity and efficiency.



3. Local Democracy

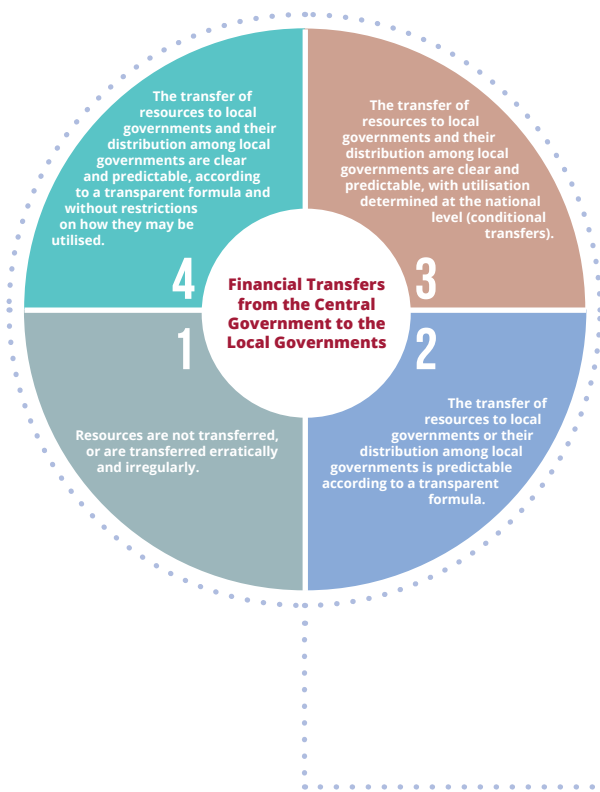
It is generally believed that the appointment of deliberative and executive local bodies through democratic elections is essential for the accountability of local government leaders vis-à-vis citizens. It results in better governance and better service delivery to the people. It helps improve trust between the people and local government institutions and, in so doing, fortifies the decentralisation process.



4. Financial Transfers from the Central Government to the Local Governments

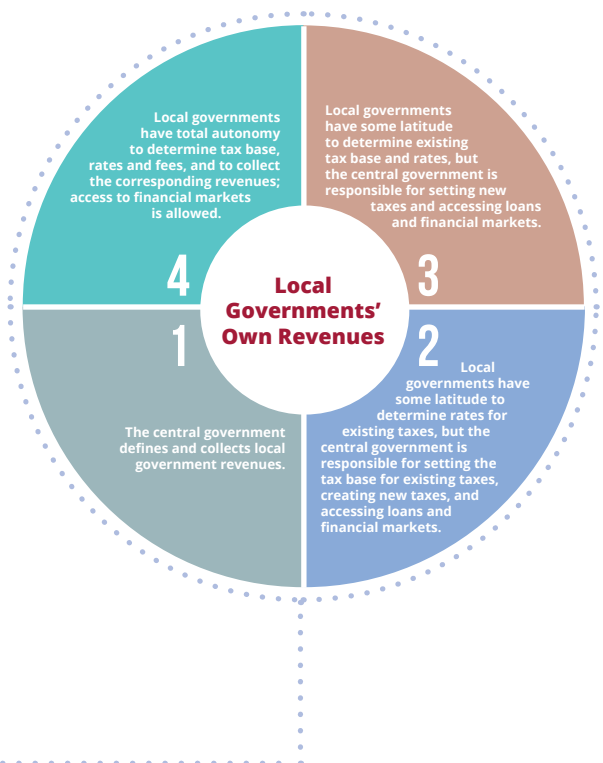
The autonomy of cities and local governments is affected by how they are financed. The financing of local governments is related to the devolution of functions and tasks assigned to them which are prescribed by national or provincial government laws. Some countries, like New Zealand, have a significant level of devolution. Three major types of tasks are generally carried out by local governments: those for which they act as agents of the state (i.e. vital records, police, economic development policy, territorial planning policy, employment policy, etc.); those for which they partially play the role of agent for the central government (i.e. national sectoral policies, equity and welfare policies, policies supporting young people, women, pensioners, the disabled, etc.); and those that concern just the local government (i.e. municipal services, administrative work, waste management, etc.).

The first two types of tasks justify financial transfers from the central government to cities and local governments. These transfers are meant to correct imbalances between the tasks assigned to local governments and their limited resources, correct disparities in revenue generating potential among local governments, and promote national goals in terms of equitable living conditions and development. The amount of the transfers may be a specific percentage of central government resources or defined ad hoc from one year to the next. Transfers must be adequate (they must cover the expenses transferred to the local governments), and be based as much as possible on transparent and predictable formulas. The use of transferred resources may be conditional or unconditional.



5. Local Governments' Own Revenues

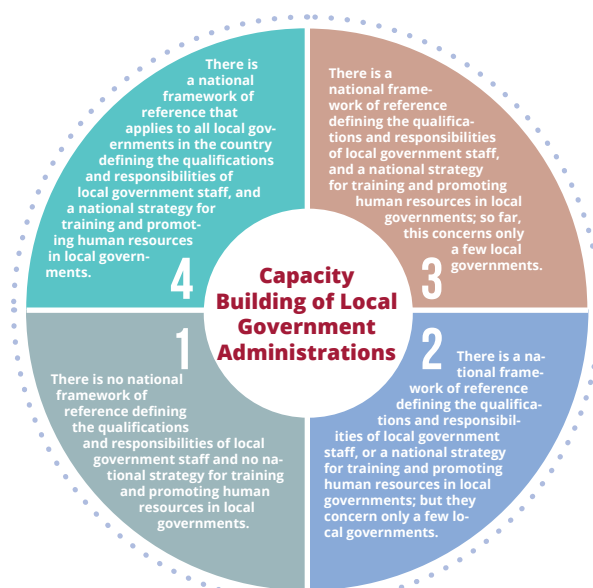
The actions of cities and local governments depend largely on their financial autonomy. This is largely determined by the revenues that local communities raise from local taxes, fees paid by local users for services rendered, revenue-generating activities initiated by local governments, and/or income from loans or bonds. Public Private Partnerships (PPPs) are another form of financing for capital investment that builds on local governments' own revenues. Local governments have some leeway in determining the nature and level of their fees and charges, because their base and rates are set within the framework of the law or are determined at the central government level. Their autonomy is effective depending on whether they collect local fees and taxes themselves or whether they must rely on the central government for their collection. Their latitude is extensive depending on whether the law allows them to borrow money and/or resort to financial markets to finance some of their actions.



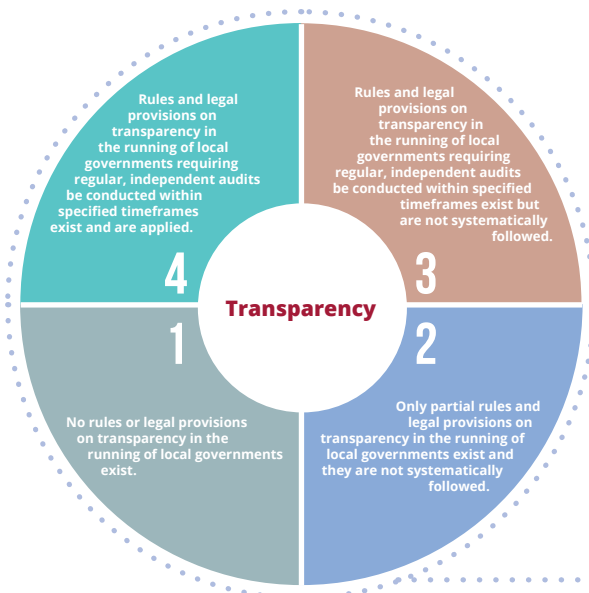
6. Capacity Building of Local Government Administrations

Capacity building of local government administrations can be defined as ‘the process through which local governments obtain, strengthen, and maintain the capabilities to set and achieve their goals in each environment.’⁴ Four broad categories of capabilities must be distinguished: **Institutional capacity**, which refers to rules set by the central governments that are more or less favourable to local government action; **organisational capacity**, which refers to the policies, structures, process and procedures that allow local governments to operate and provide leadership in their jurisdiction; **human capacity** with respect to the experience, tools and knowledge mastered by the human resources of local governments (elected and staff), which enable them to identify, analyse and respond to people’s needs with appropriate strategies, policies, programs and projects, ensure their implementation, and assess their impact; and finally, **societal capacity**, which refers to the empowerment of the community to hold local governments and administrations accountable for the services they offer and the good management of the community.

The criteria of capacity building as considered here focuses on the second and third categories of capabilities mentioned above (local governments’ organisational and human capacities), which can strengthen and empower local governments to take charge and fulfil their missions regardless of the environment in which they operate. For this rating, the existence or absence of a clear national strategy for capacity building was considered, including standards and procedures, training systems and human resource management planning, rules on integrity in hiring and the conduct of operations by local governments, etc



⁴ UNDP, Capacity Development: A UNDP Primer. 2009, United Nations Development Programme: New York.



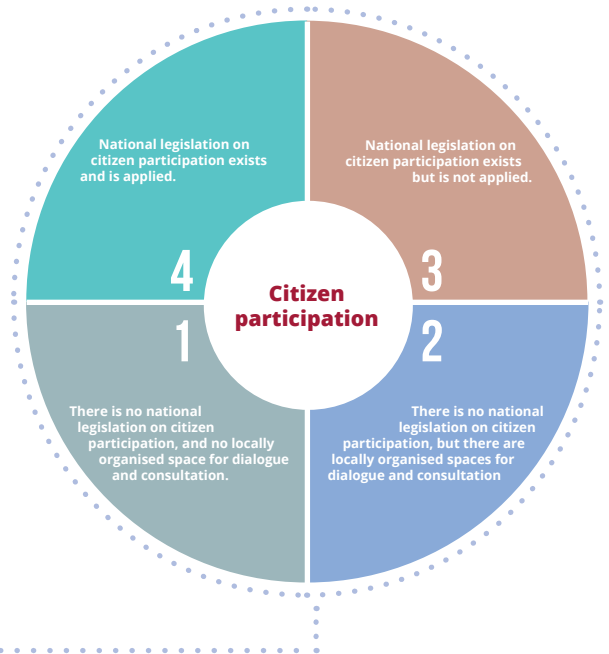
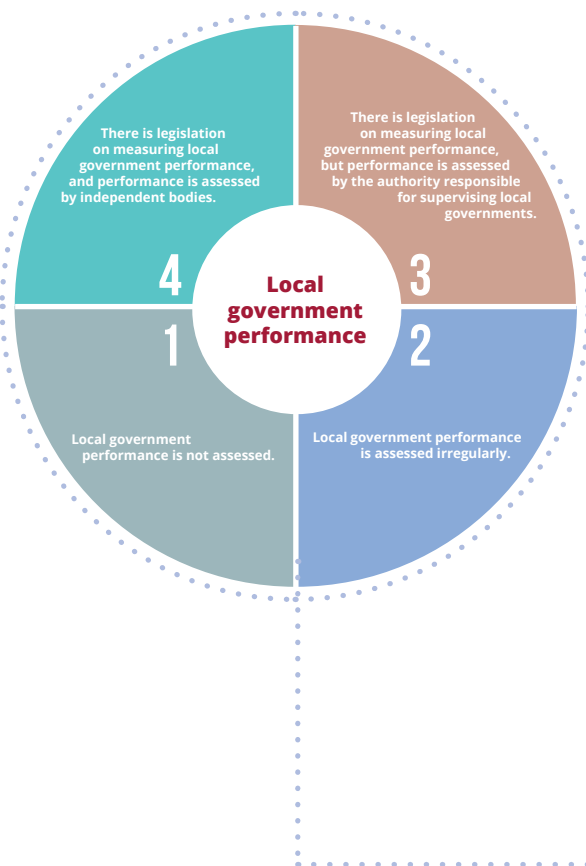
7. Transparency

Transparency is an essential element of good governance of public affairs. It is necessary for the effectiveness and efficiency of local government action and the accountability of local governments vis-à-vis the population. Transparency improves significantly when citizens have access to information about the operation and management of their local governments; when local governments follow a number of rules and legal procedures relating to the hiring and administration of staff, calls for tenders, procurement, and monitoring of contract execution; and when the law requires that local governments be subject to regular and independent financial and organisational audits according to a specific schedule and within a specific timeframe, and this law is applied.

8. Citizen Participation

To promote people's participation in the management of the affairs that affect them is one of the justifications given for decentralisation policy. It is estimated that, as the level of public governance closest to the people, local governments, consider the views and concerns of civil society outside election periods. Indeed, representative democracy is not sufficient to ensure that citizens' voices are considered in the management of local affairs, especially, when voter turnout in local elections often is low.

This information on voter turnout must be supplemented by various forms of citizen participation assessment criteria, which include: various consultation processes whose mechanisms should be formalised to be effective; the possibility for citizens to submit petitions; the organisation of citizen-led referendums; the practice of participatory budgeting; expression of public opinion through satisfaction surveys on diverse topics that interest them, and so on. These forms of citizen participation must be prescribed and organised by laws and regulations, and their implementation must be monitored at central and local levels to be truly integrated into local government practices.



9. Local Government Performance

Assessing the performance of local governments should be an integral part of the decentralisation policy of countries implemented by the actions of central government, which should design tools to measure the effectiveness of local governments in executing their mandates. Performance can be expressed in terms of: the level and quality of services provided to local people, particularly, the poorest; effectiveness and efficiency in the delivery of these services and the management of local government resources; and optimising the use of natural, human and financial resources.

Monitoring mechanisms and indicators are generally needed to track progress in these various areas, and a comparative approach is often taken to benchmark local government performance against other local governments, and in comparison, to the national average. Countries differ according to whether they have legal and regulatory provisions for measuring local government performance, which is a major stimulus to improving the quality, effectiveness and efficiency of their actions.

The analysis for the local government performance is guided by the World Bank's Local Governance Performance Index,⁵ using information gathered by country experts and supplemented by national local government performance reporting. There is no internationally agreed local government performance index, as the structures, roles and responsibilities vary significantly around the world.

⁵ Bank, W. (2016). The Local Governance Performance Index. Retrieved from Washington, D.C: <http://documents.worldbank.org/curated/en/196591468197374514/pdf/106241-WP-P151968-date-May-17-2016-PUBLIC-local-Governance-Performance-Index.pdf>

10. Urban Strategy

Urbanisation, along with decentralisation and globalisation, is undoubtedly one of the three phenomena that have the most decisive influence on the fate of Asia-Pacific countries. How are central governments preparing to cope with the rapid urbanisation taking place in the Asia-Pacific? How would the role assigned to local government determine the effects of urbanisation on population dynamics and the development of the continent? In other words, countries that have developed a relevant urban strategy adopted by all stakeholders and availed themselves of institutional, technical and financial resources to implement this strategy offer the best enabling environment for cities and local governments in their contributions to the effective management of urbanisation.



11. Environmental and Climate Change Governance

Environmental issues have become increasingly important for Agenda 2030, particularly for cities. This is reflected in the UNFCCC COP21 Paris Agreement, the Sendai Framework for Disaster Risk Reduction, and the Convention on Biological Diversity/Aichi Biodiversity Targets. Local governments across Asia-Pacific continue to face difficulties in adequately addressing urban environmental challenges related to climate change, disaster risk and the overall promotion of the natural urban environment. Countries' international commitments and practical implementation support to cities in reducing greenhouse gas emissions, vulnerability to climate change, disaster related shocks and promoting biodiversity for the natural urban environment are key areas to be assessed.



City circle tram, one of major public transportation in Melbourne

3. Limitations of the CEE methodology

The CEE rating of countries is based exclusively on the assessment of the national policy, institutional and legal framework for city and local government. The assessment is not intended to rate all aspects about city and local government performance in the Asia-Pacific. The selected criteria only examine the national constitution, legislative and regulatory framework and institutional settings relevant to cities and local governments. Other performance aspects, such as service delivery, of cities and local governments are not included in the perspective the objective of the assessment.

The assessment reviews the decentralisation processes and the latitude afforded to cities with regard to the devolution of responsibilities, cities' and local governments' financial resources, their human resource capacities, among others. Nonetheless, it was challenging to uniformly apply the criteria for assessment in countries with diverse political systems and decentralisation structure. In some of the countries with a federal system, urban development is within the purview of the provincial governments, which are responsible for formulating urban policies and legal statutes, and creating institutional frameworks for local governments. In such countries, there may not be a conducive national

framework for local governments. These countries may, thus, be assigned a lower score since the CEE assessment covers the national policy, legal and institutional framework for local governments. Provincial frameworks are not considered in the assessment since these can vary significantly across provinces in a federal country.

The assessment of CEE in some countries, especially Pacific Island states, has relied on inputs from experts with knowledge in the field. In several cases, scores tend to be too high or over stated for some criteria and were found to be inconsistent with other indices. The final peer review process was used to refine the final scores for the CEE assessment. UCLG ASPAC is satisfied that the results of the research are a fair reflection of the current performance of CEE criteria indications for the countries studied. At the same time, it is important to view the scores as a reflection of where local governments think major gaps exist, and where support is required. Policy and technical support should be provided by a range of actors to address these gaps. Further research and studies should also be conducted to understand the issues and provide targeted support.



CHAPTER 4

ASIA-PACIFIC DIVERSITY OF CEE RATING



This chapter presents CEE rating for selected Asia-Pacific countries, using the 11 criteria to analyse the national policy, legal and institutional framework. The ratings presented here do not measure institutional progress made by various countries over time. Instead they are a snapshot of the city enabling environment, and whether it supports sustainable urban development. More importantly, the assessment looks at the frameworks established by the central government for urban development. It does not look at the urban related legal, policy and institutional framework that may exist at the sub-national level.

In addition to the 11 criteria, a brief assessment of women's participation in local governance is explained although the criterion was finally dropped from the overall City Enabling Environment assessment. The assessment covers 28 countries in the Asia-Pacific region, further classified in sub-regions as South Asia (9 Countries), South East Asia (9 Countries), East Asia (4 Countries) and Pacific Island Countries (6 countries) in Figure 1.2 earlier.

The country ratings based on the CEE assessment is an attempt to gauge the decentralisation processes and the latitude afforded by national governments to cities and covers issues such as the devolution of responsibilities, city and local government financial resources, their human resource capacities, among others.

The country assessments were conducted by local government associations affiliated to UCLG ASPAC and by independent experts. The same authors developed the country reports presented in the section B of this report. The assessment and the country reports were peer reviewed and validated by different stakeholders. These included relevant government agencies, civil society organisations, and urban experts. The composition of the peer review group varied from country to country. Given this, there may be variations in how countries were scored, and the focus of the country profiles in section B. Nevertheless, the CEE assessment highlights the priorities as seen by actors working on urban issues in a particular country.¹

1. Overall Enabling Environment Assessment

The overall CEE rating (2017) for the 28 countries is shown in Figure 4.1. The scores are out of a maximum of 44. Japan, Bhutan, and China are better performing countries followed by New Zealand and Vanuatu.

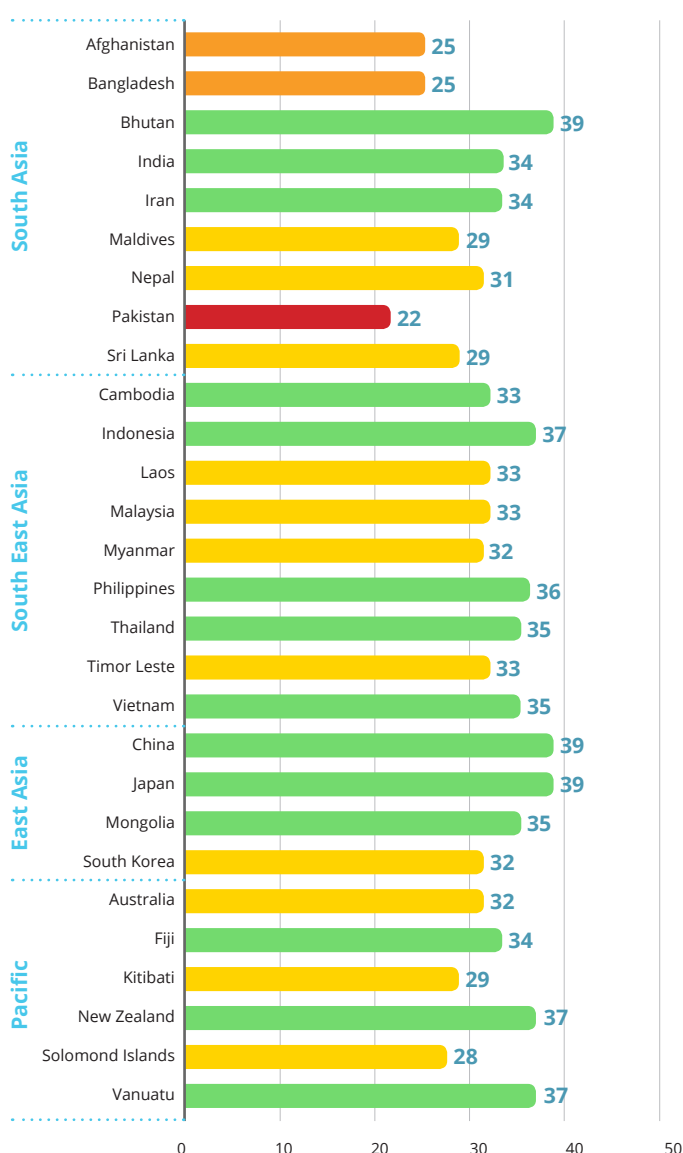
a. Very High Performing Countries (score over 33 points)

Thirteen countries (See Figure 4.1) have scored higher than 33; these have the most favourable city local authorities legislative enabling environments in accordance with the adopted evaluation

criteria. Japan, Bhutan and China scored the highest. Japan for example, which started its decentralisation in the 1990s,² has clear devolution of powers between governments through the specific

² ibid

Figure 4.1 Total Score by Country of CEE Criteria



¹ Ikawa, Hiroshi, 2008, '15 Years of Decentralisation Reform in Japan'

laws of local autonomy. It has the most favourable environment for cities for instruments of transparency, accountability, public participation, capacity building for cities and local authorities, and national urban strategy. Bhutan also scored highly; being a leader in sustainable development (see Box 4.1).

China has also developed a robust legal framework for decentralisation as prescribed in the Constitution, as well as specific regulations on local government.³ With urbanisation as the centre of China's socioeconomic development, the government has established the National New-type Urbanisation Plan (2014–2020),⁴ putting cities at the front to manage urbanisation. Legal instruments of transparency, accountability, public participation as well as a national urban strategy are in place to support the essential role of cities and local authorities in the the country. South Korea, New Zealand, India, Philippines, Iran, Fiji, Vanuatu, Thailand, Vietnam, Mongolia and Indonesia have strong legal and institutional frameworks that promotes local democracy, public participation, among others.

b. High Performing Countries (scores of 28-33 points)

Twelve countries, have CEE scores in the range of 27 to 33. In these countries, the legal frameworks and legislation of local government generally exist serving as the umbrella for delegation of powers in government. Decentralisation in these countries has been functioning well for some years, providing authority for cities and local governments to manage their territories.

National governments also have established supporting legal instruments in transparency, accountability and public participation to support cities in performing their functions. Nonetheless, in these countries legislation relevant to local governments is often found conflicting and missing, which could hinder local authorities' capacities.⁷ Legal, policy and institutional reforms need to be undertaken to ensure that the cities have the fiscal spaces, and capacities to function and deliver on the sustainable development agenda.

³ UCLG ASPAC, 2017, Country profile: China

⁴ Jun Yang, Tinghai Wu, Peng Gong, 2017, 'Implementation of China's new urbanisation strategy requires new thinking', Science Bulletin, Volume 62, Issue 2, 30 January 2017, Pages 81-82

⁷ UCLG ASPAC, 2017, Country rating: Timor Leste, Vietnam, New Zealand

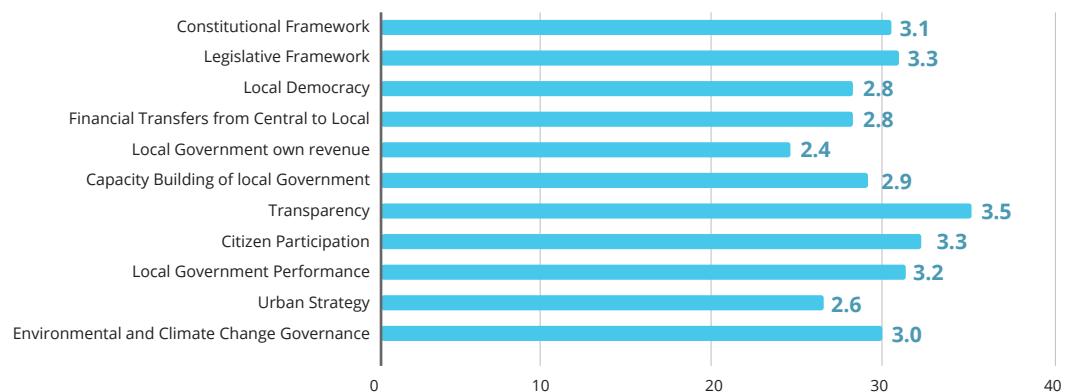
Box 4.1: Bhutan - A Leader in Sustainable Development

With the political system of constitutional monarchy, Bhutan has been undergoing a major transition to improve its democratic process of the political system as well as decentralisation reforms. The country has developed its Local Government Act which was a significant milestone in deepening local governance reforms.⁵ The Act has provided a clear delegation of power among governments, including cities, in Bhutan. They have been given mandates to manage some functions in urban development. Furthermore, as good governance is included as one of the important pillars of Gross National Happiness, the country has been making efforts to improve transparency, accountability, and public participation.⁶ Urbanisation management is a priority for the country and it is reflected well in its National Urban Strategy.

⁵ HELVETAS Swiss Inter-cooperation, 2016, 'Local Governance Assessment Study – Prepared for the National Council of Bhutan' retrieved from <http://www.nationalcouncil.bt/assets/uploads/files/Local%20Government%20Assessment%20Study%20Reduced.pdf>

⁶ *ibid*

Figure 4.2 Average CEE Criterion Score Across All Countries



c. Moderate Performing Countries (22-27 points)

Two countries: Afghanistan and Bangladesh fall in the range of 22-27 CCE country scores. The countries in this range are progressing towards an enabling environment for cities and local authorities which will require major reform efforts when compared to the next group ranking. They have implemented decentralisation, yet some improvements are needed or in some cases, implementation of the reforms has been slow.⁸ Several areas of reform identified include legislation to define the role of local authorities, financial capacity for local taxation, financial transfer from central government, framework for performance assessment. The central government has not delegated effective functional authority to the states, and this leads to significant conflict between levels of government.

d. Lesser Performing Countries (>22 points)

The lowest scoring countries, with scores 22, is Pakistan. In Pakistan, many aspects of local government have become dysfunctional and reform has been slow. The central government has not delegated effective functional authority to the states, and this leads to significant conflict between levels of government.

2. Overall Asia-Pacific Region Criteria Performance and Challenges

Figure 4.2 above shows the overall performance rating of the 11 enabling environment criteria for the 28 Asia-Pacific countries. Five criteria (constitutional framework, legislative framework, citizens performance, transparency, and local government performance score above 3. The

results against criteria vary between countries, and are discussed in more detail later in the chapter. The results for individual countries are presented in Part B of the report.

Areas where countries scored less than satisfactorily are: local government democracy, financial transfers from central to local government, local government revenue recovery, and urban strategy. The less than satisfactory levels of local government democracy are explained by the fact that many countries in Asia began to decentralise and devolve functions to local government since the 1990's. Indonesia began this process in 2000, and has only recently fully decentralised the democratic process for the election of local government representative. Many other countries in the region still have not done so.

The criteria of financial transfers from central government relate directly to the constitutional arrangements for decentralisation of administrative and fiscal responsibilities. Under federal government systems, many functions, such as health, education, and police become state or provincial government responsibilities, while local government undertakes responsibility for municipal services. There is a vertical fiscal imbalance between revenues collected by the central and local government that often results in complicated transfer arrangements. These transfers involve a mix of grants, transfers and tax sharing arrangements between central and local government for the delivery of public goods and services derived from national resources, corporate, sales and other taxes to address vertical physical imbalances.

Local government revenue collection in many Asia-Pacific countries is poor. This is partly due to the limited powers of many local governments to

⁸ Bird, R. M., & Vaillancourt, F. (2008). Fiscal Decentralisation in Developing Countries: Cambridge University Press.

set local property tax rates, local levies and service charges. In many cases property tax maps and valuations are outdated and the cost of collecting local taxes exceeds revenue returns. The reform of local government taxation and revenue collection systems is particularly problematic where local government systems have become highly centralised in sourcing capital for recurrent and capital expenditure.

Lack of a comprehensive urban strategy is linked to poor planning and management of cities, leading to subsequent sporadic and unplanned development. Lack of urban strategy has contributed to serious environmental problems, congestion and poor-quality building design and construction. It also leads to inefficient land of property markets, poor sequencing of development and forward planning of urban infrastructure and services, particularly to peri-urban areas of large metropolitan in secondary cities.

To improve the enabling environment for cities in Asia-Pacific countries, reform agendas are necessary at both regional, national and local levels. Issues such as enabling environments for climate change, the localisation of SDG reporting and standardisation of enabling environment infrastructure technology and services are critical to enabling integration of systems that will help to build capacity towards supporting more sustainable forms of urban development. The need for a regional and national reform agenda for actions to strengthen the capacity of enabling environment legislator frameworks is discussed in the conclusion chapter of this report.

3. Sub-regional Performance

At the sub-regional level, the challenges and issues for improving the overall enabling environment for cities vary significantly. While there is no consistency on how countries have ranked on the CEE criteria, some common challenges can be highlighted. The common challenge for the Pacific Islands sub-region is capacity building for municipal administration and local authorities. In the South Asia sub-region, urban strategy, revenue collection, and capacity development are problematic. For East Asian countries, revenue enhancement, and fiscal transfer are priority issues to be addressed. The situation for South-East Asia is similar but acuter than East Asia.

Overall East Asia sub-region countries perform best, followed by the Pacific. A country like New Zealand performed well and is comparable to Japan and South Korea, but Pacific Island states have weaknesses, especially in local revenue and fiscal transfers. East Asia countries perform well in constitutional and legislative frameworks

for local government, but the implementation of these is proving challenging due to issues around local democracy, and local revenue management (Mongolia), and weak performance management arrangements (Japan). South Asia sub-regional performance is weakest, indicating the need for significant reforms to local government, especially in establishing better clarity of the roles, administrative and fiscal responsibilities of various levels of government.

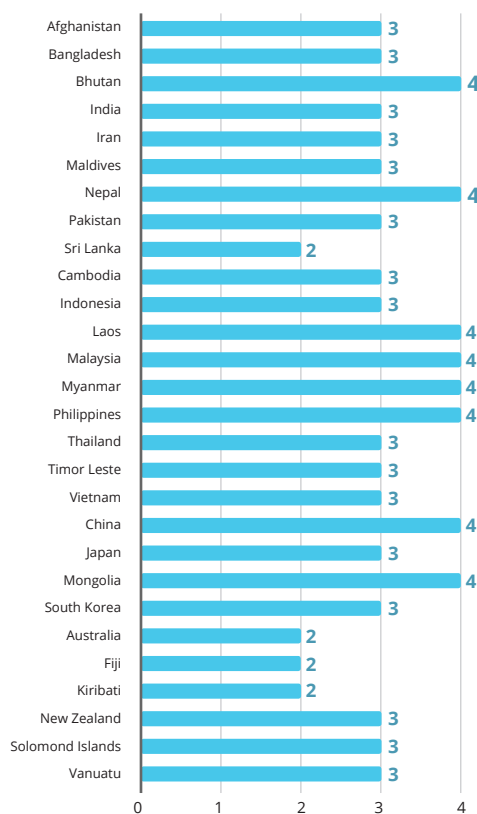
4. Scores by Criteria

The following discusses the scoring of the 28 countries of the Asia-Pacific region against each of the 11 criteria. It seeks to explain some of the common factors that give rise to the results overall and in the sub-regions. The results provide insights that may help to improve each criterion at a region and sub-regional level.

a. Criterion 1: Constitutional Framework

A country's constitution sets out the basic principles and laws of a nation, state, or social group that determine the powers and duties of the government and establishes rights for and the relationship with citizens. The scope and content

Figure 4.3 Scores by Countries of Constitutional Framework



of constitutions can vary significantly from country to country. New Zealand's Constitution is comprised of all the laws of the country, which includes local government laws. In Australia local government is not recognised in the national Constitution, instead it is recognised in respective state Constitutions. Recognition of local government in a nation's constitution, along with a clear description of roles and responsibilities of local government, is considered evidence of a strong enabling framework for local government in most countries.

Performance of Countries

The Constitutional Framework: the CEE rating results for Criteria 1 are shown in the Figure 4.3. Twenty-five countries scored 3 or above, indicating that the role of local government is recognised strongly in their constitution, although the role and responsibilities of local governments tend to be elaborated or defined in separate legislation. Australia is an outlier in that local government is recognised in the state, rather than the national, constitutions. This is the reason for Australia being one of the five countries with a score of 2. While most countries obtained three points on the rating scale for constitutional recognition the autonomy, powers and responsibilities of local authorities vary significantly.

Eight countries: Bhutan, China, Laos, Mongolia, Malaysia, Myanmar, Nepal, and Philippines scored four points for having strong and clearly defined roles and responsibilities of local governments in their constitutions. Two countries Fiji and Kiribati do not have constitutional recognition for local government. Sri Lanka's constitution only recognises second-tier of government and the third tier of government are governed by the Provincial Council Act. All other countries have varying levels of recognition and powers of local government recognised in national or state constitutions.

Performance of Sub-regions

Overall, the Asia-Pacific region performs well in this criterion. Across the sub-regions, East Asia countries score better than Pacific Island countries. The main reason Pacific Island states and Sri Lanka, being former British colonies scored lower, is that local government was never provided for in the constitutions, but in separate legislation. Several countries, like Australia and New Zealand and some Pacific Island States are constitutional monarchies, some still tied to the United Kingdom. Their Constitutions is not a written document but a composite of all the laws of the country. The recognition of local government in the constitution does give stronger recognition to its importance, however, it does

not necessarily mean that local government in the country is weak.

b. Criterion 2: Legislative Framework

Criterion 2 follows on from the constitutional framework analysis above. The chart for Criterion 2 (see Figure 4.4) shows a score by country to reflect the adequacy of the legislative framework in its support for local government. The legislative framework that is considered most favourable embeds strongly the principles of subsidiarity, especially the delegations of both administrative and fiscal powers and responsibilities to local government. In many countries, the administrative powers and responsibilities are strong, but the fiscal responsibilities are weak. This results in a significant fiscal vertical imbalance in the raising and flow of funds between central and local government. The effect of weak fiscal powers is that local governments tend to struggle with budgets and funding of capital works programmes.

Performance of the Countries

Eight countries in the region have strong local government legislation that derives from the national constitution. Australia has strong local government legislation at the state constitution level. Five Asia-Pacific countries: Afghanistan, Bangladesh, Maldives, Nepal and Pakistan scored 2 points. In these countries either legislative provisions conflict with their constitution or some provisions in the constitution are not implemented.

Overall, the legislative frameworks which form the enabling environment for the operation of local government across the region are good. Problems with the multiplicity of legislation that stem from central to local government are where challenges are created. In some countries, there are parallel structures and a confusing array of powers and responsibilities which are not clearly allocated to a respective layer of government. In Indonesia, when local government reforms were introduced in 2000, provincial and local governments were vested with similar powers. In Cambodia, provincial central line agencies exert authority over local government, leaving local government with strong legislation but weak authority.

Performance of Sub-regions

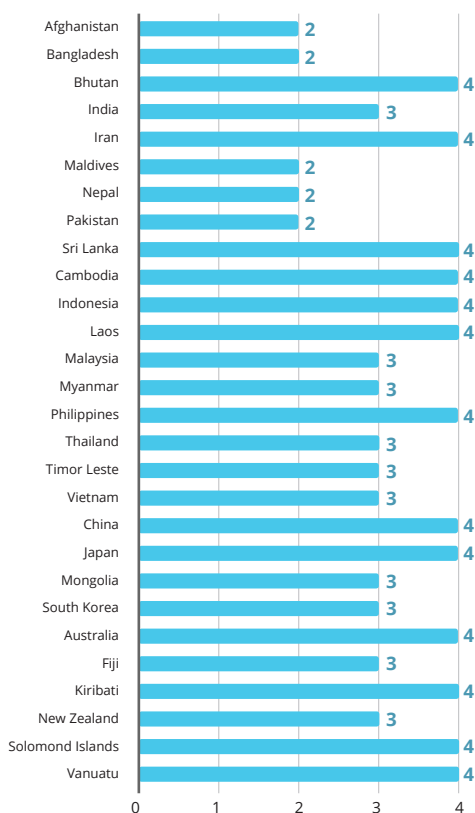
From the CEE Ratings of 2017, the overall performance of Asia-Pacific countries appears good, as 23 out of 28 countries scored 3 points and above. However, the overall results of South Asian countries indicate the need for strengthening of the legislative frameworks that support local governments.

c. Criterion 3: Local Democracy

Criterion 3, local democracy, indicates whether local governments are elected throughout the country or possible variants, including levels of participation, consultation and inclusiveness in decisions of local government. Single party governments tend to score lowest on local democracy; however, this does not mean

China, South Korea, and Thailand have scored 3 points on the rating scale, as local assemblies and executive bodies are elected, but not necessarily throughout the country. Sri Lanka still scored 3, though, local government in Sri Lanka is currently undergoing reform, and local governments are administered by centrally appointed chief ministers and secretaries. The system will change with the next local government's elections due in 2018.

Figure 4.4 Scores by Countries of Legislative Framework



there are not opportunities for community residents to engage in government decision-making processes at a local level. The commune systems of Laos, Cambodia and Vietnam allow for representation at a local level, and there are a range of views considered through the single-party system process. It is important to recognise that democracy is a western system of representation, but that alternative systems of local government engagement operate just as effectively in countries of the region.

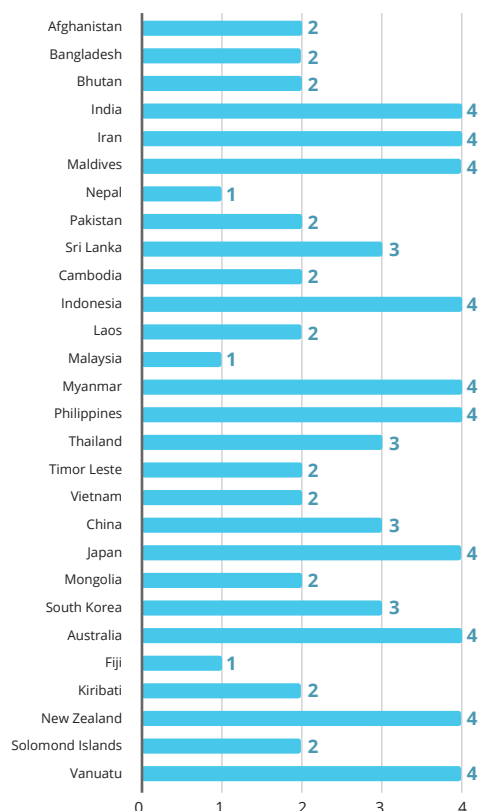
Performance of Countries

Australia, India, Iran, Indonesia, Japan, Maldives, Myanmar, New Zealand, Philippines and South Korea score a rating of 4 for this criterion (See Figure 4.5). The constitutions and laws of these countries strongly advocate principles of democratically elected government. Countries like

Eleven countries achieved 2 points on the rating scale. These include Afghanistan, Bangladesh, Bhutan, Cambodia, Kiribati, Laos, Mongolia, Pakistan, Solomon Islands, Timor-Leste, Vietnam and Vanuatu. In some of these countries, local assemblies are elected, but executive bodies are appointed. In Malaysia and Thailand, there are mechanisms for engagement with wider communities in decision making, especially where this affects major urban development projects funded by international development agency loans and grant assistance.

Malaysia, Nepal, and Fiji scored 1 point. Local assemblies and executive bodies in these countries are not elected, but are deployed by the central government. In the case of Nepal, the country is undergoing a phase of transition with a new constitution. In Pacific Island states,

Figure 4.5 Scores by Countries of Local Democracy



government structures operate in parallel with customary chiefdoms. There is often a very high level of consultation amongst the community towards consensus building, which espouses strong democratic principles. Decision-making, however, can be slow.

Performance of Sub-regions

There is no overall pattern in the performance of democratic systems in the Asia-Pacific region. Only eight countries have directly elected local governments; others have mixed appointments systems. Some countries, like Sri Lanka are moving towards the re-establishment of elected local government. But at the same time, elections alone are not an indication of local democracy. If measures are not put in place to ensure political participation of marginalised sections of the population (including women), then there is a risk of elections reinforcing traditional power structures.

Strengthening local democracy is a key area of reform for the Asia-Pacific region, but it needs to be considered carefully in the context of established political systems and practices. What is emerging is strong political party representation in local government, especially in developing democracies. A second phenomenon is the emergence of social media in local democratic elections and local governance. The impact of social media has created a new form of democratic governance, especially in South East and South Asia, where it has had a profound impact on political campaigning and local decision-making processes.

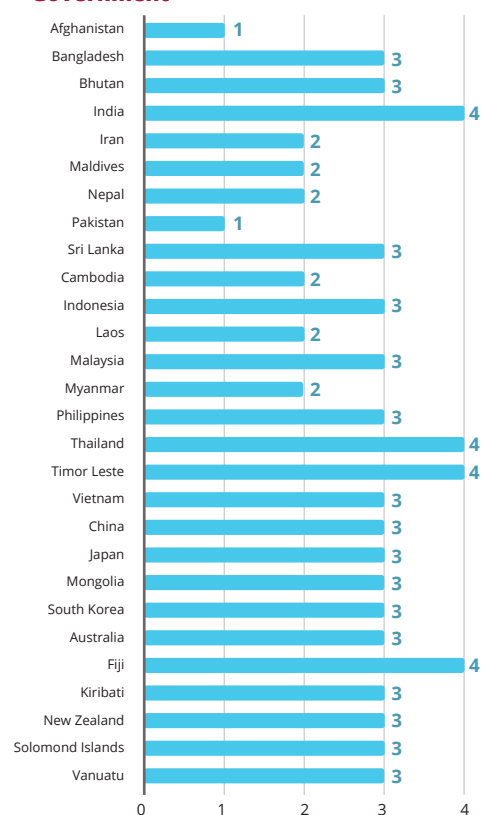
d. Criterion 4: Financial Transfers from the Central Government to Local Governments

Criterion 4 attempts to provide a performance measurement of financial transfers from central government to the local government, and their predictability. This is important in allowing local governments to plan and use resources meaningfully; it scored poorest overall. It reflects what has been found in many different studies across the region, that the weakness of fiscal decentralisation is one of the primary factors explaining the mediocre performance of local government.^{9,10}

9 Usui, N. (2007). Critical Issues of Fiscal Decentralisation. Retrieved from <https://www.adb.org/sites/default/files/publication/29864/tn-21-critical-issues-fiscal-decentralisation.pdf>

10 UN-HABITAT. (2015). The Challenge of Local Government Financing in Developing Countries. Retrieved from Nairobi https://sustainabledevelopment.un.org/content/documents/1732The%20Challenge%20of%20Local%20Government%20Financing%20in%20Developing%20Countries%20_3.pdf

Figure 4.6 Scores by Countries of Financial Transfer from Central to Local Government



Performance of Countries

The scores for the countries in the region are shown in the chart of Criteria 4 (See Figure 4.6) Four of the 28 countries scored 4; in Fiji, Thailand, India and Timor-Leste, the transfer of resources to local government, and their distribution among local governments are clear and predictable, according to a transparent formula and without restrictions on how funds may be utilised. In Australia, this occurs at a state level, and a commonwealth level for the territories.

The countries that scored 3: Bangladesh, Bhutan, China, Indonesia, Japan, Kiribati, Malaysia, Mongolia, New Zealand, Philippines, Solomon Islands, South Korea, Sri Lanka, Vanuatu and Vietnam. In these countries, the transfer of resources to local governments and their distribution among local governments are transparent and predictable, with utilisation determined at the national level.

Cambodia, Iran, Laos, Maldives, Malaysia, Myanmar and Nepal scored 2. The transfer of resources to local governments or their distribution among local governments is predictable using a transparent formula, but often delayed.

Two South Asian countries, Pakistan and Afghanistan scored 1, indicating their resources are often not transferred, or are transferred erratically and irregularly. The unpredictability of the transfer systems in Pakistan has a trickle-down impact to other criteria and the country's overall CEE rating.

The delay in transfer of funds is a common issue amongst local governments, with many unable to continue with capital investment programmes because agreed flows of funds between central and local government are erratic. Unpredictability in the timing of funds transfers makes difficult, not only the timely construction of physical infrastructure and services provided by enabling environments, but it also increases uncertainty, especially if local governments are seeking to engage in public-private partnerships. Poor vertical fiscal imbalances and transfers are a very significant constraint to effective local government throughout the region.

Performance of Sub-region

In terms of financial transfer from central to local governments, sub-region wise, reforms are needed in some countries in South Asia and Southeast Asia to improve reliance on the flow of funds under notional vertical fiscal resource sharing arrangements with local government to improve their performance in the delivery of essential legal and other local enabling environments services.

e. Criteria 5: Local Governments' Own Revenues

Criteria 5 indicates the empowerment of the local bodies in terms of determining local taxes, the introduction of local levies and taxes, independence to explore financial markets, among other. This is the weakest indicator of enabling environment performance. The Graph (See Figure 4.7) shows the performance of this indicator for the 28 countries of the region.

Performance of Countries

New Zealand and Solomon Islands are the only countries to score four points. have total independence to determine tax bases, rates and fees, and to collect the tax revenues. Local governments are permitted to raise capital in financial markets, and sub-sovereign lending is allowed. Many New Zealand local governments have international AA+ credit ratings because they have the flexibility to alter local property and other tax rates to raise revenues to cover loans.

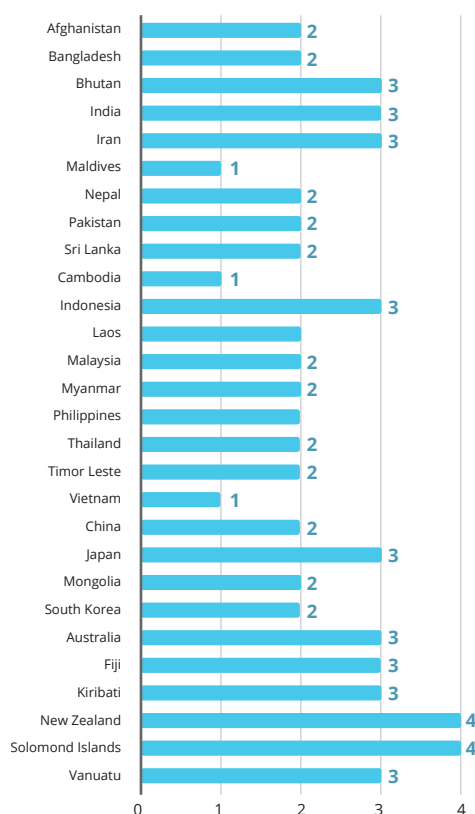
Nine countries: Australia, Bhutan, Fiji, India, Indonesia, Iran, Japan, Kiribati, and Vanuatu scored 3 points. Local governments have some

autonomy to determine existing tax bases and rates, but the central or state governments are responsible for setting borrowing limits, levels of new taxes and accessing loans and financial markets.

Fourteen countries: Afghanistan, Bangladesh, China, Laos, Malaysia, Mongolia, Myanmar, Nepal, Pakistan, Philippines, South Korea, Sri Lanka, Thailand, and Timor Leste scored 2 points. Local governments have some autonomy to determine the rates of taxes, but they are reliant on central government for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets. Significant reforms are beginning to occur in these countries, with local governments making considerable efforts to reform and improve the technologies for improved revenue collection.

Three countries, Cambodia, Maldives and Vietnam, scored 1. In these countries, central government defines and collects local government revenues. In Vietnam, some cities are permitted to issues bonds, but only with the approval of central government.

Figure 4.7 Scores by Countries of Local Governments' Own Revenues



Performance of Sub-regions

The overall performance of the Asia-Pacific countries in terms of financial autonomy or to determine their own revenues remains weak. Seventeen countries scored two points or less. South Asia and South-East Asian countries are performing poorest. Improving the level of local tax and other revenue collection at local government level in these two regions is a high priority, given the increasing rates of urbanisation and the limited capital funds available at the central government level. The overall ratings for this criterion, indicate the need for reforms in strengthening local government revenue.

f. Criterion 6: Capacity Building of Local Government Administrations

Capacity building of local government administrations can be defined as 'the process through which local authorities obtain, strengthen, and maintain the capabilities to set and achieve their goals in a given environment'.¹¹ In this criterion, higher rated countries have clear national strategies for capacity building of local governments, including standards and procedures, training systems and human resource management planning, rules on integrity in hiring and the conduct of operations by local governments.

Performance of Countries

Eighteen countries are performing well in this criterion. These countries have a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments.

Afghanistan and Lao PDR have been given enormous international development assistance to strengthen and rebuild local government in the country, after years of civil conflict and war. This explains their score of 3. The lower lower rating for other countries is explained by increased cutbacks on staff training, the shift to greater use of technology for service delivery and outsourcing of many local government services.

Philippines, India and Timor-Leste scored 2. The Philippines score is explained by the country's many levels of government, with inadequate resources to provide sufficient training. In India, capacity building initiatives are mostly for civil servants at national and state level, and limited opportunities exist for improving local government officials' capacity where such opportunities exist,

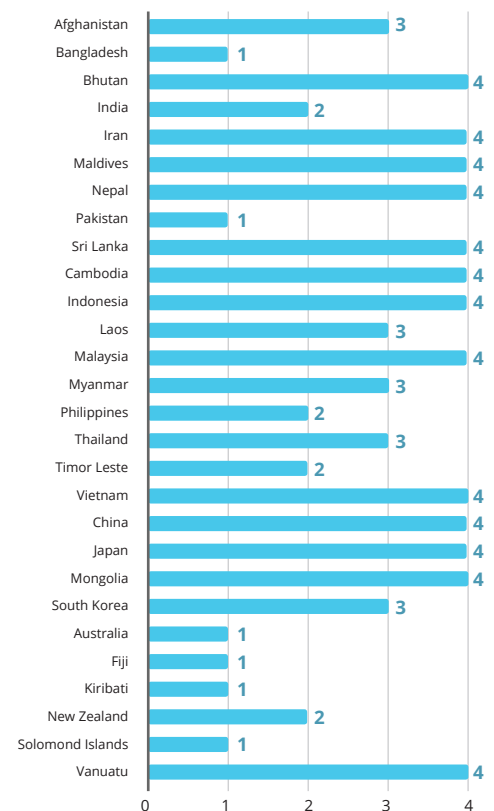
only a few local governments avail it. Timor-Leste was given substantial resources at independence, but the decline in international assistance to continue local government capacity building makes it difficult to deliver services to more remote urban areas. New Zealand has several provisions at the national level that focus on staff qualifications and capacity development but does not have a single national framework focusing on the capacity development of local staff.

Kiribati, Solomon Islands, Pakistan, Fiji and Bangladesh scored 1 point. There is no national framework of reference defining the qualifications and responsibilities of local government staff. There are very limited national resources available for training and promoting human resources in local governments. Australia again is an outlier. State level strategies for improving human resources capacities are developed and implemented but there is no single national framework.

Performance of Sub-regions

Many Asia-Pacific countries are performing well in Capacity Building of Local Governments. Southeast and East Asian sub-regions performing best. Reform actions are required in Pacific Island state countries and other countries scoring below

Figure 4.8 Scores by Countries of Capacity Building of Local Government Administration



¹¹ UNDP, Primer on Capacity Development, 2009.

two (except in those where capacity development is devolved to the state level).

Capacity building challenges are often related to the adoption of new management cultures and approaches. In East Asia, Australia and New Zealand, operations of government are run on a similar basis as larger corporations. This is because local governments have responsibility for many business functions and are actively engaged with PPPs and joint ventures to reduce the costs, and stream the performance delivery of local public services. Many local government services such as solid waste collection, water supply, parks management etc., are outsourced. Targets are set for local government performance. Employment is no longer a job for life but is competency-based, using performance-based contract arrangements. Many local governments apply the user pay and value for money principle in deciding on the delivery of services.

Modern local governments, require staff with good people management skills, competencies in the use of modern technology and critical thinking, negotiating and organisational management skills. Continuing education and training to update skills is compulsory for many local government staff to retain their jobs. Unfortunately, many training institutes (including in those countries that scored above 3) are inadequately supported in terms of staff, continuing professional capacity building, curricula development and technology for online delivery of training and support services. Local governments need to invest heavily in new and advancing technologies and equipment to remain efficient in delivering and maintaining an increasing range of services that are being devolved from central and state government, often with little additional resources to acquire these.

The reform and modernisation of local government in South, Southeast and small island Pacific state countries is crucial. If local governments in these sub-regions cannot deliver the services and build the enabling environments to support operations and management of cities, the prospects for them to meet the SDGs and improve the welfare and living standards of people will be significantly diminished. Local government associations, and other organisations working with urban local bodies such as UCLG ASPAC, Cities Alliance, and UNDP can play a leading advocacy role in persuading central governments to accelerate devolution and decentralisation of public services.

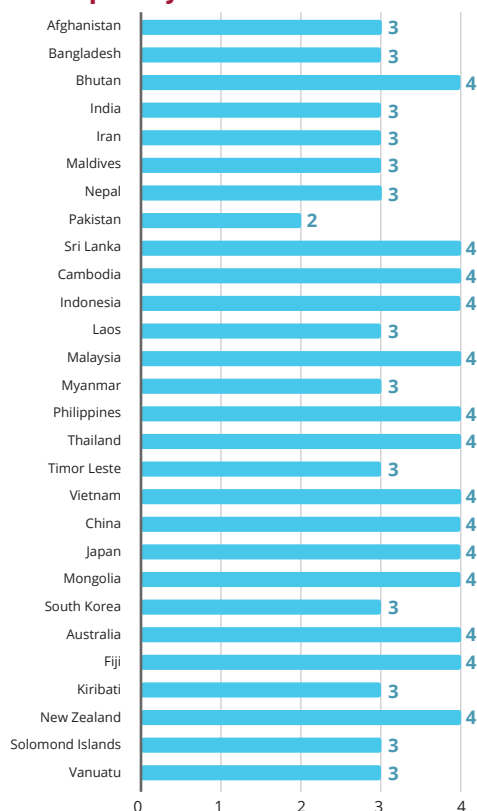
g. Criterion 7: Transparency

On average score for this criterion is the highest in comparison to other criteria. Central issues around transparency are concerned with budgets,

approvals and expenditures as well as contracts and investments being publicly disclosed, and that the public has easy access to official information. Some countries, including Japan, New Zealand and Australia require local government annual accounts and annual reports to be published. Budget hearings must also be openly debated; committees to ensure appropriations of capital are thoroughly scrutinised. Most countries in the region require local governments to prepare budgets and development plans which are publicly available. However, actual data on how easily accessible such information is difficult to collect. In many countries, matters of public interest and reports are not available through the internet or other media, reducing both accessibility and transparency of many processes associated with strong and well-functioning enabling environment frameworks. When the scores related to transparency are compared with the criterion on public participation, significant discrepancies can be seen in some countries. Transparency is a factor contributing to effective public participation. Without access to public information, specifically related to budgets, plans, investments etc, engagement by public in decision-making processes would be ineffective.

Therefore, it is recommended that the scores for this criterion be compared with other measurements such as the global Right to

Figure 4.9 Scores by Countries of Transparency



Information (RTI) rating which looks at the overall legal and policy measures in support of access to information.¹² The Global RTI index ranks India and Sri Lanka as one of the top 10 countries with strong right to information legislation.

In addition, integrity measurements can also help to determine how well countries and their institutions are promoting transparency. Open Government Partnerships review of member countries in this area can also provide valuable data for comparison and analysis.

Performance of Countries

Almost all countries, except Pakistan scored high on this criterion. This could mean that necessary measures are in place to promote transparency and most countries do not view it as a problematic areas. Whether or not these measures are fully implemented requires further research.

Performance of Sub-regions

From a transparency point of view, most Asia-Pacific countries are found to be performing well, including all the sub-regions. However, as transparency illustrates how open and inclusive a government is, it is imperative that further research, and comparison with other indices is undertaken to get a clear picture of how effectively and transparently governments (specifically urban local bodies) function, and how easily public information can be accessed.

h. Criterion 8: Citizen Participation

Direct contact with political leaders and engagement by civil society has increased in all cities across the region. More people are joining public interest groups, civic associations, and other collective forms of action. Facebook, Twitter and other social media platforms are providing even greater opportunities for citizen participation and engagement. This has given rise to new mechanisms for political action, such as political consumerism, new forms of continuous action and creative activism. As the International Social Survey Programme notes the internet enables new methods of peer-to-peer involvement among citizens, who share political views and want to be active. Many of these activities also offer greater policy content and policy focus than the simple act of voting."¹³

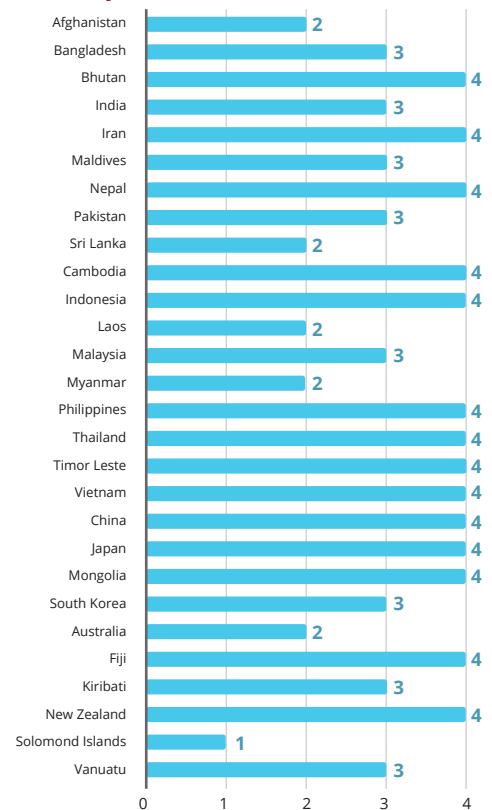
¹² <http://www.rti-rating.org>

¹³ International Social Survey Programme, (2017) GESIS-Leibniz Institute for the Social Sciences, <http://www.issp.org/menu-top/home/>

Performance of Countries

Most Asian Pacific countries were found to be performing well in this criterion, except for the Solomon Islands, which does not have national legislation on citizen participation, nor locally organised space for dialogue and consultation. But Solomon Islands has more traditional forms of consultative policy processes. Australia, Afghanistan, Laos, Myanmar, Solomon Islands, and Sri Lanka do not have national legislation on citizen participation but have locally organised

Figure 4.10 Scores by Countries of Citizen Participation



spaces for dialogue and consultation, including spaces initiated and supported by development partners in countries like Afghanistan and Laos.

Fourteen countries scored four on this criterion. Indonesia scored high as the level of social media in the county and engagement in national and local political and community activities is high, and is enshrined in national and local government policy.

Performance of Sub-regions

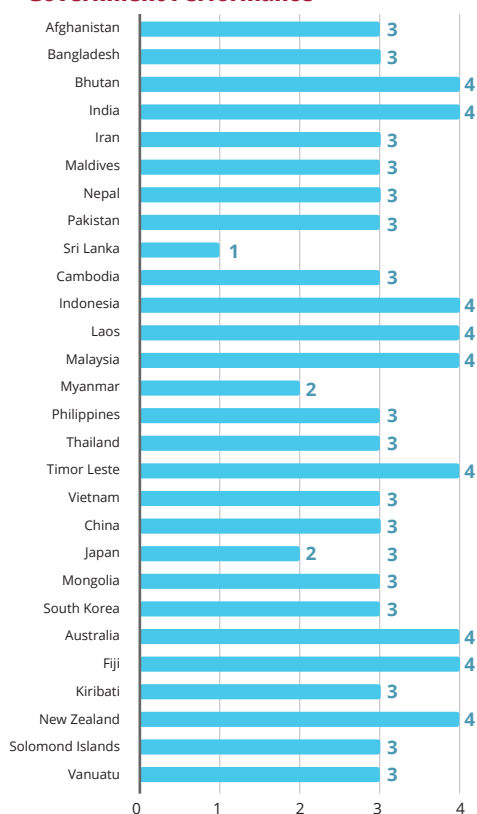
East Asia, South Asia, and Southeast Asian sub-regions are performing well in the citizen participation criterion while Pacific Island sub-regions is performing below average. Support

to policy reforms and strengthening formal and informal means of public participation is necessary for countries that scored 2 and below, except those countries where public participation is enshrined at the state level.

i. Criterion 9: Local Government Performance

Assessing the performance of public administration at the local level helps to understand the gaps in implementing and delivering development plans. Measuring local governance performance provides useful feedback to help local government officials, political parties, civil society actors, the public and the international development community pinpoint specific geographical areas and substantive areas where policy reform and/or capacity development support is needed.

Figure 4.11 Scores by Countries of Local Government Performance



Increasingly local communities are demanding more accountability on the use of tax payer resources in delivering quality and adequate services to local communities. Moreover, with greater decentralisation, central governments are demanding that local governments make the most efficient use of resources provided from central revenue sources. Thus, local governments' ability to perform and deliver on development plans is coming under increasing scrutiny.

Performance of Countries

Except for three countries, all other countries scored 3 and above on this criterion. This shows that most countries have systems in place for assessing and reporting the performance of local government. However, similar to the criterion on Transparency, this criterion needs to be further analysed and compared with other data on local governments performance. Many local governments in the Asia-Pacific region have low public expenditure rates which affects their ability to perform and deliver on development plans. Therefore, to get a better picture of the effectiveness and performance of local governments, this criterion should be compared with other indices such as the Local Governance Performance Index (LGPI) which provides an approach to the measurement, analysis and improvement of local governance.¹⁴ The high ranking of Timor-Leste is due to the significant international development assistance and support given to assist with local government functioning. The performance of local government in New Zealand has improved with the introduction of a collaborative network of cities, known as the core cities,¹⁵ which identifies ways in which resources can be shared, and leveraged to support common platform information, improve policy formulation and joint marketing of New Zealand goods produced in different cities, thereby enabling the cities to perform well on economic indicators.

Having appropriate systems in place for measuring the performance of local governments does not mean that the recommendations made to improve performance are fully implemented. For instance: a paper on performance evaluation of urban local governments for Indian cities highlights poor operations and financial management, competencies and labour inefficiencies.¹⁶ The same situation occurs in Sri Lanka where audit shows that many local governments collect less than 50 per cent of target tax revenues, and fail to spend their budgets.

New models of local government based on corporate structures are needed, with performance targets applied for operations, especially budgeting and maintenance. The rapid introduction of e-governance is crucial to increased productivity, better response times and delivery

¹⁴ World Bank. (2017). The local governance performance. Retrieved from <http://documents.worldbank.org/curated/en/196591468197374514/The-local-governance-performanceindex-LGPI>

¹⁵ GoNZ. (2012). New Zealand Core Cities. Retrieved from Wellington, New Zealand: <http://www.lgnz.co.nz/assets/Uploads/MBIE-NZ-Core-Cities-Research-Summary.pdf>

¹⁶ Bandyopadhyay, S. (2012). Performance Evaluation of Urban Local Governments: A Case for Indian Cities. Retrieved from Atlanta, Georgia <https://scholarworks.gsu.edu/cgi/viewcontent.cgi?article=1080&context=icepp>

of services. Without legislative and policy reform to local government enabling environments, cities in the region will lose competitive advantage, and bring rising transaction costs to business and communities. A healthy and prosperous business sector in cities across the region is only achievable if local governments can provide the services they need to compete and grow.

Performance of Sub-regions

Most Asia-Pacific countries are performing well in this criterion. It means that countries have systems in place to measure the performance of local governments. However, as mentioned above other aspects such as expenditure and delivery rates of local governments and urban local bodies need to be fully considered. In addition, whether or not local governments are supported in implementing the recommendations from performance assessments should also be looked at. Country-specific reforms are required to be initiated to improve the overall performance of local governments in this region. The focus of performance enhancement must be organisation and financial reform, to ensure revenue collection is substantially improved, and budget management is more accountable.

j Criterion 10: Urban Strategy

The factor which has the highest impact on the city enabling environment is the lack of an urban strategy. A comprehensive urban strategy can serve as an umbrella and guideline for cities to manage emerging challenges of urbanisation. Most countries have planning legislation to develop a range of policies and plans. Most cities have plans, but these have failed to live up to expectation. They were overly ambitious and/or did not have the resources to support their implementation. The results have been a disregard for plans, enforcement of planning laws, regulations and development approvals and spatial environments that are substandard and pending natural disaster zones flooding and coastal inundation.

Performance of Countries

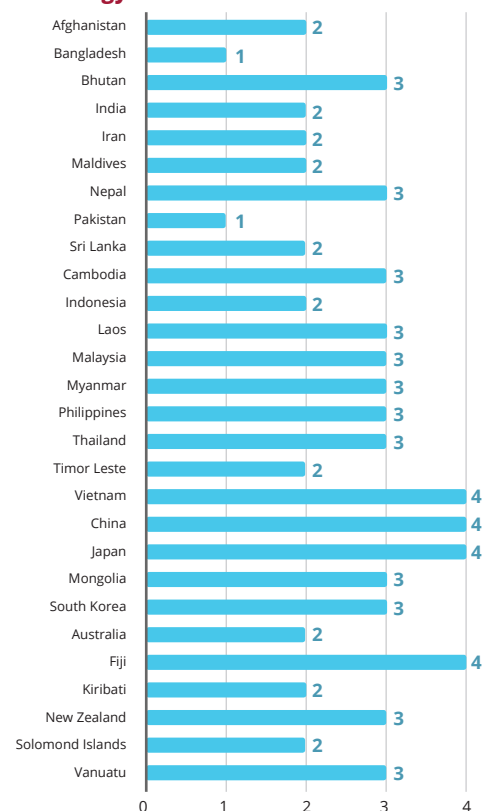
In terms of national urban strategy, 12 countries have been rated 1 or 2, indicating the need for special attention to be given to address the systemic weakness in this area. Only four countries received a score of 4. China, Vietnam, Fiji and Japan have been able to embed urban planning as part of strategic urban development plans. Vietnam, for example, has a National Green Cities policy, whereas Japan has a national economic plan that focuses on cities as economic growth poles. Strong adherence to urban planning policy and approval, has a significant bearing on the certainty of investments, the stability of property

markets and the ability to use land and property as collateral for private and business investment.

Local governments have generally failed to uphold the rule of law on planning and urban strategy. The formulation of a national strategy to develop a managed system of cities, improve connectivity and competitiveness between cities and urban-rural linkages is important but it is at the metropolitan and district development plan level where the enabling environment legislative frameworks have failed the most. Local government must be prepared to engage in collaborative planning and governance at the interface of metropolitan and peri-urban municipalities. Planning in isolation is not planning for sustainable development. The need for legislation to support collaborative planning and governance across the region is paramount.

At the local level, local governments must enforce planning laws and regulations. The rule of law must be upheld to protect infrastructure corridors from being encroached upon, buildings constructed according to building codes, essential infrastructure services provided by developers, corruption removed from local land administration offices and property markets, and laws and regulations developed that protect the right of business and individuals to secure tenancy. Secure tenure is a paramount requirement for

Figure 4.12 Scores by Countries of Urban Strategy



legal frameworks for city enabling environments. It must become one of the basics rights of all people living in cities, and apply to non-urban settlement areas as well.

Performance of Sub-regions

As indicated, Asia-Pacific countries' performance for these criteria is low. Subregion wise, only East Asian countries have done well. Preparation of a country level urban strategy could, therefore, be a recommended action for most countries.

k. Criterion 11: Environmental and Climate Change Governance

Climate change has been quoted many times as one of the greatest threats to humankind. Cities in the Asia Pacific region are among the highest at-risk and vulnerable cities in the world to natural disasters and the effects of climate change. In some Pacific Island states, urban areas are potentially in danger of disappearing beneath the ocean before the end the next century. Asian cities have some of the highest mortality rates due to air pollution and are highly prone to disaster risks.

Regulating for environmental risks and hazards has been slow, poorly enforced and disregarded in favour of development that will create jobs and add to GDP of countries and cities. If cities

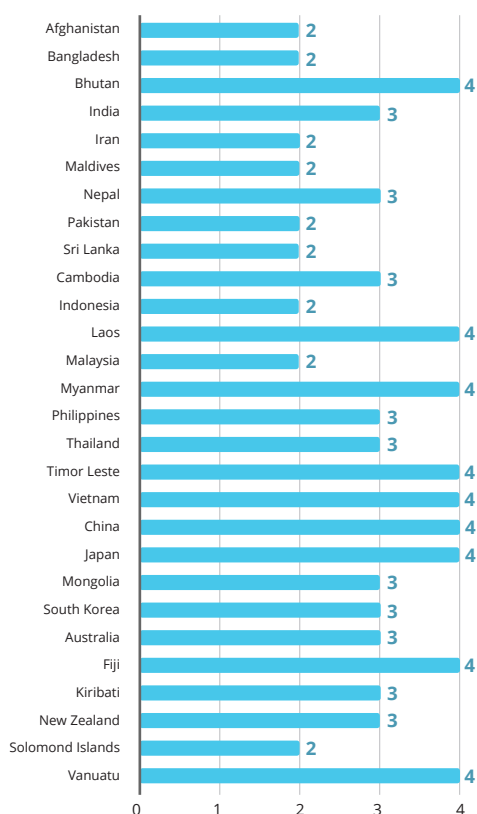
in the region continue to ignore or fail to regulate actions that contribute to environmental degradation (air and water pollution) and climate change, or put in place mitigation measures to address adverse effects of climate change such as increasing intensity of natural disasters then it may have far-reaching consequences in terms of loss of lives and livelihood. Failure to build robust environmental legal enabling environments will result in rising externality costs that will have an impact on all sectors of the region's urban economies.

Performance of Countries

Countries that are most affected by natural disaster and climate change are leaders in environmental legislation. Bhutan has staked its claim to the importance of the environment and happiness in its economic development. Myanmar, is one of the least urbanised countries in the region, has introduced national environmental conservation protection laws¹⁷ for management of sensitive and flood-prone urban areas.

Most other countries in the region are taking steps to improve environmental management through regulations covering a broad range of areas from housing to air control. However, for many countries the ability to enforce environmental regulations or to combat the effects of climate change are patchy.

Figure 4.13 Scores by Countries of Environmental and Climate Change Governance



Performance of Sub-region

Most Asia-Pacific countries are performing well on the criteria of environmental and climate change governance, but local governments must do more. Pacific Island states have the most to lose from failure to develop rules and regulations at a national level in Asia, specifically to shore up climate change mitigation mechanisms that are iterated through cooperation with the local level.

¹⁷ The Environmental Conservation Law: The Pyidaungsu Hluttaw Law No. 9 / 2012, (2012). Myanmar

5. Summary of Asia-Pacific Region Performance and Challenges

Cities of the Asia-Pacific region face many challenges in developing legal, policy and institutional frameworks for enabling environments to support the sustainable development of cities. The overall results of this study show that many parts of the region are progressing towards the establishment of stronger legal and institutional frameworks, but the challenge remains to secure the resources necessary to enforce these provisions and to make enabling environments more robust and, in many cases, flexible to respond to the changing priorities of the region.

The most pressing need across the region is to improve local government revenues. However, to do this requires much stronger enabling legislation—particularly related to the autonomy of cities in the raising of their own revenue. For this, the legislative frameworks for vertical fiscal integration and the use of tax and other nationally collected revenues needs review. If local governments are not given greater powers, financial autonomy and freedom to decide on how best to use their resources to achieve more sustainable development outcomes at a local level, the prospects of achieving the SDGs at both national and global levels will diminish.

The need to focus on improved urban strategy, particularly the willingness to uphold the rule of law and enforce provisions of planning and environmental regulation are critical issues

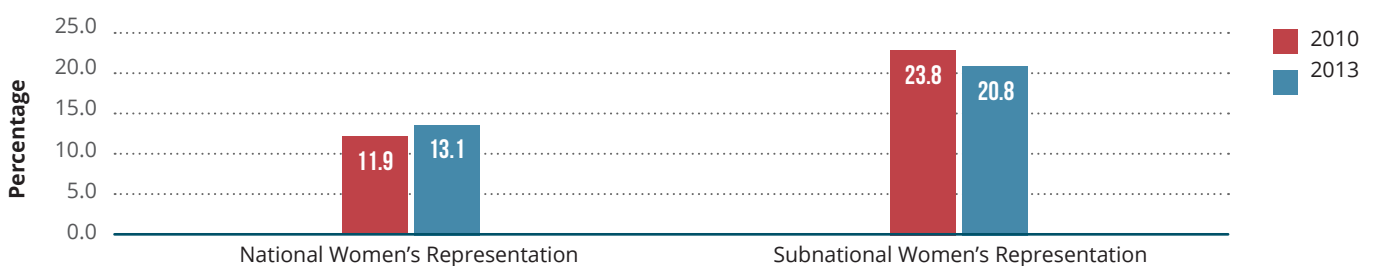
identified in many Asia and Pacific countries. The greater focus must be given to creating legislation which encourages a collaborative approach involving metropolitan planning and management, citizen engagement in planning decision-making processes, and enforcement of regulations at a local level. This particularly applies to increased checks on the use of land that is set aside for environmental, infrastructure or community purposes.

Finally, there is a need for reform of many laws related to local government—at national, state and municipality levels. Many of the laws need to be amended in to rapid change that is occurring in the fields of technology, ageing populations and the circular economy.

The sustainable development of cities in the region will require collaborative efforts and cooperation at country to country and city to city levels. Such collaborative efforts are essential for establishing development pathways, and creating solutions, especially around improving fiscal space and capacities of cities, and creation of innovative projects designed to address problems facing the development of cities in the region. UCLG Asia-Pacific, in collaboration with Cities Alliance, and UNDP, can play a role through its regional country membership networks to facilitate improved connectivity that will lead to more creative solutions in solving the many problems that face the development of the region.

Figure 4.14

PERCENTAGE OF WOMEN REPRESENTATION AT NATIONAL AND SUBNATIONAL LEVEL IN ASIA-PACIFIC COUNTRIES



Source: UNDP (2014). *Gender Equality Women's participation and leadership in governments at the local Asia and the Pacific 2013*

WOMEN'S PARTICIPATION IN LOCAL GOVERNANCE

Women's representation across all tiers of government is still limited in the majority of Asia-Pacific countries. Women's political participation is lower than the global average, and their economic representation lags behind men in most countries in the region.

In 2013, only 21 per cent of councillors elected in government were women, compared to 79 per cent male; this was a decrease of three per cent.¹⁸

Since 2010, women's participation levels at subnational level have fallen, but risen at the national level (Figure 4.14). Religious laws, customs and other practices are barriers to the achievement of greater gender equality and women's political participation and representation at the local level.¹⁹ More sustained efforts are necessary by governments and political parties at all levels to ensure gender equality and greater opportunities for women's representation in political office.

This severely affects the ability of the countries in the region to achieve equitable development for all. At the national and local level, women's equal participation is essential for promoting inclusive governance and ensuring equitable development. A gender-inclusive perspective would allow municipal governments to develop strategies to address specific challenges faced by women in cities. To address, the social, political and economic

¹⁸ UNDP (2014). Gender Equality Women's participation and leadership in governments at the local Asia and the Pacific

¹⁹ *ibid*

Table 4.1 Indicators of women participation in local governance

National provisions on temporary special measures for women/quotas system' at local level meets all of the following:

- No rotation system is applied
- Minimum percentage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

4

National provisions on temporary special measures for women/quotas system' at local level meets at least two of the following:

- No rotation system is applied
- Minimum percentage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

3

National provisions on temporary special measures for women/quotas system' at local level meets at least one of the following:

- No rotation system is applied
- Minimum percentage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

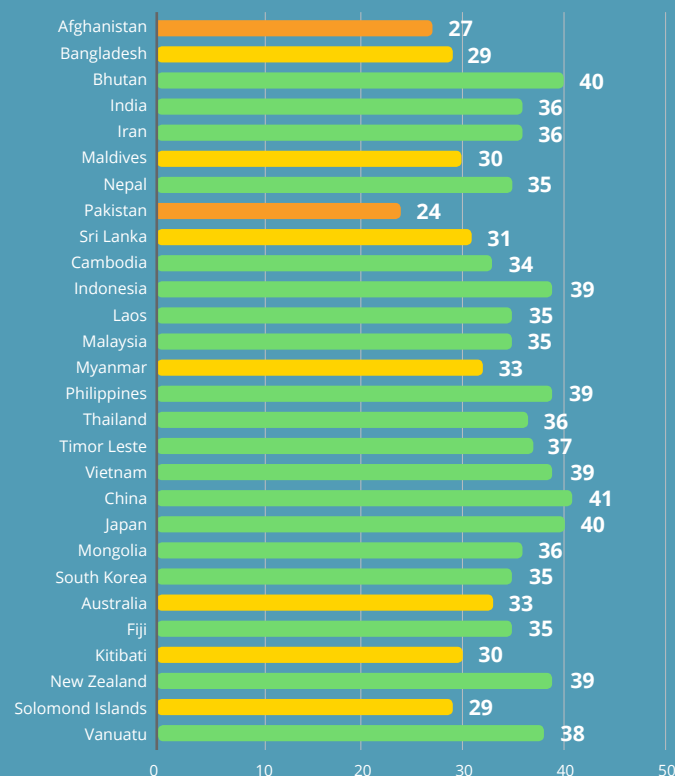
2

National provisions on temporary special measures for women/quotas system' at local level meets none of the following:

- No rotation system is applied
- Minimum percentage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

1

Figure 4.15 Total Country Score of CEE Criteria with Gender Assessment



limitations that women face in participating in public life, countries have adopted temporary special measures or 'quotas' to support women's access to political representation and decision-making structures. These measures also provide a strategic entry point for realising gender equality at the city level.

With the aim to look at the country performance on women's participation in local governance, CEE rating initially included a criterion on women's political participation. Nonetheless, the criterion was eventually excluded due to the failure to capture accurate enough data. The indicator of temporary measures did not fit to several countries such as Australia, New Zealand and Bhutan hence it has affected to the country performance rating (see Figure 4.15).

Both Australia and New Zealand provide a high opportunity for women to participate in government; Neither country has temporary measures or quotas in place however, as women have been actively involved in government and decision making process for decades. Similarly, Bhutan has encouraged both men and women to participate in development through their happiness index thereby there is no actual quota system for women participation in development.

Per current provisions of new constitution of Nepal, it has been ensured that 40 per cent of women are elected representatives at municipal level. This has however resulted that out of 293 municipalities, 95 per cent of them have women deputy mayors. The indicators of women participation in local governance are described in the table 4.1.



CHAPTER 5

CONCLUSION



1. OVERVIEW

This report on CEE Rating in the Asia-Pacific region provides a baseline for current legal frameworks of cities. The findings from the assessment show that local governments must play a more direct and accountable role in the development of legislative frameworks that impact the local level if cities are to become more liveable, prosperous, dynamic and sustainable places for the 3 billion people that are predicted to live in cities of the Asia-Pacific by 2050. Furthermore, a generally more consultative and collaborative approach is needed for relations between national governments and institutions that are in charge of developing and maintaining enabling environment.

The frameworks supporting these enabling environments are multi-level and multi-dimensional, but it is at the local level that institutions are weakest, and at which an agenda for change must be embraced. It is also at the local level that the agenda for change is most needed if the SDGs are to be met.

2. SUMMARY OF FINDINGS

Many cities in Asia-Pacific countries face an uphill task of funding infrastructure and services to meet the basic needs of growing urban population. Local financial management frequently suffers from lack of capacity to collect revenue for taxes and fees; something that is often restricted by inadequate regulatory frameworks. Lagging public-sector spending takes a toll on urban efficiency and local economic activity, creating a vicious cycle of budgetary shortfalls, choking urban conditions, and economic stagnation. Given these challenges, conducive enabling environments will result in better performance in service delivery.

In the context of rapid urbanisation and climatic vulnerability of Asia and Pacific cities, urban local authorities are expected to play a key role towards adaptation and building the enabling frameworks for resilience after disasters and other shocks. Cities and local governments, many of which have significant vulnerabilities, are the key stakeholders for adaptive and resilience building actions. These challenges are compounded in the Asia-Pacific by rapid rates of urbanisation and concentrations of poverty.

The strength of enabling environments is a crucial factor in the competitiveness, creativity, and resilience of cities. However, despite strong recognition for their role in various national constitutions, and backing by enabling legal systems, local governments remain weak in most Asia and Pacific countries. It is therefore paramount that cities in Asia-Pacific be empowered to operate and perform to provide optimal living conditions to their citizens.

While neither ageing populations nor trade and investment was part of the CEE assessment, they must be considered, as they can cause a significant shift in focus of development policies because of the way in which they influence resource generation and the overall financial systems at the local government level. Local governments facing this problems can face significant financial problems in how to extract revenue when the tax base shrinks and incomes fall.

In addition, the Fourth Industrial Revolution will affect the more advanced economies of the region and its lesser-developed economies. The use of artificial intelligence, advanced technology manufacturing, 3D printing and autonomous vehicles is still some way off, but few cities are building enabling environments that will allow them to capture the many opportunities created by the revolution. Local government must begin to reform their enabling environments, especially local legislative reforms, if they are to fulfil the roles they were created for: to provide essential services to local communities to allow them to live safe, and prosperous lives.

Key Findings:

In summarising the finding of the 11 criteria used to conduct the assessment, most Asia-Pacific countries have enabling constitutional frameworks for local governments but the strengthening of supporting legislative frameworks, especially for fiscal devolution and inclusiveness, are required to develop stronger decentralised, autonomous and self-sufficient local governments. In many cases, there are parallel administrative structures and responsibilities for local government and provincial central agencies.

Many countries do not have strong enabling frameworks or local governments that can generate their own local revenues. In Sri Lanka, Laos and many Pacific island states local governments are highly dependent on the state/

province or national governments for funds to support the development of infrastructures and delivery of services. Financial transfers from the central to local governments are mostly predictable, but the inability or unwillingness to generate local revenue through taxes and charges and decide on budget expenditure is an area of concern and potential reform.

Local government capacity is an area requiring immediate reform and improvement. Improvements in knowledge, skills and the usage of technology are needed in financial, infrastructure and organisations management. In 'Transparency' and 'Citizens Participation,' local governments appear to be doing well, but there is scope for further improvements in some countries, and the possibility of certain problems going underreported.

In assessing the 'Local Government Performance' in Asia-Pacific countries, more focus should be on whether or not recommendations from performance measurement and audits are considered and implemented. The process is generally an internal administrative process. Many Asia-Pacific Countries do not perform well on the criteria of 'Urban Strategy.' There is significant room for improvement in this area, especially in the planning and management of urban development.

For 'Environment and Climate Change Governance,' the scope for significant improvements to cities and local authorities' roles in particular associated with waste management, climate change mitigation and adaptation, pollution and flooding.

3. ACTIONS TO STRENGTHEN CITY ENABLING ENVIRONMENTS

The report has identified several areas where change is necessary by governments at all levels to strengthen the legal, policy and institutional framework of enabling environments for cities in Asia and Pacific countries. The findings and tailored recommendations for reforms in each of the 28 countries are presented in part B of the report.

a. Devolution and Subsidiarity Roles and Responsibilities of Governments

Urban governance is a major challenge to towns and cities in the region. Many storylines are common to various countries across the region including things as the management of urbanisation, the challenges of climate change and the effects of the disruptive economy. However, much of the onus of responsibility for implementing reform, change and the development of stronger enabling environments will occur at the city, rather than the national level. Unfortunately, many towns and cities do not have the authority, autonomy, resources, technologies or capacity to play a more direct role in the strengthening of local enabling environments. Local governments must have a more direct role in the development and management of enabling environments for cities and be given the responsibilities and resources to support them. This is the first key message of the report.

b. Integrated Multi-Level Enabling Environment Frameworks

The enabling environment affecting local governments operate at multiple levels. Streamlining administrative, technical and operational services between pertinent levels of government is crucial to avoiding duplication of services, the overlapping and conflict between government entities and the heterogeneous spread of public resources. Ways to achieve better integrated multi-level enabling environment frameworks include:

- i. Creation of a Council/ national body consisting of different tiers of governments , to address reforms to different layers of the enabling environment is a useful mechanism to integrate and create a 'whole of government' reform to sector policy, legal, procedural frameworks to support more efficient enabling environments at the city and municipality level. The Council of Australian Governments is a good practice example of a mechanism to integrate policies across governments, but it needs to be expanded to represent the interest of state and local governments.
- ii. Integrated management information systems between levels of governments are crucial for matters related to financial management, operations and disaster and risk warning systems, especially in relation climate change adaptation.

- iii. Adopting integrated capacity development programmes and modules to address capacity gaps.

c. Collaborative Governance

Collaborative Governance involves the government, community and private sectors communicating with each other and working together on policies, planning, program activities and the like to achieve more than any one of the above could achieve on its own. Collaborative governance should focus on:

- i. Open governance systems which provide a high level of transparency and accountability reporting on the activities of local government.
- ii. Local Government resource sharing and leveraging, through the pooling of staff, equipment, and services, to utilise public resources to the fullest.
- iii. Development of collaborative networks, including:
 - Open source platforms, databases and shared information to build the knowledge base which underpins the development of strong local government enabling environments
 - Collaborative research and development to investigate common problems that are hampering the efficient functioning of enabling environments
 - Collaborative marketing with the private sector and local government to support local economic development
 - Support for the development of enabling environment that fosters the growth of industry clusters
 - Encourage the support for local innovation and technology transfer between the private sector and clusters of local government which make up metropolitan regions or surround secondary and intermediary cities.

d. Fiscal Decentralisation

Municipal governments in the Asia-Pacific region must be given greater fiscal autonomy to generate revenue and raise capital to develop infrastructure and deliver services that strengthen the capacity and competitiveness of local enabling environments. Local governments must also take on a more responsible role in the management of public finances. Ways central and local governments can support this include:

- i. Participatory based budgeting and reporting which engages key business and community

group stakeholders in the formulation and prioritisation of annual and long-term budgets.

- ii. Balanced budgeting, which ensures the revenues match budgeted expenditure outgoings.
- iii. Giving local government the powers to raise capital through the issuing of stocks, bonds and sub-sovereign loans for capital investment to strengthen the capacity of local enabling environments to support sustainable growth and development of city economies.
- iv. Publication of accounts including profit and loss, balance and finance flows statements as a means of improving transparency and accountability of public expenditure.
- v. Enhancing local revenue collection systems through improving revenue collection systems, seeking opportunities for value capture and revising tax schedules and property valuations.
- vi. Public-private partnerships, especially to provide community infrastructure such as markets, water supply and sanitation, transport and logistics hubs (including dry ports), hospitals and community colleges.
- vii. A credit rating system for cities, to establish creditworthiness and to provide a demonstration of sound public sector financial management.
- viii. Preparation of annual and five year financial plans to improve financial flows, including from sources offering capital development finance.

e. Developing and Strengthening E-Environments: E-governance and 'Smart City' Technologies.

Advances in information and communication technology are changing the way people communicate, work, and live. It is also fundamentally changing the nature and the way governments go about their business. Local governments are being run increasingly like large corporations, with management practices that are increasingly reliant on 'Smart' technology-intensive approaches. The push towards smart cities in this region shows that national and local governments are keen on digital transformation of the public sector, and developing e-based public services. However, many of these smart initiatives are not fully integrated into the administrative systems. National and local governments will need to invest significantly to ensure interoperability between different systems to deliver public services quickly, efficiently and transparently. The introduction of systems and services has potential

to substantially reduce transaction costs and add value and employment to local economies. It is crucial for local government to develop and strengthen enabling environments that will support the rapid introduction of:

- i. Integrated e-platforms that offer all services related to governance (identity cards, registration, taxes and fee collections), businesses and economic development (including forms, online applications, permits etc), information services (on work, entertainment, and also emergency warning system).
- ii. Backend integrated systems to improve cooperation and collaboration between different agencies, ministries and departments.
- iii. E-Learning to support online training and education of local government and public, similar to Singapore, to increase the usage of e-services.
- iv. E-feedback mechanisms and performance monitoring systems (such as Lapor! In Indonesia).

f. Legislative and policy reform to strengthen enabling environments

Many local government laws, especially those related to finance, public sector management, planning and provision of urban services are outdated and can conflict with other laws and regulations. The failure of the regulatory environment is a significant impediment to the functioning of cities. Governments could significantly strengthen the legal framework by undertaking:

- i. Reform of Local Government laws and regulations to ensure they are compliant with international best practice, especially in areas of workplace and safety standards, planning and construction and penalties for infringements
- ii. Changing of Laws to bylaws to ensure these are compliant with ISO standards
- iii. Simplification of policies into language that is clear and unambiguous
- iv. Use of regulations, rather than laws to enable cities and local government to respond quickly to changes in practices, national policies, and recommendations from audit institutions.

g. Urban Management and the Enabling Environment

Urban Management is a term covering the management of a large set of functions that affect the planning, development, efficient operations

and maintenance of cities. Urban management should also ensure that the transport, logistics, information and energy systems that run cities are run and maintained efficiently and effectively. Critical elements of urban management that cities in the Asia and Pacific region can focus on to underpin the development of stronger enabling environments are:

- i. Audits and valuations of all public assets and facilities to develop asset management and maintenance plans.
- ii. Integrated planning and development approval systems to ensure one stop or single window submission of building and development applications comparable to systems operating in Singapore, Australia and New Zealand
- iii. Operations maintenance of public assets and facilities.

h. Localising SDGs Reporting on Enabling Environments

The localisation of the SDGs at the city and municipal government levels is crucial for achieving the sustainable development agenda. Developing localised sets of SDGs indicators is a necessary step in identifying what needs to be done at the local level. It is also critical for strengthening and monitoring the performance of policies and development programmes. In addition, localising SDGs indicators and collecting data at the local level can help countries to provide accurate aggregated reporting on the 169 targets of the Sustainable Development Goals (SDGs).

- i. Developing a national set of indicators to measure the enabling environment of cities using the SDGs and other development indicators.
- ii. Cities developing monitoring and evaluation systems for collecting information to measure localised SDGs indicators at the local level.
- iii. Integrated online databases and platforms to support cities to collate and analyse different sets of data to achieve a comprehensive picture of gaps as well as identify areas where further action or support is required. UNDP is supporting the implementation of a Local and Urban Governance Dashboard in four countries in Asia-Pacific which can layer and analyse different data sets (for instance public expenditure data with multi-dimensional poverty data) to help local governments to identify major gaps in the implementation of policy. UCLG has also developed toolbox and training modules to support the monitoring process of SDGs localisation.

i. Other Lessons from the CEE Assessment

The implementation of the CEE assessment in 28 countries in the Asia-Pacific region has generated several lessons. The following are reflections on the lessons gained from the approach to the assessment, and some gaps and areas for review and improvements, if repeated in the future.

- i. Lessons were learned during data collection and analysis. The assumption that central government laws and regulations result in stronger enabling environments than laws developed at a decentralised level, i.e. state level, does not necessarily hold true. In Australia, local government is not enshrined in the national constitution but in state constitutions. Australian local government is more highly decentralised in terms of functions and responsibilities, that countries where local government is enshrined in the constitution. Local governments in Japan and New Zealand can be considered as some of the most progressive, innovative, efficient and effective in the region. The importance of strong local government law and enabling mechanism is crucial, regardless of whether it is enshrined at national or state level. Overall, federal systems of government tend to result in stronger legislative frameworks for local governments, than those with more centralist forms of government.
- ii. There is need to revise the set of 11 indicators to ensure they are better aligned with SDG indicators, if the focus is to help countries and cities to understand their gaps and limitations in achieving the SDGs. Additional criteria should be added related to legal framework which would have provided a more extensive monitoring of the enabling environments for cities in the region.
- iii. It is important not to consider the scoring generated through the CEE assessment as a base index. There is such variation in local government legal and administrative arrangements that comparisons are challenging. The importance of linking enabling environment indicators to the SDGs is important, as these indicators are commonly agreed as the means of measuring sustainable development outcomes.
- iv. Furthermore, the scores assigned to each criterion by local government associations or individual experts should be compared with other indices that measure similar aspects. This would help to identify areas where significant discrepancies may exist and suggest area that could warrant further research.
- v. The assessment of Women's Participation in Local Governance, proved extremely difficult to assess with significant variations between countries. Women's representation in national parliaments are rising, but in local government, rates have remained stable or falling in all but a few countries. The reasons for this are not easily explained, and further research is necessary. It is crucial that the level of women's representation in local government improve, as woman views and inputs in policy and law which shape local enabling environments must be supported, along with marginalised groups and communities.
- vi. Though trade and investment aspects were not looked at through this assessment, there is also need for governments to recognise that the basis for trade and investment in the region is no longer between nations, but between cities. Trade agreements provide the basis for developing broader national economies, but the enabling environments supporting the economies of cities need to align more closely with national economic policy. It is the obstacles in the enabling environments of cities that are adding substantially to the transaction costs of trade and investment flows between cities. This is an area of exploration that will form a focus of an upcoming UCLG GOLD (Global Report on Local Democracy and Decentralisation) V report.
- vii. Finally, there is a need for further investigation into legislative frameworks of enabling environments that are creating impediments to value-adding systems and transaction costs of cities. This is an area that has not been studied extensively at a regional level, and is worthy of investigation as part of a UCLG ASPAC research and development activity.

WAY FORWARD OF CEE RATING

This report on city enabling environment rating has provided a tool to measure country performance based on 11 CEE criteria. It has identified key areas for reform in each country from the scoring against the criteria. The result of the rating may be used in advocacy for strengthened cities and local authorities in the Asia and Pacific region. Furthermore, a regional alliance may be formed for periodic assessment by measuring, every two years, the progress of each country in improving their legal instruments of enabling environment for cities and local authorities.



The Golden Temple in Amritsar, Punjab, is the most important religious site and the largest free kitchen which serves free, volunteer driven meals throughout the day.



PART B

COUNTRY REPORTS

**ENABLING ENVIRONMENT
ASSESSMENT IN ASIA AND THE
PACIFIC**

LIST OF COUNTRIES

- | | | | |
|--------------------|------------------|--------------------|------------------------|
| Afghanistan | India | Maldives | Solomon Islands |
| Australia | Indonesia | Mongolia | South Korea |
| Bangladesh | Iran | Myanmar | Sri Lanka |
| Bhutan | Japan | Nepal | Thailand |
| Cambodia | Kiribati | New Zealand | Timor Leste |
| China | Laos | Pakistan | Vanuatu |
| Fiji | Malaysia | Philippines | Vietnam |

Criterion Number	Criterion Headline Description
1.	Constitutional Framework
2.	Legislative Framework
3.	Local Democracy
4.	Financial Transfers from Central to Local Government.
5.	Local Governments Own Revenue
6.	Capacity Building of Local Government Administration
7.	Transparency
8.	Citizen Participation
9.	Local Government Performance
10.	Urban Strategy
11.	Environmental and Climate Change Governance

COUNTRY REPORTS

Introduction

Part B of the City Local Government Enabling Environment Rating Assessment of the Countries in Asia and the Pacific report comprises country reports for the 28 nations involved in the study. The scores for the 11 CEE categories and total score are shown in a table.

Each Country Assessment includes an explanation of the ratings, followed by comment on proposed reforms necessary to strengthen the legal and other frameworks for city enabling environments in the country.

The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.

3

A number of legislative provisions conflict with the Constitution or some provisions in the Constitution are not implemented.

2

Local assemblies are elected, but executive bodies are appointed.

2

Resources are not transferred, or are transferred erratically and irregularly.

1

Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets.

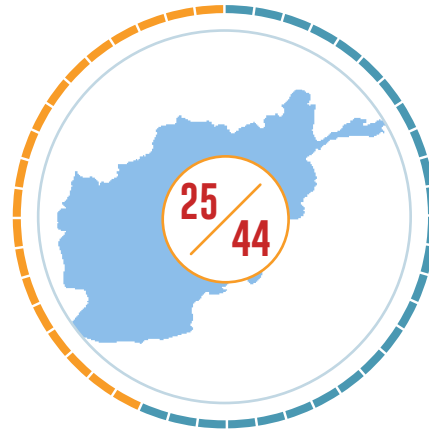
2

There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments.

3

AFGHANISTAN

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed.

3

There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation.

2

There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.

3

National reflection on urbanisation is underway, but an urban strategy has not yet been defined.

2

Country's international commitments for environmental protection and promotion exist but does not recognise the importance of urban areas and positive role of LGUs in implementation.

2

Explanation of the Rating

The urbanisation rate in Afghanistan is currently 4 per cent per year; much higher than two decades ago when it was only about 1 per cent. With this growth, the urban population is estimated at approximately 8.3 to 10.1 million or about 22-25 per cent of the country's population. They are mostly concentrated in five city regions, ie. Kabul and Herat, Kandahar, Mazar-e-Sharif and Jalalabad. The country has a two-tier structure administration—central administration (capital, ministries) and local offices (provinces-districts).

The Afghanistan Constitution provides for elected mayors. In practice, however, all mayors and governors are appointed by the Independent Directorate of Local Governance (IDLG) and the independent civil service reform commission, under direct supervision of the Administrative Affairs office of the President. Local level decisions on city development, planning and strategies are taken at the national level and implemented by the line ministry directorates at the provincial and district levels.¹

Institutional capacity does not exist at the local level to determine tax rates or rates for municipal levies. Municipalities are responsible only for the collection of city level taxes; decision-making on tax rates is carried out by the central government. Municipalities are not legally permitted to obtain loans or enter into financial markets. Government taxes are defined by the Ministry of Finance

and collected through their provincial offices (Article 42 of the Constitution). However, there are exemptions for IDLG and Kabul Municipality which have proposed regulations to define the tax base, and it is approved by the Cabinet.

Chapter 8, Articles 136 – 141 of the Afghanistan Constitution defines the structure of local governments and their key roles as spheres of governance. The detailed responsibilities of local government are defined in relevant laws. Although appointed by central government, provincial and district administrations are responsible for management of the administration of local government. Provincial councils are elected, and function to monitor the performance of provincial administrations.

As indicated above, at the municipality level there is an inconsistency between regulation and implementation. According to Article 141 of the Constitution, mayors and municipal council members should be elected. However, in practice, they are appointed by central government. Key legislation related to urban local governments are as follows:

- **Municipal Law:** Based on Article 141 of the Constitution and the New Draft Municipal Law 2014 which is still being discussed in Cabinet, the law aims at improving urban governance and will regulate the work of all municipalities in Afghanistan, including the Kabul Municipality.
- **Civil Service Law:** Also known as the Independent Administrative Reform and Civil Service Commission (IARCS) Law, aimed at establishing a sound system of public administration through implementing reforms, defines the duties of the civil service including the management, regulation and delivery

¹ GoIRA. (2004). Afghanistan Constitution. Accessed at www.afghanembassy.com.pl/afg/images/pliki/TheConstitution.pdf

of government services, policy development and advisory services, and development and implementation of laws, decrees and other relevant regulations.

- **Civil Servants Law:** The law, which is currently under revision, regulates the affairs of civil servants (permanent as well as contracted) including recruitment procedures at all government ministries, the Office of Attorney General, Independent General Directorates, Independent Commissions, Public Enterprises, Administrative Offices of both houses of the Parliament and Administrative Office of the Judiciary, except for military appointments, judges and teachers.
- **Labour Law:** Based on Article 48 of the Constitution, the law prohibits forced labour as well as regulates and clarifies the obligations, rights, privileges and social security of employees, male or female, at all ministries, governmental and non-governmental organisations, independent commissions, public and non-governmental business entities, and international organisations operating in Afghanistan in which employees engage in productive work or service.
- **Public Finance and Expenditure Management Law:** Based on Article 75 of the Constitution, the law regulates the organisations and management of financial affairs, protection of public assets, and preparation of the budget and management of public expenditure of the state administrations inside and outside Afghanistan.
- **Local Administration Law:** Based on Articles 136 and 137 of the Constitution a draft of which is currently pending in Parliament, the law regulates local administration units and participation in local administration with the purpose to improve public service delivery and ensure accountability and transparency. The law mandates the Provincial Governor as the representative of the State at the provincial level and the District Governor (DG) at the district level, and divides provinces and districts into grades 1, 2 and 3 based on population, size, number of districts, distance from other provinces, municipality and capacity to generate revenues.
- **Law of Provincial Councils:** Based on Articles 138 and 139 of the Constitution and with a draft currently pending in the Parliament's High Oversight Commission on Constitution, the law regulates the activities of elected Provincial Councils (PCs) for "creating a structure for partnership and participation of people and civil society institutions with State Administration at the provincial level, and counselling the provincial offices on related affairs."

The Afghanistan National Peace and Development Framework (ANPDF) is a five-year (2017-2021) strategic plan aimed at building self-reliance, as well as meeting the global SDGs. It has served as a framework for urban policy development.²

Citizen participation has not been regulated in any law in cities. Mostly, government administrations act upon public petitions and requests. Furthermore, citizen-led referendums, participatory budgeting or public opinion for government actions are not governed yet in the country scheme.

Women's participation in local governance

Women's rights to education, health, and economic activities are protected and ensured in Afghanistan. Furthermore, in accordance with the Constitution, the country has a reserved seat for women in the electoral law to ensure their participation. Given this, the country is rated 2 as the national provisions on temporary special measures for women/'quota system' at local level meet at least one of the following:

- No rotation system is applied
- Minimum percentage of women is above 30 per cent
- Quota consists of reserved seats, or placement mandates quotas are enforced by law

² The Afghanistan National Peace and Development Framework (ANPDF) accessed at: <http://policymof.gov.af/afghanistan-national-peace-and-development-framework-anpdf-2017-to-2021/> <https://en.wikipedia.org/wiki/Afghanistan>

PROPOSED REFORMS:

With a score of 25 out of 44, Afghanistan has moderately adapted enabling environment for cities and local governments. Based on the scoring against criteria, two key areas for reform are:

- **Formula and legal framework for fiscal transfer:** As the financial transfer is limited, as an incentive both for the best performing and under-resourced municipalities, more sustainable financial assistance is essential to support the service delivery to the community. This sustainable assistance from central government should be predictable. T, thus it needs a well-developed formula.
- **Despite the less-urbanised characteristic of the country, a national urban strategy needs to be established as a guideline for urban local bodies in preparing their local spatial plans and development budgets.**

The Constitution is neutral on the question of local governments.

2

All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place.

4

Local assemblies and executive bodies are elected throughout the country.

4

The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).

3

Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets.

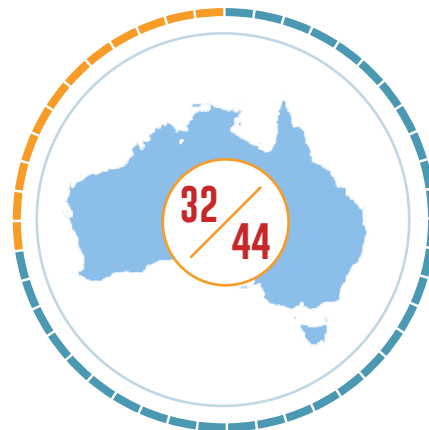
3

There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments.

1

AUSTRALIA

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



4

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied.

2

There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation.

4

There is legislation on measuring local government performance, and performance is assessed by independent bodies.

2

National reflection on urbanisation is underway, but an urban strategy has not yet been defined.

3

Country's international commitments for environmental protection and promotion recognises the importance of urban areas and positive role of LGUs in implementation.

Explanation of the Rating

The history of Australia goes back to some 60,000 years ago. It was settled by the British in 1788. The Commonwealth of Australia was proclaimed in 1901, bringing together six independent British colonies to form one country. It is a parliamentary democracy with Queen Elizabeth II of Australia as head of state, represented in Australia by the Governor-General. Local governments were established 60 years before prior to the formation of the Commonwealth of Australia (referred in the following section as 'the Commonwealth').

The Australian Constitution contains no provision for local government. Instead, local government is a body of the Constitutions and legislation of the respective Australian States and Territories; that is its role and powers are defined by each Australian State, not the Commonwealth Government. The scores for criteria for Australia have been assessed in relation to State government constitutions and legislative powers. The Australian Capital Territory Government and other territories, derives its powers and responsibilities from the Constitution. Some Commonwealth government departments, however, do have strong connections (direct or indirect) to the local government such as the Department of Infrastructure and Regional Development, the Department of the Prime Minister and Cabinet, the Department of the Environment and Energy and the Department of Industry, Innovation and Science. According to the Australian Bureau of Statistic (ABS), Local Government Areas (LGAs) are an ABS approximation of officially gazetted LGAs as defined by each State and Territory Local Government Department. The boundaries produced for LGAs are

constructed from allocations of whole Mesh Blocks (MBs). The ABS reviews LGAs on an annual basis with changes implemented by inclusion or exclusion of whole MBs.

As indicated, legislation on the establishment and role of local governments is provided for in State/Territory Constitutions. Each State/Territory has its own legislation that governs the activities and roles of local government, i.e. the Local Government Act 1999 in South Australia, the Local Government Act 1989 in Victoria, the Local Government Act 1993 in New South Wales, the Local Government Act 1995 in Western Australia, the Local Government Act 2009 in Queensland, the Local Government Act 1993 in Tasmania, and the Local Government Act 2016 in the Northern Territory. Specific function is provided to the Australian Capital Territory (ACT) which has responsibility both for the functions and services of a State government and a local government. Given the numerous State legislations, there are significant differences in the responsibilities of local governments in every State/Territory, as well as in the systems for overseeing them, including the services they deliver. In general, Australian local governments' responsibilities include environmental work, engineering, building inspection, licensing, certification and enforcement, administration services, planning and development approvals. In environmental protection, local government undertakes a broad suite of actions in response to requests or expectations of Commonwealth or State government law or regulation as well as local need. The broader authority of education, public housing, and policing lies with the States/Territories and Commonwealth.³

³ www.alga.asn.au

Despite the absence of formal recognition of local government in the Australian Constitution, the Commonwealth government recognises the need to improve the capacity of local governments. The Commonwealth Local Government Financial Assistance Act 1995, also called FAGs, provides financial assistance to local governments for ensuring better services delivery and performance at the local level. The FAGs are made up of a general-purpose grant and a grant to be directed towards local road infrastructure. Typically, the grants are increased year to year based on a formula that takes inflation and population growth into account. However, due to High Court decisions that show the Commonwealth has limited ability to provide direct payments to local Councils virtually all payments from the Commonwealth are channelled through State/Territory government bodies and departments, including State Treasuries.

On the other hand, local taxes are the primary revenue source for local governments in urban/suburban areas. The only taxation revenue for local government is property rates, which are primarily based on the overall land values across an LGA. Local governments also have other powers to impose a wide range of levies and other charges to raise revenue, which includes many fees for services such as planning and building approval, call out charges etc. They can borrow, through loan facilities made available through State treasuries. However, States/Territories also receive from the Commonwealth a distribution from the Goods and Services (GST) which the Commonwealth collects. Local governments in Australia generally are limited in their ability to set and collect taxes. However, in some States including Brisbane in Queensland; local governments, i.e. Brisbane City Council is permitted to raise funds through loans and various charges, and to invest in money markets as a way of increasing returns on capital.

Seen as organs of the States and Territories, re-organisation of local governments are usually triggered by State/Territory governments. The capacity building of official local government staff is also a responsibility of the States/Territories not the Commonwealth. Instead, each State/Territory determines the governing body for local governments. The terminology of the head of local governments also vary, but all are elected. All citizens over the age of 18 years are required to vote in Commonwealth, State/Territory and local government elections. Mayors and Councillors in local governments employ a Chief Executive Officers (CEO) on a contracted basis; the CEO is responsible for employing the local authority's staff.

The requirements placed upon local government in relation to urban planning strategies are outlined in each State/Territory's local government legislation. Commonly, Councils will develop a set of overlapping plans that extend over different time frames. There is usually an annual plan that supports a three-year plan, with the plan being informed by a larger strategic five or ten-year plan. Furthermore, local government undertakes a broad range of consultation within its community.

Women's participation in local governance

In 1902, Australia was the first country in the world to give women both the right to vote in federal elections and the right to be elected to parliament on a national basis. However, Indigenous women were not permitted to vote until 1967. New Zealand granted all women the right to vote in 1893. South Australia was the first State to give women who were British subjects the right to vote. No special provision for women is mentioned in the Australian or State Constitutions, but other laws provide for gender equity and discrimination. Local government contains the highest level of active participation by women, exceeding both Commonwealth and State governments.

There is strong advocacy for more women in Australian parliaments. Unfortunately, the number of women in Australian parliaments has fallen from a high point of 30.8 per cent in 2009, the proportion of women in Australian parliaments declined to 29 per cent in 2013. Special measures for women 'quota system' at local level meet none of the following:

- No rotation system is applied
- Minimum percentage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS:

With the score of 32 out of 44, Australia is making good progress towards an adapted enabling environment for cities and local government. Based on the scoring against criteria, two areas for reform are:

- Endorsement of local government in the Commonwealth Constitution as a level of government.
- Increasing the level of female participation in all state and local government.

The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.

3

A number of legislative provisions are in conflict with the Constitution, or some provisions in the Constitution are not implemented.

2

Local assemblies are elected, but executive bodies are appointed.

2

The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).

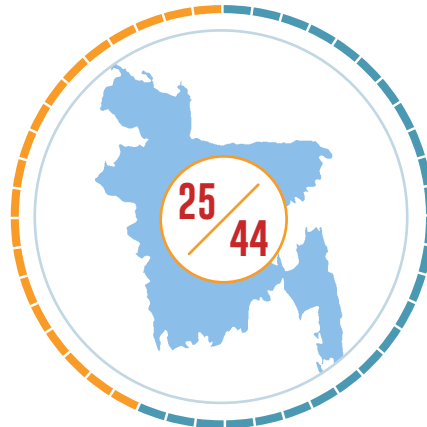
3

Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets.

2

BANGLADESH

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



1

There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments.

3

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed.

3

National legislation on citizen participation exists but is not applied.

3

There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.

1

No national urban strategy.

2

Country's international commitments for environmental protection and promotion exist but does not recognise the importance of urban areas and positive role of LGUs in implementation.

Explanation of the Rating

Bangladesh is a democratic republic with a unicameral Parliament called the JatiyaSangsad. The head of state is the President, who is indirectly elected by the members of the parliament for a maximum of two five-year terms. The 300 -members of parliament are directly elected by universal adult suffrage, and 50 seats are reserved for women. These are allocated from party lists in proportion to the seats won by each party. The President appoints the leader of the majority party as Prime Minister and head of government. On the advice of the Prime Minister, the President appoints the Cabinet. As a unitary state, it does not have any distribution of provinces or territories.⁴

Local governments are governed under the 'Local Government (Municipality) Act 2009' and 'Local Government (City Corporation) Act 2009.' The laws, in particular Articles 59 and 60, provide sweeping powers to local government bodies to serve as a blueprint for democratic decentralisation and local self-government in the country. Article 59 (2) specifically sets four functions of local government institutions: to supervise the work of public officers, the maintenance of public order, the planning and implementation of services provided by public authorities and economic development at the local level. Given this, the Constitution provides an adequate framework for local governments, through a democratic process, adequate authority, responsibility, power and resources to manage their own affairs.

⁴ The rating is based on peer review feedback although the LGA has different opinion Bangladesh National Portal <http://www.bangladesh.gov.bd/?lang=en>

The Ministry of Local Government, Rural Development and Cooperatives has the authority to develop a proposal for the formation of Urban Local Body (ULB) to be approved by the cabinet. The new ULBs are formed within the umbrella of the 'Local Government (Municipality) Act 2009.' and the 'Local Government (City Corporation) Act 2009.' The elected Mayor of City Corporations and Municipalities functions as the head of the municipalities, assisted by the elected Councillors who also take leadership roles at the lower level. Local assemblies in every tier is elected but executive bodies are appointed by the central government. Immediate past local government elections in Bangladesh were held on party lines for the first time in country's history. The candidates for Mayor and Chairman were nominated by the political parties. Through party line elections, a different form of leadership came to local governments. It is now a challenge for the LGUs to cope with new political leaderships.

The Constitution and laws provide a division of powers to local governments to impose and collect taxes such as business tax, entertainment tax, road tax, holding tax, property tax, rates, tolls, fees etc. Income tax is generally imposed by the 'Board of Revenue' under the Ministry of Finance. Transfer/allocation for local government is determined by the central government during the fiscal year budget. It is predictable and reliable based on the estimation for one year and projection for four years from all Ministries. The Ministry of Finance is responsible for notifying all Ministries of the budget allocation. The total budget for the Ministry of Local Government, Rural Development and Cooperatives is 235.39 billion Taka of which 200.05 billion Taka is for budget development. Less than 10 per cent (+/-) of the development allocation is transferred directly to the local governments as

Annual Development Programme (ADP), or direct block grants for which local governments must comply with conditions/directives set by the central government.

From the legislation, local governments have authorisation to determine local taxes, rates, tolls, fees, and others, however the scheme and mechanism must follow the Model Tax Schedule assigned by the central government. Local government is authorised to make contractual agreements for joint investments with private entities. However, private investors are often reluctant to provide investment due to lack of directions from the government. In some cases, municipalities must seek approval from the Ministry prior to proceeding with such investments, this can hinder and discourage them from accessing loans and financial markets.⁵

Citizen participation has been deemed mandatory in every tier of government in Bangladesh. Accordingly, some local governments have created a platform for dialogue and consultation with the community. However, the platform has not been optimised, as a result there are limitations in accommodating citizens' petitions, citizen-led referendums, and participatory budgeting processes. In addition, LGUs are often reluctant to handle social accountability mechanisms of public opinion which are normally obtained from the satisfaction surveys.

A National Urban Policy has been drafted, Cabinet approval for which has been sought since 2014. The policy document has not been endorsed, creating some limitation in the implementation of comprehensive urban management. The country has, however, developed the Seventh Five Year Plan (2016-2020) comprising government visions to address the issues and challenges of rapid urbanisation. In environmental management, specifically climate change, in 2009 the country formulated the Bangladesh Climate Change Strategy and Action Plan (BCCSAP), which has been considered as government commitments and strategies following the Paris Agreement. BCCSAP 2009 identified six thematic areas: namely (i) food security, social protection and health; (ii) comprehensive disaster management; (iii) infrastructure; (iv) research and knowledge management; (v) mitigation and low-carbon development; and (vi) capacity building and

institutional strengthening, including cities and local governments. Despite the inclusion of capacity building strategy in the BCCSAP, the Plan did not mention local governments initiatives and their contribution to environmental protection in urban areas.

Women's participation in local governance

Article 19 (3) prescribes that the state will ensure equal participation and opportunity for women in every sphere of national life. The legislation for local governments clearly indicate one-third minimal representation for women in every tier of local governments. Legislation also provides that this provision will not bar women from competing in general seats. In addition, provisions have been made for one-third of committees of local governments to be chaired by the women representatives. Given these significant efforts, empowerment of elected women representatives in local governments in Bangladesh is a critical issue to be prioritised by the government. Hence, the country is rated 4 as the national provisions on temporary special measures for women/'quota system' at local level meet all the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS

With the score of 25 out of 44, Bangladesh is making moderate progress towards an adapted enabling environment for cities and local governments. Based on the scoring against criteria, two areas of reform are identified:

- National urban strategy
- Capacity building for local governments

⁵ Ministry of Finance website: <http://mof.gov.bd/en/>

The Constitution makes explicit mention of local governments as spheres of governance, detailing their recognised roles and responsibilities.

4

All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place.

4

Local assemblies are elected, but executive bodies are appointed.

2

The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).

3

Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets.

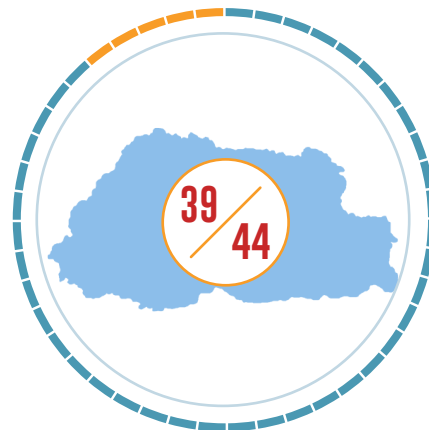
3

There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments.

4

BHUTAN

TENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied.

4

National legislation on citizen participation exists and is applied.

4

There is legislation on measuring local government performance, and performance is assessed by independent bodies.

4

A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking.

3

Countries where city level action for environmental protection and promotion, including climate change and disaster risk reduction, are integrated into countries' international commitments with funding and capacity support committed for cities to drive national implementation, and with codes and standards in place at the city level for disaster risk management and climate risk mitigation.

4

Explanation of the Rating

The Kingdom of Bhutan, also known as Drukyl (The land of Thunder Dragon), is a landlocked Himalayan country with a population of 797,765 as of 2016. Twelve per cent of the population lives in poverty (2012), and life expectancy is 67 years. The urban population is comprised of 196,111 people, or almost 31 per cent of the populace.

The country made a major transition from absolute monarchy to Constitutional Monarchy in 2008. The Constitution was also launched in 2008 and the country's first elections held. Bhutan has 3 tiers of government which are country/national government, central-states/provinces/ regional government, and local government. The acts of local government enacted in 2007 were the Local Government Act and the Thromde Act. Additionally, there are also acts relevant to local governments which are Dzongkhag Yargay Tshogdu Chathrim in 2002 and Gewog Yargay Tshogchung Chathrim in 2002. According to the law, local governments are available in each of the twenty Dzongkhags and comprise of Dzongkhag Tshogdu, Gewog Tshogde, and Thromde Tshogde.⁶

The Mayor is the head of local government; it is an elected position with a tenure of five years. The Council members are also directly elected by the people of Bhutan. The Deputy Mayor is elected by Council members. Bhutan's first local government elections were held in 2011, two years after adopting the Constitution. Specific election regulation committees are established to regulate the election procedures.

According to the Constitution, elected local governments have the power to facilitate the direct participation of the people in the development and management of their own social, economic and environmental well-being. Furthermore, local governments are also entitled to receive adequate financial resources from central government in the form of annual grants, and are allocated a proportion of national revenue to ensure self-reliant and self-sustaining units of local self-government. They may prepare budget proposals to be submitted to the Ministry of Finance for central government funding assistance. Local governments can own assets and incur liabilities by borrowing on their own account in accordance with national laws⁷.

⁶ The Constitutions of the Kingdom of Bhutan

⁷ Local Government Act of Bhutan

Given such powers, local governments in the country have authority to levy the following taxes in a manner, and at such rates as, approved by laws including: (a) Land tax; (b) Property tax; (c) Property transfer tax; (d) Betterment charges; and (e) Vacant land and underdevelopment tax. Local governments can raise local fees, service charges and fines as their local revenue in accordance with the policies of the central government. However, local governments do not have the capacity to set-up a tax base.

Citizens have access to information on the operation and management of LGUs. They can participate in public consultations and dialogue during the planning and development process. In some cases, community can organise spot checks to ensure the appropriateness of implementation of the plan as agreed. LGUs follow the rules and procedures relating to hiring of staff, tendering, procurement and monitoring contract execution as mentioned in the Local Government Act. Assessments are done on a regular basis by independent financial and organisational audits according to a specific schedule and timeframe.

In the environmental sector, Bhutan has set an ambitious target to reforest the Himalayan kingdom's forests in response to the Paris Agreement on Climate Change. As shared by the Lyonpo Yeshey Dorji, Minister for Agriculture and Forests during the COP 21 in Paris, Bhutan has committed to be carbon neutral and preserve 60 per cent of the country under forest cover. Almost three quarters of Bhutan is covered by forests, and the country has pledged to increase this. The country also has created codes and standards for urban development at the city level to ensure ecological protection. Additionally, the country's disaster risk management scheme is strong, both for natural and man-made disasters.

Women's participation in local governance

No rating is given by the peers' review.

PROPOSED REFORMS

With the score of 39 out of 44, Bhutan is making very good progress towards an adapted enabling environment for cities and local governments. Based on the scoring against criteria, the only area of reform is to enhance local capacity in optimising local taxes.

The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.

3

All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place.

4

Local assemblies are elected, but executive bodies are appointed.

2

The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula.

2

The central government defines and collects local government revenues.

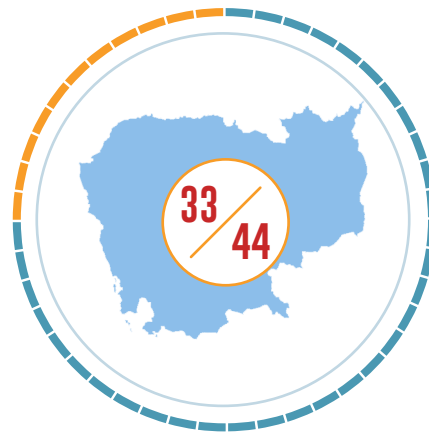
1

There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments.

4

CAMBODIA

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



4

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied.

4

National legislation on citizen participation exists and is applied.

3

There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.

3

A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking.

3

Country's international commitments for environmental protection and promotion recognises the importance of urban areas and positive role of LGUs in implementation.

Explanation of the Rating

Cambodia, officially known as the Kingdom of Cambodia, is located in the southern portion of the Indochina Peninsula in Southeast Asia. It covers an area of 181,035 km², and is bordered by Thailand to the northwest, Laos to the northeast, Vietnam to the east, and the Gulf of Thailand to the southwest. Comprised of 26 municipalities, the population in Cambodia is approximately 15.76 (million) with 27 per cent residing in urban areas. The population growth rate is 1.7 per cent and rate of urbanisation is 4.6 per cent per year.⁸

Cambodia is a Constitutional Monarchy, whereby the Prime Minister is the head of government and a monarch is head of State. The Kingdom functions according to the nation's Constitution in a framework of a parliamentary representative democracy. Executive power is exercised by the Prime Minister. Legislative power is vested in the bicameral parliament, the National Assembly and Senate. The national assembly (Radhsaphea) has 124 members, elected for a five-year term by proportional representation. The senate (Protsaphea) has 61 members, elected for a six-year term. The judicial division is independent from the rest of the government, as specified by the Cambodian Constitution. The highest court of the judicial division is the Supreme Council of the Magistracy. Other, lower courts also exist.⁹

The provincial government comprises of 25 provincial and capital administrations. Furthermore, since 2002, commune-level governments (Commune Councils) were defined as local governments and are composed of members directly elected by commune residents every five years. There is also a Sangkat (sub-division) at the local level. The difference between a commune and Sangkat is defined at organic law. The laws on administrative management of the capital, provinces, municipalities, districts and Khans, and the laws on administrative management of the Sangkat and Commune, include local government and urban development, as well as administration reform (MOI, 2009; MOI, 2002). The Royal Government of Cambodia adopts organic laws and other legal instruments to implement the Constitution.

Overall, taxes are managed by the central government. However, some municipalities levy local taxes such as parking fees, which are allocated to funding local basic services including waste management. Local authorities are also eligible to receive an annual budget allocation from the central government. The government established a sub-national investment fund (SNIF) which provides grant funding to communes/sangkat and district/municipal councils. It is an extra fund for local development to be used with the formula of 2/3rds for development activities and 1/3rd for operational costs. This budget accounts for less than 5 per cent of the national budget, in particular for those administered by the Ministry of Interior (ie. the commune/sangkat fund), and meets only a small part of financial needs of municipalities, districts and communes.

⁸ National Institute of Statistics, 2014. Cambodia Socio-Economic Survey 2013. Ministry of Planning.

⁹ The Constitutional Council, 2010. The constitution of the Kingdom of Cambodia

Distribution of these grant funds to communes/Sangkat and municipal/districts is based on three criteria: (i) equalisation; (ii) population; and (iii) the poverty index. Due to the limitations of this grant fund, the majority of infrastructure is still financed through national ministries (Ministry of Public Works and Transport, Ministry of Rural Development, Ministry of Water Resources and Meteorology, etc). However, some national ministries are working to decentralise their budgets to the sub-national level. The Ministry of Environment, for example, has established a waste management fund which municipalities can access. However, specific guidelines/formula under which communes/districts can access these funds are less clear than the schemes under the Ministry of Interior.

The city government is formed by central government based on the law (Decree or sub-decree) and depends on levels of urbanisation. District and municipal governments are responsible for preparing 5-year Municipal Development Plans and a three-year rolling plan of Municipal Investment Programs. Local councils are authorised to make decisions for city development, planning and strategies, annual budgeting and other legislation. They are elected through direct and indirect elections. Meanwhile, the executive bodies (Board of Governors) at provincial and district/municipal levels are appointed by the central government. The Ministry of Interior is responsible for monitoring local government performance, and it monitors local government more frequently than every five years.

The framework for a National Urban Development Strategy has been prepared by the Ministry of Land Management Urban Planning and Construction (MLMUPC), with ADB support. However, the strategy has not been completed. MLMUPC has set a requirement that cities and provinces are responsible for preparation of urban spatial plans. They Ministry also established a National Committee to approve urban masterplans. Many municipalities have developed a draft masterplan, however, only one detailed spatial plan (urban masterplan) has been endorsed; that being for the city of Battambang. Further strategies are needed to develop clearer national urban development strategies and local detailed spatial plans as well as to improve the capacity for implementing the plans.

In Cambodia, citizen participation in urban areas is held in participatory forums organised during the budgeting and planning process. A participatory public forum is also available to accommodate community involvement as mandated by the organic law. According to the law, Cambodia has committed to environmental

protection and climate change governance through the UN SDGs, NDC, National Green Growth Policy, National Green Growth Strategic Plan and National Climate Change Strategic Plan. The country is establishing its technical working group on sustainable cities, under the National Council for Sustainable Development (NCSD) as an inter-ministerial platform to support local government units to integrate environmental considerations into sub-national planning and financing. The Ministry of Interior and the NCSD are partnering with the Global Green Growth Institute (GGGI) to support secondary cities on green city development planning and investment prioritisation. The Ministry of Interior's National Committee for Sub-National Democratic Development (NCDD) is applying for accreditation with the Green Climate Fund (GCF), to enable priority green city development projects to access international financial support from the GCF. However, it should be noted that there are gaps in the financial resources and capacity to implement all policies.

The law on sub-national planning processes requires local governments to consult with their residents in order to develop their annual work plan and budget.

Women's participation in local governance

The country is rated 1, as the national provisions on temporary special measures for women/'quota system' at local level meet none of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS:

With the score of 33 out of 44, Cambodia is making good progress towards an adapted enabling environment for cities and local governments. Based on the scoring against criteria, key areas for reform are:

- Local taxes.
- Local Government Electoral reform
- Financial transfer from central government to local government.

The Constitution makes explicit mention of local governments as spheres of governance, detailing their recognised roles and responsibilities.

4

All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place.

4

Local assemblies and executive bodies are elected, but not necessarily throughout the country.

3

The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).

3

Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets.

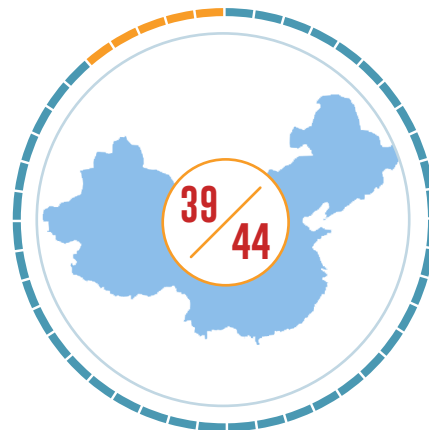
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There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments.

4

CHINA

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



4

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied.

4

National legislation on citizen participation exists and is applied.

3

There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.

4

A clear national urban strategy exists, along with the financial and technical arrangements and capacities necessary to implement it.

4

Countries where city level action for environmental protection and promotion, including climate change and disaster risk reduction, are integrated into countries' international commitments with funding and capacity support committed for cities to drive national implementation, and with codes and standards in place at city level for disaster risk management and climate risk mitigation.

Explanation of the Rating

China lies in the east part of Asia, and to the west of the Pacific Ocean. Covering a land area of 9,562.9 km² (thousands), China boasts over 18,000 km of continental coastline in the east and west, and possesses over 4,700,000 km² of inland sea and marginal sea. Urban population growth was small and stagnant in the 1950-1970s as China's economic base was relatively weak. That rate of growth has been increasing since the 1990s due to the establishment of new policies from the government of China to reduce barriers for rural dwellers entering cities. As the result of this new policy, the urbanisation rate reached 30.5 per cent in 1996 and 57.35 per cent in 2016.¹⁰

The overall governance structure in China can be summarised as follows:

- Under direct administration of the central government; there are provinces, autonomous regions and some municipalities.
- Each province or autonomous region has autonomous prefectures, counties, autonomous counties, and cities under its direct administration.
- A county or an autonomous county has towns or nationality towns under its direct administration.

- A municipality under direct administration of the central government, or a relatively large city, has districts and counties under its direct administration.
- An autonomous prefecture has counties, autonomous counties or cities under its direct administration.
- Autonomous regions, autonomous prefectures and autonomous counties are all national autonomous areas.¹¹

According Chinese law, local leaders are appointed. Paragraph (5) of Article 8 of the Organic Law of Local People's Congress and Local People's Governments of the People's Republic of China (Amended in 2015) indicates that local People's Congresses at county or higher level have the power to elect local leaders such as provincial governors, vice provincial governors, chairmen and vice chairmen of autonomous regions, mayors, vice mayors, prefecture and vice prefecture governors, county and deputy county heads, district and deputy district heads.

In China, Article 8 of the Legislation Law of the People's Republic of China which was amended in 2015, sets out rules for taxation. In principle, the National People's Congress and its standing committee have the authority to enact the taxation system which shall be universally applied in the territory of the People's Republic of China. Meanwhile, local governments have no power to enact taxation regulations or systems in tax generation.

¹⁰ rating for citizen participation does not cover the substantial public participation China New Type Urbanisation Development Report 2015.

¹¹ <http://english.gov.cn/>

There are three key tax areas: central taxes, local taxes and joint taxes. Central tax is the financial revenue source for the central government; it is managed and administered by the national administration of taxation. Local taxes provide financial revenue for local governments at different levels. Local taxes are managed and administered by local administrations, and include the following taxes: Sales (excluding the sales taxes that railway departments, the headquarters of all banks and head offices of all insurance companies pay collectively), land value increment, stamp duty, city building and maintenance, urban land use, property, urban real estate, vehicle and vessel, deed and land occupation. Joint taxes provide joint revenue, shared by central and relevant local governments. Joint tax is administered by the National Administration of Taxation and includes value added taxes, business income taxes, personal income taxes, resource taxes and sales taxes.

Central government provides financial assistance for local government in several forms, including financial transfer payments, special transfer payments, tax returns and subsidies. This financial support includes: general transfer payments, transfer payments to areas where minorities reside, reward and subsidy funds for county and town level departments, salary adjustment transfer payments, transfer payments for rural tax and fee reform, and financial resource targeted subsidies on year-end settlement. Mechanism for this financial transfer is issued by the State Council on regulation of Guo Fa No.71 Year 2014 and is managed by the Administration Regulations on Special Transfer Payment from the central government to local governments.

Urban and rural planning in China includes town system planning, city planning, town planning and village planning. The development of plans should follow the specific Law of Urban and Rural Planning which frames the overall notion of planning, including building in urban and rural areas. China is also actively seeking to implement the new strategy for urbanisation as addressed in the National Urbanisation Plan (2014-2020).¹² The strategy focuses on human oriented urbanisation emphasising efforts to facilitate urban dwellers to obtain better public services, and initiatives to enable migrants to be well integrated in cities as well as to enable current dwellers to enjoy better urban living. Some pilot programs under this new urbanisation strategy were organised in 2015 by the National Development and Reform Commission (NDRC), and include 62 cities or towns as national new-type urbanisation pilot areas.¹³

In the environmental sector, China has ratified its Intended Nationally Determined Contribution (INDC) and the Paris Agreement. The country has affirmed its commitment and established a specific body, namely the National Leading Group to Address Climate

¹² China's National New-Type Urbanisation Plan (2014-2020) http://www.gov.cn/gongbao/content/2014/content_2644805.htm

¹³ Ibid

Change, administered by the National Development and Reform Commission (NDRC) to manage leadership of the climate change program. The government has established environmental policies and regulations for cities, including city level Emission Trading Schemes (ETS) to encourage cities to implement low carbon development. The country also runs a low-carbon cities pilot program under the NDRC to provide funding, and plans to deal with specific environmental issues such as the Beijing-Tianjin-Hebei Air Pollution Plan. Given the strong commitment of the Chinese government to climate change, some provinces or cities in China have voluntarily established an Achieve Emission Peak Pioneer City Alliance and set up clear a timeframe to achieve their carbon emission objectives to contribute to the national target.

Women's participation in local governance

Quotas of women's representation are enforced by law, being 10 per cent at provincial level, 15 per cent at municipal level, and 20 per cent at county level as indicated in the 'On Further Cultivating and Promoting Women Leaders, and Female Members in China Communist Party.' This is the official document issued by the Organisations Department of the Central Committee of the CPC. Given this, the country is rated 2 as the national provisions on temporary special measures for women/'quota system' at local level meet as:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS:

With the score of 39 out of 44, China's performance is making good progress towards an adapted enabling environment for cities and local governments. Based on the scoring against criteria, local taxes management is the only area of reform identified.

The Constitution is neutral on the question of local governments.

2

All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing.

3

Local assemblies and executive bodies are appointed.

1

The transfer of resources to local governments and their distribution among local governments are clear and predictable, according to a transparent formula and without restrictions on how they may be utilised.

4

Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets.

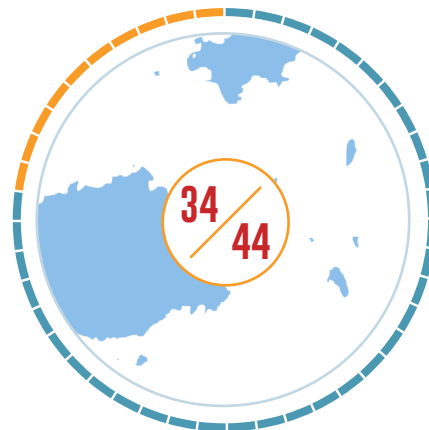
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There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments.

1

FIJI

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



4

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied.

4

National legislation on citizen participation exists and is applied.

4

There is legislation on measuring local government performance, and performance is assessed by independent bodies.

4

A clear national urban strategy exists, along with the financial and technical arrangements and capacities necessary to implement it.

4

Countries where city level action for environmental protection and promotion, including climate change and disaster risk reduction, are integrated into countries' international commitments with funding and capacity support committed for cities to drive national implementation, and with codes and standards in place at city level for disaster risk management and climate risk mitigation.

Explanation of the Rating

Fiji lies between 177°E and 178° W Longitude and 12° to 22°S Latitude with a land area of 18,333 km² and an exclusive economic zone of 1.3 million km². This includes 332 islands, of which about one third are inhabited. The latest census, undertaken in 2007, shows a population of 837,217 with an annual growth of 0.8 per cent.¹⁴

Fiji has two tiers of government—central and local government. Central government is based in the capital Suva, the Parliament of which has 50 elected members and is responsible for developing and implementing legislation. Local government, which is not explicitly mentioned in the Constitution as an autonomous level of public governance, has a unique structure, with four distinct systems including: (i) Government administration; (ii) The iTaukei Affairs Board; (iii) Municipal administration; and (iv) Rural local authorities.¹⁵ Although Fiji's Constitution is neutral on local government, it provides for the rights of individuals through the Bill of Rights. Furthermore, the establishment, appointment, delegation of powers and duties and the operation of local governments are governed under the Local Government Act Cap 25.¹⁶

¹⁴ Government of Fiji, Bureau of Statistics 2007 Census of Population and Housing 2007, Suva

¹⁵ Government of Fiji, The Constitution of Fiji, 2013, Suva

¹⁶ Government of Fiji, Local Government Act Rev 1965 [Cap 125], (and its various amendments), Suva

The Local Government Minister exercises control over municipal councils on financial matters, including the imposition and revision of fees and charges, raising overdrafts, approval of loans for developmental works etc, approval of budgets, and appointment of auditors. Administratively, all by-laws made by a municipality under the provisions of the Local Government Act, or under the provisions of any other law by virtue of which the municipality is authorised to act, must be approved by the Minister. Under the Town Planning Act, the Minister approves all development during the interim period prior to final approval of a planning scheme, approval of provisional schemes, consideration of objections to provisional schemes and approval of final planning.

Local governments raise revenue through user fees (rates, market fees, business licenses and parking meters) and property taxes. All other taxes are the responsibility of the Fiji Revenue and Customs Authority. The central government provides capital projects funding to all 13 councils and these are reflected in the Ministry of Local Government, Housing and Environment (MLGHE)'s annual budget allocations. The process is audited annually by government auditors. For other funding, councils go through the government process, with that funding reflected in the government annual budget estimate or in the Annual Reports.¹⁷

Financial transfers from central to local governments is transparent, clear and predictable. Budgetary allocation is dispensed from the Ministry of Economy (ME) which is responsible for the annual government budget to the Local Government through the MLGHE which is responsible for the effective and efficient operations

¹⁷ *ibid*

of the municipalities around the country. Budgets provided by government to municipalities are specifically for capital projects aligned to national programs; these projects are monitored by government to ensure utilisation within budget, timeliness, quality assurance and good governance. The predictability of the process is based not on a formula but on a transparent process where local governments make submissions to central government through the MLGHE and consultations occur before budgetary allocations are confirmed. Local governments are given the autonomy to utilise the resources, but are monitored by the MLGHE.

The 'Councils of Municipalities' are urban local bodies constituted under 'Section 8-Councils of Municipalities' of Local Government Act. Under Part II Councils: Sections 8-Councils of Municipalities and Section 9-Composition of Councils of the Local Government Act Cap 125, municipal councils are established through an election process.¹⁸ The MLGHE endorses the names of council members following a free and fair election. As a temporary measure, government has substituted special administrators (under section 9A of the Local Government Act Cap 125) for the duly constituted councils of municipalities and they are appointed by the Minister for Local Government, Housing and Environment. This is in place until the current Act is reviewed by the Local Government Advisory Committee. The council constituted under Part II of the Local Government Act has been absent since the appointment of the cities and towns Special Administrators. The Special Administrator provides key leadership in a municipality. For smaller municipalities the leadership is provided by the Chief Executive Officer who is appointed under the normal competitive recruitment process.

The responsibilities and powers defined in the Fiji Local Government Act Cap 25 are in accordance with the Constitution, particularly the Bill of Rights. Through the MLGHE, municipalities are responsible for administration of the Act. The power of municipalities in Fiji falls between virtual autonomy to complete subordination to the State. Municipalities do not have the right to levy individuals and corporations with income tax, property tax, or corporate income tax; they receive substantial funding from the State.

Government realises the importance of controlling the impact of environmental issues and has established key domestic policies of Fiji's Green Growth Framework 2014. The Framework is divided into 10 thematic areas, one of which requires city/town and district level action on waste management. To contribute to the realisation of the Framework, national government works to boost the capacity of municipal and rural local authorities to manage urban waste through targeted incentives. Local governments have been able to secure funding for environmental protection and promotion, including climate change and disaster risk reduction given the high commitment of the Fiji government environmental protection. Furthermore, Fiji has a clear national urban strategy known as the Urban Growth Management Plan (UGMAP), but the financial and technical arrangements and capacities necessary to implement it are not readily available and depend on government development priorities.

Legal provision for participation by people and civil society groups in the various activities undertaken by municipalities is included in a range of legislation. The Local Government Act includes a statutory requirement to publicise all proposals for boundary revisions, to

lodge objections to specific or all proposals, and make verbal and written presentations at public hearings organised by the Local Government Committee. All Councils are required to publish their financial balance sheets including a statement of the income and expenditure, and auditor's report in the local newspaper.

Women's participation in local governance

The country is rated 1 as the national provisions on temporary special measures for women/'quota system' at local level meet none of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS

With the score of 34 out of 44, Fiji is making good progress towards an adapted enabling environment for cities and local governments. Ten areas identified for reform are:

- Constitution to make explicit mention of local government as an autonomous sphere of governance equipped with legal powers and financial autonomy.
- Local assemblies to be established around the country with delegated powers and roles clearly demarcated from the provincial council.
- Dependence on resources from central to local government needs to be gradually reduced whilst strengthening ability for autonomy, in keeping with the principle of subsidiarity.
- Autonomy to set or change base and tax rates to be maintained, while looking at progressive policies for raising municipal revenues.
- A national framework of reference for local government to be developed and implemented.
- Adherence to rules and legal provisions on transparency to be continued.
- Government to ensure there is space for dialogue and consultation through promotion of a participatory culture.
- Ensure regular audits are conducted.
- Ensure continuous review of urban strategy.
- Strengthen ability of local governments and their partners to improve priority urban environmental services and help reduce poverty.

¹⁸ Ibid

The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.

3

All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing.

3

Local assemblies and executive bodies are elected throughout the country.

4

The transfer of resources to local governments and their distribution among local governments are clear and predictable, according to a transparent formula and without restrictions on how they may be utilised.

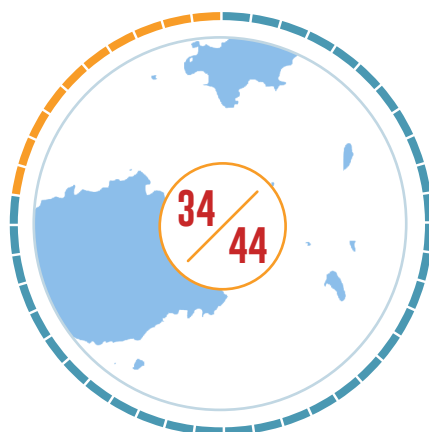
4

Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets.

3

INDIA

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



2

There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments.

3

Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed.

3

National legislation on citizen participation exists but is not applied.

4

There is legislation on measuring local government performance, and performance is assessed by independent bodies.

2

National reflection on urbanisation is underway, but an urban strategy has not yet been defined.

3

Country's international commitments for environmental protection and promotion recognises the importance of urban areas and positive role of LGUs in implementation.

Explanation of the Rating

India is the second most populated country in the world with over 1.2 billion people. It is the world's seventh largest economy and the seventh-largest country by area (3,287,263 km²) and the largest democracy in the world. India has a federal structure, and local bodies, both rural and urban, are recognised as the third tier of government.¹⁹ The national and provincial governments have the executive, legislature and the judiciary for local government, with some overlapping areas of responsibility.

The hierarchy of urban local bodies is as follows:

1. Municipal Corporation (Mahanagar Nigam) in metropolitan cities with populations of more than 1 million. At present around 88 Mahanagar Nigams are in operation. The electorate in each ward elects a municipal councilor, and the mayor is either elected directly by the electorate or by the municipal councilors.
2. Municipal Council (Nagar Palika) for smaller cities and towns. The electorate elects a Councillor from each ward and the Chairman.

¹⁹ Constitution (73rd and 74th Amendment Act) of India

3. Notified Area Council/City Council (Nagar Panchayat/Nagar Parishad)—for areas in transition from rural to urban.

State Governments are required by law to specify the sources of municipal finance. They are required to constitute State Finance Commissions once every 5 years to recommend the devolution of taxes, charges, fees, tolls, duties, shared revenue and inter-governmental transfers to the municipalities. Under amended Article 280 of the Constitution, it is mandatory on the part of the Central Finance Commission, constituted by the National Government, to recommend devolution of resources to supplement State Consolidated Funds with a view to implementing the recommendations of the State Finance Commissions.

The Constitution, even after the 74th Amendment Act, does not provide for an autonomous domain of tax or revenue raising powers to municipalities. These continue to be determined and regulated by the State Governments which specify the taxes that municipalities can levy, as a result the control of State Governments in determining the tax base and tax rates is quite significant. Historically, these taxes include land and buildings tax, taxes on animals and boats, entertainment tax, profession tax and business

licensing tax. There are significant variations between the states. However, the stipulation for mandatory State Finance Commissions (SFCs) under article 243Y to review the financial position of the Municipalities and make recommendations regarding distribution between the States and the Municipalities of the proceeds of the taxes, criteria for grants-in-aid, measures needed to improve the financial position of the Municipalities, etc. may be regarded as an innovative and significant feature of the Amendment. Articles 268 to 275 of the Constitution contain various provisions about the distribution of revenues between the Union and the States. Distinct categories such as duties levied by the Union (central government i.e., Government of India) but collected and appropriated by the State (Article 268), taxes levied and collected by the Union but assigned to the States (Article 269), taxes levied and collected by the Union and distributed between the Union and the States (Article 270), grants-in-aid in lieu of export duty (Article 273), etc. provide a comprehensive framework. No similar attempt was made to devise such an arrangement so far as the states and the municipalities are concerned. It was left to the State Finance Commissions to suggest such a divisible pool if the SFC was so inclined and if its terms of reference given by the State government allowed it.

The Legislature of a State may, by law: (a) Authorise a Municipality to levy, collect and appropriate such taxes, duties, tolls and fees in accordance with such procedure and subject to such limits; (b) Assign to a Municipality such taxes, duties, tolls and fees levied and collected by the State Government for such purposes and subject to such conditions and limits; (c) Provide for making such grants-in-aid to the municipalities from the Consolidated Fund of the State; and (d) Provide for constitution of such Funds for crediting all moneys received, respectively, by or on behalf of the municipalities and also for the withdrawal of such moneys therefrom, as may be specified in the law.

Tax proposals can be presented by a public representative, a committee formed for taxation, or civic body officials. Such proposals go through the approval process within the civic body and then the Standing Committee, and is presented as a resolution in the municipal council which votes on the said resolution. If passed it becomes a statutory document ready for implementation which is then notified through the official Gazette.

India ratified the Paris Agreement on climate change on 2nd October 2016. One of the fundamental standpoints of India at the Paris climate talks was the principle of Common But Differentiated Responsibility (CBDR) that stresses

the need for equity and fairness (as highlighted by the developing countries). The Government of India, in recent times, has launched a number of urban flagship missions for transformation and rejuvenation of urban areas including the Smart Cities Mission, the Swachh Bharat Mission (Clean India Mission), the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), and the National Heritage City Development and Augmentation Yojana (HRIDAY) with a commitment to develop sustainable and climate resilient urban centres.

Women's participation in local governance

The minimum per centage of women's participation in local governments is 33 per cent. Seat reservation for women in municipal councils is mandated in the Constitution of India 1949, Article 243T. This has ensured the representation of women in the government. Given this, India has been rated 2 since national provisions on temporary special measures for women/'quota system' at local level meet at least 1 of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates and quotas are enforced by law

PROPOSED REFORMS

With the score of 34 out of 44, India is making good progress towards an adapted enabling environment for cities and local governments. Based on the scoring against criteria, three areas for reform are:

- Although a national urban strategy is under preparation, this should be matched with a strong resource mobilisation plan for cities and action plans for strengthening capacities of urban local bodies.
- Devolution of functions to urban local bodies as recommended in the Constitution (74th Amendment Act) of India.
- Assignment of financial autonomy to urban local bodies.

The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.

3

All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place.

4

Local assemblies and executive bodies are elected throughout the country.

4

The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).

3

Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets.

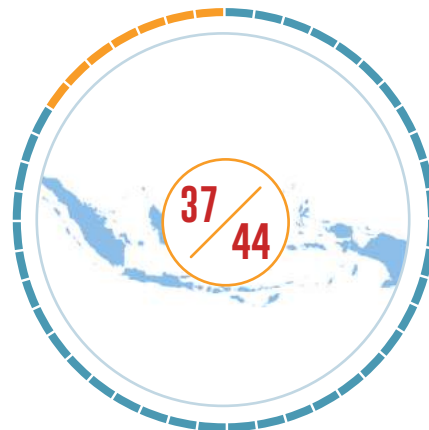
3

There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments.

4

INDONESIA

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



4

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied.

4

National legislation on citizen participation exists and is applied.

4

There is legislation on measuring local government performance, and performance is assessed by independent bodies.

2

National reflection on urbanisation is underway, but an urban strategy has not yet been defined.

2

Country's international commitments for environmental protection and promotion exist but do not recognise the importance of urban areas and positive role of LGUs in implementation.

Explanation of the Rating

Indonesia has 34 provinces spread over five main islands and four archipelagos. The total area of Indonesia is 1,913,578.68 km²; the population in 2016 was 261.12 (million). In 2015, Indonesia was 54 per cent urbanised while the urbanisation rate was at 3.4 per cent during the period 2000-2010. The political system in Indonesia comprises executive, legislative and judicial, as prescribed in the Constitution 1945. Indonesia consists of 34 autonomous provinces that contain districts/regencies (Kabupaten) and cities (Kotamadya); 415 districts/regencies in total, located in rural areas, and 93 cities in total, outside of rural areas, are the same level of government. Each province has a governor who serves as the central government's representative and a representative parliament; districts/regencies and cities have regents, mayors and cities have mayors. The provinces, districts/regencies and cities are sub-national governments and mayors, regent mayors, governors are directly elected.²⁰

The decentralisation law was updated in 2014 (Law No. 23 Year 2014); it addresses the division of authority and role between central, provincial, regency and city governments. At present, the power of central government is limited to six broad areas—finance, foreign affairs, defence, security, religion, and state administration and justice.

Meanwhile, provinces, districts/regents and cities manage the obligatory functions such as basic services, as well as non-basic services and optional functions. A more technical regulation about division of authority is currently being discussed to replace Government Regulation No.38 of 2007 on autonomy division.

Decentralisation in Indonesia gives autonomy to local government to determine only the size and structure of their budget expenditure. Taxing power remains with the central government, while local governments are given the right only to collect minor taxes such as taxes on land and building, motor vehicles, hotels, restaurants, entertainment, base metal and mineral extraction, and water. Local governments do not have the power to impose and collect customs and excise, corporate tax, personal income tax, and sales tax. Tax assessment and tax rates are uniform for the whole country, and local governments do not have control over the rate structure for their major sources of revenue. Specific regulations on taxes are prescribed in Law No. 23 of 2014, Law no 28 of 2009 and Law No. 16 of 2009.

Grants from central to local governments have two components. The first is a minimum allocation known as the General Allocation Fund (Dana Alokasi Umum [DAU]). The DAU is a lump sum given to all local governments regardless of their fiscal gap and is intended primarily to cover the salaries of civil servants. The Equalisation Grant (Dana Bagi Hasil [DBH]) is the second transfer from central to subnational governments. The DBH is a revenue sharing or tax sharing from the general tax revenue and revenue from the exploitation of natural resources, including mining, oil, and gas. A third transfer is the Special Allocation Funds (Dana Alokasi Khusus [DAK]) which is provided to finance central government initiatives

20 BPS. (2016). Statistik Indonesia 2016. The Indonesian Central Bureau of Statistics

implemented by region, particularly in remote and less developed areas. This is a special purpose grant, similar to a capital-financing program. As it is given to all local governments, there is competition between the recipients for effective implementation of the programs.²¹

The resources mobilised from the central government are predictable and reliable. The financial transfer practice is uniform and predictable as stipulated in the Law No. 33 of 2004. The highest body responsible for auditing local government finances in Indonesia is the Supreme Audit Board of Indonesia (BPK), which has authority to examine the management and responsibility of state finances. According to the Constitution, BPK is a free and independent institution. Members of BPK are elected by the People's Legislative Assembly with due regard to the consideration of the Regional Representative Council, and inaugurated by the President.

In addition, there are two other systems to measure local government performance. The first is an internal audit mechanism to measure financial development performance conducted by BPKP (Development and Financial Oversight Agency). This BPKP is a government agency which reports directly to the President and is not created by local governments. The second is an audit mechanism on the performance of local governments, conducted by the Ministry of Apparatus and Bureaucracy Reform. An annual independent audit is conducted by BPK (Financial Audit Body) with a regular timetable. The result of the audit is available to the public after it has been submitted to the House of Representative and is disclosed on the website of the Financial Audit Body and national newspaper. The audit outcome will be disclosed also on local government websites. BPK/Financial Audit Body is an independent audit agency belonging to the central government.

A National Urban Development Policy and Strategic Document 2045 has been established by National Development Planning Agency, but the document has yet to gain the legal standing it requires to ensure implementation. Therefore, it does not yet have specific rules and regulations to be enforced. The Indonesian long-term development plan (2005-2025) also highlights the national vision for urban development until 2025.

Indonesia has a National Action Plan on Climate Change Adaptation which specifically regulates climate change adaptation. These documents have mentioned the role of local government in climate change adaptation. However, the

document is not legally binding and therefore it is not mandatory for local government to implement. Local governments do not recognise climate change mitigation action as they remain heavily dependent on sectoral ministries and provincial levels.

Women's participation in local governance

There is no rotation system applied once women have been elected in the legislative and/or executive bodies. Law No. 8 of 2015 on Governor, Regent, and Mayor elections regulates the quota of women candidate at the local level at 30 per cent. Nevertheless, for government officials, the rotation system is applied based on a merit system and, in general, the rotation system is available for women officials. Law No. 2 of 2011 on Political Party also regulates the quota of female candidates at the parliamentary seats at 30 per cent. However, these laws do not ensure the quota of 30 per cent is achieved for elected women. Currently, women's participation rate in the local legislative body remains at 14 per cent, while at the national level it is 17 per cent. At executive level, however, Indonesia does not have a 30 per cent quota for women; it uses a merit system for placement. Given this, Indonesia has been rated for 2 since national provisions on temporary special measures for women/'quota system' at local level meet at least 1 of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates and quotas are enforced by law

PROPOSED REFORMS

With the score of 37 out of 44, Indonesia is making good progress towards an adapted enabling environment for cities and local governments. Based on the scoring against criteria, two key areas for reform are:

- Legal and institutional setting for national urban strategy.
- Legislation on mitigation and adaptation plan of climate change with the recognition of local government roles.

²¹ <http://bpbdsulutprov.go.id/wp-content/uploads/2015/06/UU-No-23-Th-2014-Pemerintahan-Daerah.pdf> LLaw No.23/2014 on Local Governance

- 3** The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.
- 4** All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place.
- 4** Local assemblies and executive bodies are elected throughout the country.
- 2*** The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula.
- 3*** Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets.
- 4** There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments.



- 3** Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed.
- 4** National legislation on citizen participation exists and is applied.
- 3** There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.
- 2** National reflection on urbanisation is underway, but an urban strategy has not yet been defined.
- 2** Country's international commitments for environmental protection and promotion exist but do not recognise the importance of urban areas and positive role of LGUs in implementation.

Explanation of the Rating

Iran, officially the Islamic Republic of Iran, is bordered to the north by Armenia, Azerbaijan and Turkmenistan, to the east by Afghanistan and Pakistan, to the south by the Persian Gulf and Oman Sea, to the west by Iraq and Turkey. The Constitution stipulates the form of Iran's government as an Islamic Republic. The Supreme Leader, Guardian Jurist, is the highest ranking political and religious authority in the Islamic Republic of Iran. The powers are vested in the legislature, judiciary, and executive, which are independent of each other. The functions of the legislature are exercised through the Islamic Consultative Assembly, consisting of 290 elected representatives. The term of membership in the Assembly is four years. The executive powers are exercised by the President and the ministers. After the Supreme Leader, the President is the highest official in the country, acting as the head of the executive, except in matters directly concerned with the Supreme Leader. The President is elected for a four-year term. The judiciary is an independent power, whose functions are performed by courts of justice, which are established in accordance with the criteria of Shia Islam.²² The Head of the Judiciary is appointed by

(criteria 4): Financial transfer from central government to local government is difference across cities depending on their size. For example, big cities do not receive any financial support from the central government and they are responsible for their earning their revenue

(criteria 5): Local government revenue is difference across cities depending on their size. For example, big cities do not receive any financial support from the central government and they are responsible for their earning their revenue. Local governments' revenue is not defined by central government and they have diverse sources of revenue. Assessment and allocation of tax is completely related to government and the local governments do not play any role.

the Supreme Leader. The constitutional basis of the local councils is laid down in Chapter 7 (Articles 100-106) of the Constitution. The formation of councils and the election of mayors have been extensively stipulated by Law on Local Councils enacted in 1997-8, which outlines the decentralisation policy in Iran. City Councils in Iran are the Local Councils (in rural areas, it is called Dehyari) whose members are elected. Municipalities are executive bodies in cities. Mayors are selected by city council members and appointed by the Minister of Interior. According to the new urban management bill, which has not yet been endorsed by the Parliament, selection of mayors of cities with more than 200,000 people would be done by people. Municipalities may receive government assistance, but their revenues depend mostly on local taxes and fees. Yet, the Interior Ministry has the final say on municipal budgets.²³

Financial transfers from central government to local government is different across cities depending upon their size. For example, big cities do not receive any financial support from the central government and they are responsible for earning their own revenue. Municipalities, in theory, have dozens of different tax-income sources yet, in practice, most of them yield no revenue. Before the Iran-Iraq war, the State provided 70 per cent of municipal budgets. By the beginning of the 1990s, State support had decreased to 3 per cent of local spending.

²² Constitution of Iran (1979)

²³ Eighth of the Supreme Administrative Council approved in 1998; Article 71 of the Law on the Organisations, Duties and Elections of the Islamic Councils of the Islamic Republic of Iran; 1996; Official Gazette of the Islamic Republic of Iran; www.rrk.ir

Local government revenue is not defined by central government and they have different sources of revenue. Assessment and allocation of tax is completely managed by the central government; local governments have no capacity. According to the Iran Country Report, Iran has improved technical capacity for urban planning and management through following measures:

- Including urban planning and management in the related academic curricula.
- Organising regular on-the-job training courses for municipal managers and staff.
- Recruiting specialised staff for small cities.

According to the law, all council meetings are public and become official when two-thirds of the main members are present. The Transparency and Freedom of Information Act requires councils to publish all information regarding legislation, budget allocation, projects, taxes and fees to the public. Councils are required to ensure the presence of media in all public meetings. Printed council publications are made available to the general public, with detailed information on council legislation, elections, and responsibilities, as well events and other topics.²⁴

In accordance with the 7th Principle of Iran's Constitution, councils are the main decision-makers.²⁵ These councils include local councils, business councils and high councils of provinces. Local councils are defined at various levels like villages, districts, cities and provinces. Decisions made at the councils within the framework of their jurisdiction are deemed mandatory for the local authorities. High councils of provinces consist of representatives of provincial councils. They are independent national institutions which are responsible for attracting cooperation and consulting in governmental decisions.

Although the urban planning system in Iran has no specific national urban policy, there are some plans and programs that determine general urban policies; they act as part of a national urban policy and together form a whole strategy. Study of a full range of upstream documents indicates that some, such as the Islamic Republic of Iran's 20-year Vision Plan, the 6th Development Plan, the National/Regional Physical Plan, and the Housing Master Plan contain national policies and address urban issues. The 20-year Vision for the country, for instance, includes not only a general vision for the country, but vision for specific sectors which should be achieved by implementing other plans.

These plans are prepared at the national level and are the upstream of all plans in the country. The downstream plans at the lower levels must follow and comply with these plans.

Iran has signed the Paris Agreement and Climate Change policy has been ratified by the Parliament. Nonetheless, the commitment is accepted at the country level only; there is no reference to local governments at the INDC. Most voluntary commitments by government to reduce emissions are on activities related to consumption of oil and gas, including oil and gas refineries, the petrochemical industry and; power generation in thermal power stations.

Women's participation in local governance

There is neither limitation for women to run as candidates in Iran nor a specific quota for them. For example, the current proportion of seats held by women in Tehran city council is about one third. Given this, the country is rated 2 as the national provisions on temporary special measures for women/'quota system' at local level meet at least one of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS:

With the score of 34 out of 44, Iran is making significant progress towards an adapted enabling environment for cities and local governments. Based on the scoring against criteria, two key areas for reform are:

- National urban strategy
- Transparency in running in local government

²⁴ https://www.nabz-iran.com/sites/default/files/iran_government_primer_en_0.pdf

²⁵ The Constitution and Law of the Municipalities of Iran: Research Center of the Islamic Consultative Assembly: <http://rc.majlis.ir>

The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.

3

All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place.

4

Local assemblies and executive bodies are elected throughout the country.

4

The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).

3

Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets.

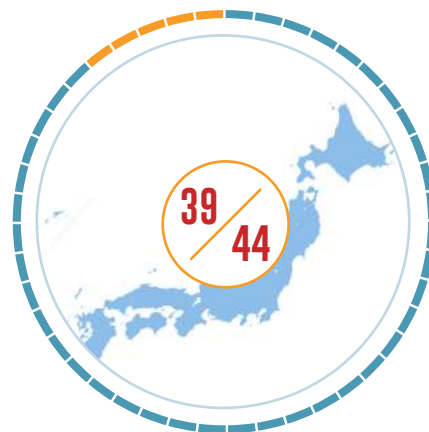
3

There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments.

4

JAPAN

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



4

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied.

4

National legislation on citizen participation exists and is applied.

2

Local government performance is assessed irregularly.

4

A clear national urban strategy exists, along with the financial and technical arrangements and capacities necessary to implement it.

4

Countries where city level action for environmental protection and promotion, including climate change and disaster risk reduction, are integrated into countries' international commitments with funding and capacity support committed for cities to drive national implementation, and with codes and standards in place at city level for disaster risk management and climate risk mitigation.

Explanation of the Rating

Japan's inter-governmental system employs a unitary system between central and local government. The first tier of government is central. Local government has two tiers; prefectural government as region-scale local government, and municipal government as the basic local government. There are 47 prefectures, including Tokyo Metropolitan Government, and 1718 municipalities (comprised of 791 cities, 744 towns, and 183 villages) as of the end of January 2017.²⁶ The definition of each local government category is defined by the Local Autonomy Law endorsed in 1947 based on the Articles 92, Chapter 8 of the Constitution of Japan. Local government legislations correspond to each other and are in line with the Constitution; they provide guidance for local government responsibilities and authority.

Article 93 of the Constitution provides for the establishment of local councils as the legislative body, and defines the direct public election of members of local council and the heads of the executive branch of local government (governors and mayors). Details of powers and relations between local councils, governors and mayors are defined in the local autonomy law, and electoral procedures are defined by the public offices election law.

In performing their functions, local governments have authority to manage some local taxes. Major local taxes are individual resident (inhabitant) tax, corporate resident (inhabitant) tax, local

consumption tax, fixed assets tax, city planning tax, real estate acquisition tax and motor vehicle tax. Based on the principle of no taxation without law, basic tax affairs of local government are defined by the local tax law, which provides for the imposition and collection of taxes by local governments. The base of local taxes is defined by law; however, rates of tax are of three types; rates defined by the law, standard rates defined by the law where the local governments have discretion to change the rates within a certain range, and rates that local governments can decide. In addition to the local taxes defined by the local tax law, each local government can establish non-statutory (established by local ordinance, not by national law) local taxes. Establishment of non-statutory taxes by local governments needs consent of the Minister of Internal Affairs and Communications. The Minister shall give consent unless the proposed tax is unfair to taxpayers or has significant negative impact on the local economy.²⁷

In relation to access to loans and financial markets, local governments with certain financial conditions (real debt service ratio (an index of the size of the redemption amount of debts (local bonds) and similar expenditure, and represents the cash-flow level) shall be under 18 per cent), local governments have discretion to issue local bonds by themselves (local government are required to notify the issuance of bonds to the Ministry of Internal Affairs and Communications).

Article 2-14 of the local autonomy law prescribes that each local government shall, in performing its affairs, make best

²⁶ Ministry of Internal Affairs and Communications. (2016). White Paper on Local Public Finance, 2016

²⁷ Ministry of Internal Affairs and Communications. (2016). White Paper on Local Public Finance, 2016

efforts to achieve the maximum impact with the minimum expense to the welfare of the citizens. To ensure this provision, there is an audit committee members system. However, there is no unified or centralised performance measurement and evaluation system, nor unified indicators to monitor performance. This is because the belief that the performance of local government should be defined and assessed by each local government and citizens themselves. As of October 2013, almost all prefectures and municipalities with populations over 200,000 have their own performance measurement and evaluation systems. Smaller size municipalities tend to have lower level performance systems. The ratio of installing performance systems is down to one-third of municipalities.

Three metropolitan areas (Greater Tokyo Metropolitan Area, Greater Osaka Metropolitan Area, and Greater Nagoya Metropolitan Area), all have national strategic development plans based on national development laws. These plans are comprehensive and umbrella plans coordinated with the development plans in their respective local governments. National and local governments work together within these plans to improve basic infrastructure. In some cases, national government may be directly involved with major infrastructure development projects, while local government is involved with smaller scale infrastructure development projects.

The typical process for decisions on local government development plans in urban area is as follows. A Deliberative Council composed of experts, local leaders, general citizens, and others, have sessions to draft the development plan. In many cases, public comment and a series of public hearings and meetings are held during the drafting process. Once the final draft is prepared, it is submitted to the local council. The local council will set up a special committee to consider the draft plan, and officially approve it in the official session (composed of all members). Local government uses the national plan as a reference, but there is no stringent coordination mechanism, nor hierarchical order such as national plan as upper level plan, and local plan as lower plan between central government and local government. Some other specific plans such as disaster prevention plans are in place to prevent local government from developing a local plan which could be inconsistent with the national plan. However, there is lack of an appropriate coordination mechanism between national development plan and local plan in development planning and strategies. The Japanese Government submitted the INDC in 2015 and committed to reduce greenhouse gas emissions by 26 per cent by 2030, from 2013. Based on the INDC, central government revised

the national strategic policy for the prevention of global warming, and local governments are expected to play key leading roles in achieving the goals.

Women's participation in local governance

There is no special measure of women's quota system enforced by law in Japan. As of December 2015, 27 per cent of local council members in Tokyo's 23 special districts, 17.2 per cent of local council members in government ordinance designated cities (metropolis), 13.9 per cent of local council members in cities other than ordinance designated cities, 9.8 per cent of local council members in prefectures, and 9.5 per cent of local council members of towns/villages were women. As of December 2016, there were three female governors in Tokyo, Yamagata and Hokkaido in 47 prefectures, and 24 female mayors in 1718 municipalities. Given this, the country is rated 1 as the national provisions on temporary special measures for women/'quota system' at local level meet none of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS

With the score of 39 out of 44, Japan is making significant progress towards an adapted enabling environment for cities and local governments. Based on the scoring against criteria, two key areas for reform are:

- Local government assessment.
- Local capacity in local revenue generation.

The Constitution is neutral on the question of local governments.

2

All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place.

4

Local assemblies and executive bodies are elected throughout the country.

2

The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).

3

Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets.

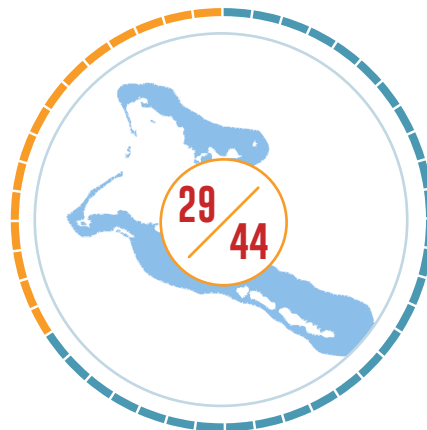
3

There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments.

1

KIRIBATI

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



3

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed.

3

National legislation on citizen participation exists but is not applied.

3

There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.

2

National reflection on urbanisation is underway, but an urban strategy has not yet been defined.

3

Country's international commitments for environmental protection and promotion recognises the importance of urban areas and positive role of LGUs in implementation.

Explanation of the Rating

The government structure in Kiribati has two tiers—central and local government. The Kiribati Constitution is silent on urban development, local government and cities; it deals primarily with more general matters, including the Bill of Rights, the functions and processes of the Executive, the legislature and judiciary. However, the Local Government Act and other related Acts define clearly the responsibilities and powers of councils in accordance with the Constitution. Central government provides grants to local governments in the form of financial transfers as well as in-kind assistance. Financial transfers include government support grants to be used generally to meet overheads and project (development) funds. In-kind transfers are usually in the form of capital goods such as trucks, buses for school students, plant and equipment.

The government support grant is allocated for all three urban councils, with higher amounts for rural councils. The funding is transferred at the beginning and middle of the financial year. This financial support to local government is clear and predictable and most councils prepare their budgets based on the previous year's figures. Distribution of the grant is made based on two criteria: the first being an equal share across the board; the second being on a per capita formula. Councils do not have autonomy on the use of government support grants. The grants often come with directives on their use, including staff salaries, infrastructure maintenance. Despite these restrictions, there is no mechanism to check that councils use the financial resources as directed. This government support grant is considered small and therefore, over the years, councils have often requested increments. A specific

Local Government System Review was carried out in 2013 by an independent evaluator. The review recommended an increase in the financial resources provided to Councils for the full exercise of their mandated responsibilities. The government is yet to implement the recommendation.

Central government also provides financial assistance for specific development projects. This fund has strict spending guidelines which Councils generally conform with. In most cases, central government provides technical staff to implement the projects and stations staff in the Council area; their responsibilities include the enforcement of legislation and the collection of taxes and other dues payable to the national government. These are processed through the Councils as 'State Funds' (as opposed to Island Funds for the Councils).

Councils have powers to determine existing and new tax bases in accordance to the by-laws. However, they do not have total autonomy as the central government can overrule a Council's decision and local by-laws for taxes and charges, by not giving approval. Whilst there is legislation on the performance measurement of Councils, the actual auditing is done by the Ministry of Internal Affairs and not the Kiribati National Audit Office (KNAO) of the Ministry of Finance. The Public Service Office (PSO) should also carry out performance assessment for Councils, but in practice this has never happened.

Mayors and local councils are elected once every four years in accordance with the Local Government Act and the Election Act. However, the Clerk, Treasurer, Assistant Treasurer and Island Project Officer, who work directly with and are based at the council

headquarters, are appointed and paid for by central government. Those officers are rotated from council to council on the decision of both the council and the Ministry of Internal Affairs. For the election of mayors, candidates can self-nominate but if the number is more than four, a selection by the councillors will take place. Mayors are usually the political leaders of the council with support from councillors. Occasionally, party systems will divide the councils and reduce support for the mayors.

Rules and legal provisions on transparency in the running of local governments exist but are not systematically followed. The auditing of councils for instance is, by law, the duty of the Kiribati National Audit Office (KNAO), a division of the Ministry of Finance and Economy Development. KNAO is independent of both the councils and the Ministry of Internal Affairs. In practice, however, the councils' financial accounts are rarely submitted to the KNAO. The agency is overwhelmed by other commitments including auditing of many government department and State-Owned Enterprise (SOE) accounts. As a result, auditing of local councils is done by the Local Government Auditor which is part of the Local Government Division of the Ministry of Internal Affairs.

The Lands Management Division of the Central Lands Planning Board coordinates all works related to town and local area planning and councils are their important members. Urban councils have power to deal with land arrangements in the areas under their jurisdiction, for which they form Local Land Planning Boards. Most of the basic services are controlled by the government, although urban councils are often directly consulted and involved in projects and activities. Work is currently under way to formulate an urban strategy. A specialist Urban Management Officer has been recruited, based at the Ministry of Internal Affairs. At the local level, councils often do not have the capacity to develop their own strategic plans. Technical assistance is often provided by KILGA and the Ministry of Internal Affairs. International donors also provide funds to develop Council strategic plans, focusing, for example, on children.

As one of the countries' most vulnerable to the adverse impacts of climate change, the government aims to build resilience by embedding climate change and disaster risk reduction in their policies and strategies relating to population, water and sanitation, health and environment. Similarly, disaster risk management is progressively being incorporated into policies and strategies relating to fisheries, agriculture, labour, youth and education. A specific Environment Act is also being enforced by the central government, with collaboration and assistance from councils. The country still relies on external donor assistance to implement adaptation programs²⁸ but, despite funding limitations, urban councils have been working to protect and conserve urban environments through several programs and projects.

Women's participation in local governance

Women representatives exist in all Councils of Kiribati, usually as Chairpersons of the island 'Women's Association,' who join the Councils as 'Nominated Members,' under the Local Government Act. However, their number remains limited. There is currently one female Mayor (compared to two in the previous term) and one female Councillor each at the Betio Town Council and the Teinainano Urban Council. Given this, the country is rated 1,

as the national provisions on temporary special measures for women/'quota system' at local level meet none of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS

With the score of 29 out of 44, Kiribati is making moderate progress towards an adapted enabling environment for cities and local governments. Based on the scoring against criteria, nine key areas for reform are:

- The Constitution to make explicit mention of local governments as spheres of governance.
- A transparent formula to be provided for clear and predictable transfer of resources, without restrictions on how the resources may be utilised.
- Local governments to be given total autonomy to determine tax bases, rates and fees, and to collect the corresponding revenues; access to financial markets to be allowed.
- A national framework to be developed and introduced, for all local governments, defining the qualifications and responsibilities of local government staff, together with a national strategy for training and promoting human resources in local governments.
- Central government to provide resources for capacity strengthening.
- Scrutiny to be provided by the responsible government agency on application of legislation regarding citizen participation.
- Local government performance assessment to be undertaken by an independent body.
- Central government to be responsible for rolling out the financial and technical arrangements and capacities necessary to implement the urban strategy.
- International commitments for funding and capacity support to be provided for local governments to drive national implementation, with codes and standards in place at local level for disaster risk management and climate risk mitigation.

²⁸ 2015, Republic Kiribati Intended Nationally Determined Contribution, retrieved from http://www4.unfccc.int/ndcregistry/PublishedDocuments/Kiribati%20First/INDC_KIRIBATI.pdf

The Constitution makes explicit mention of local governments as spheres of governance, detailing their recognised roles and responsibilities.

4

All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place.

4

Local assemblies are elected, but executive bodies are appointed.

2

The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula.

2

Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets.

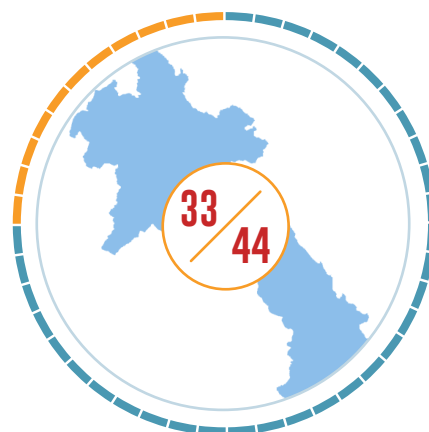
2

There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments.

3

LAOS

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



3

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed.

2

There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation

4

There is legislation on measuring local government performance, and performance is assessed by independent bodies.

3

A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking.

4

Countries where city level action for environmental protection and promotion, including climate change and disaster risk reduction, are integrated into countries' international commitments with funding and capacity support committed for cities to drive national implementation, and with codes and standards in place at city level for disaster risk management and climate risk mitigation.

Explanation of the Rating

Lao People's Democratic Republic (Laos) was established in 1975, succeeding the Kingdom of Laos. It is the only landlocked country in Southeast Asia and borders Thailand, Vietnam, Cambodia, China and Myanmar. It has an area of 236,800 km² and a population of 6.76 (million) in 2016.²⁹ The 2015 Lao Population and Housing Census indicates one third of the country's population (33 per cent) live in urban areas, the most urbanised area being Vientiane, the capital.³⁰ The country is comprised of 18 provinces and has 49 officially recognised ethnic groups.

In accordance with the 1991 Constitution, amended in 2003 and 2015, the country is divided into three levels of local administration—provinces, districts, and villages. A special zone, equivalent to provinces, can be formed by the National Assembly should it deem it necessary. Local administration is the responsibility of the local administrative authority.³¹ They are fully accountable to the government and the local people's council, and work according to the principle of democratic centralism.³²

Laos is a one-party state, namely the Lao People's Revolutionary Party (LPRP). The LPRP provides candidates for the country's

elections. Elections are organised to elect members of the National Assembly and the Provincial People's Council. Voters in Laos choose from among LPRP candidates only. The heads of local administrations including provincial governors, capital city mayors, district governors, municipality chiefs, and village chiefs are directly appointed.

Local administrations follow state budget centralisation principles. Specific laws on the State Budget Law 2015 describe budget allocation instructions from state government to sub-national administrations. It is based on the mandates, authority, tasks and responsibilities of the sectors and the sub-national administrations, population, the number of civil servants, the level of poverty, geographical location, remoteness and socioeconomic uniqueness of the sectors and locality. With regard to the government budget transfer/flow of funds for public investment projects, provincial administrations develop Socio-Economic Development Plans (SEDP) and annual plans, including budgets, for approval by the National Assembly. The plans are prepared based on consultation with village authorities, as well as most recent data and information from the villages. Once approval is given, the Ministry of Finance (MoF) allocates the recurrent budget and the Ministry of Planning and Investment (MPI) allocates the public investment project budget to the provinces.³³ The provincial authorities allocate budgets to the district levels.

Local administrations can collect taxes and fees for their revenue. However, they are not permitted to set the tax bases. They apply tax rates set in the 2016 Tax Law and ordinance of the President

²⁹ Ministry of Planning and Investment (MPI), Lao Statistics Bureau. 2015. Lao Population and Housing Census 2015. Vientiane

³⁰ *ibid*

³¹ Constitution, 1991, amended in 2003 and 2015

³² Local administration Law, 2015

³³ Guidelines for District Socio-Economic Development Planning, MPI, 2013

on public fees and charges in 2012. To support transparency at the local level, two types of state budget audits are applied as mandated by the 2015 budget law. The internal audit organisations is done by the state budget administration organisations (SAO), and the external audit organisations is done by the National Assembly, the government, audit committee, state audit authority and special audit committee. Under State Audit Law, amended 2012, the SAO is established and dismissed by the National Assembly. Fields subject to SAO audit include the financial report, compliance, and working performance. The SAO audit covers planned audits, audits by request and spontaneous audits.

The people's participation in the affairs of the country is complex and multi-faceted and may often be open to different understandings in different locations and times.³⁴ In August 2015 the Governance Sector Working Group (GSWG) organised a panel discussion, which brought together panellists from government, civil society and development partners. This opportunity for an open a productive exchange of views and experiences was seen as an important step towards creating a common understanding about people's participation in the Lao PDR context. However, no specific regulation on public participation has yet been endorsed.

The country has an urban development strategy to 2030 which defines the directions, targets and investment plan and is key to the continuous improvement, construction and upgrading of basic infrastructures, protection of artistic and cultural uniqueness, architecture and environment, urban services and urban management. The local administration, provinces and districts are responsible for implementing the strategy and investment plan. Funding and human capacity constraints are, however, providing challenges to implementation of the strategy.

Lao PDR submitted Intended Nationally Determined Contributions in September 2015.³⁵ Disaster risk management and climate change adaptation are key outputs under the 8th 5-year National Socio-Economic Development Plan, specifically mentioned in the Outcome 3, Output 2 of Preparing to Cope with the Disaster Risks and Impacts from Climate Change, with specific direction of Ensuring public involvement to minimise Greenhouse Gas (GHG) emissions, increase and enhance the ability to adapt and prepare for climate change by integrating climate change and risks mitigation into strategic and operational plans of the sectors concerned.

Women's participation in local governance

Women's participation in the governance is still less than 30 per cent³⁶ and the government aims to increase the number by providing more access to women. The Prime Minister's Decision in 2017 for a Public Servants Quota suggested civil servants be recruited in an equal, transparent and fair manner towards

providing more opportunities for women.³⁷ Given this, the country is rated 2 as the national provisions on temporary special measures for women/'quota system' at local level meet at least one of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

³⁷ The progress report of Governance Sector Working Group (GSWG) 2016

PROPOSED REFORM

With the score of 33 out of 44, Laos is making moderate progress towards an adapted enabling environment for cities and local governments. Based on the scoring against criteria, two key areas for reform are:

- Development of national regulation and a framework for public participation
- Local capacity to optimise local revenue generation

³⁴ The progress report of Governance Sector Working Group (GSWG) 2016

³⁵ Lao PDR. 2015. Intended Nationally Determined Contribution. Vientiane

³⁶ Ministry of Planning and Investment (MPI). 2016. Eighth National Socio-Economic Development Plan (2016-2020). Vientiane.

The Constitution makes explicit mention of local governments as spheres of governance, detailing the recognised roles and responsibilities.

4

All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing.

3

Local assemblies and executive bodies are appointed.

1

The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).

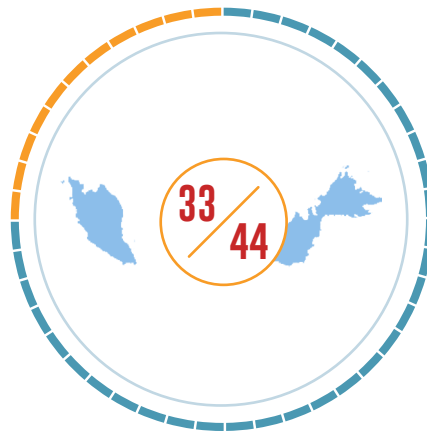
3

Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets.

2

MALAYSIA

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments.

4

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied.

4

National legislation on citizen participation exists but is not applied

3

There is legislation on measuring local government performance, and performance is assessed by independent bodies.

4

A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking.

3

Country's international commitments for environmental protection and promotion exist but does not recognise the importance of urban areas and positive role of LGUs in implementation.

2

Explanation of the Rating

Since the mid-1960s, the local government in Malaysia has been viewed as a tier of government operation deploying its resources towards achieving national economic and social objectives. This view of local governments as a catalyst of development stands in contrast to the colonial period when they were looked upon as an agency primarily associated with tasks such as garbage collection and street cleaning. There are 144 local governments divided into cities (major administrative and commercial centres), municipalities (other urban areas), and districts (chiefly rural areas).

The local authorities in Malaysia represent the third (and lowest) tier of government after the Federal and State governments. The Federal Constitution in 1957 (paragraphs 4 and 5 of the Ninth Schedule) – which outlines the framework of the relationship between the three tiers of government – stated that local governments are primarily under the jurisdiction of the State government. However, Clause 76 (4) of the Constitution highlighted that the Federal government has the authority to make laws to achieve uniformity in policy and law. The federal government deals with the local government through the Ministry of Urban Wellbeing, Housing and Local Government. Federal influence is also exercised through the National Council for Local Government, chaired by the Deputy Prime Minister with the Chief Ministers of the states in Malaysia as members. The Council is enacted to advise and coordinate the local authorities in various matters, especially concerning legal and policy issues.

The Ministry of Urban Wellbeing, Housing and Local Government is responsible for the coordinating and supervising of the local authorities. However, any directives from the ministry need to be adopted by the state first. Since the local government is under the state list in the Constitution, the state has direct financial powers

over the local authorities. Local governments in Malaysia have some latitude to determine rates for existing taxes, but the Federal government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets. In theory, the Federal government cannot interfere directly in the affairs of the local authorities. In practice, however, State governments were seldom in a position to offer financial assistance to their local authorities, which therefore came to rely extensively on Federal funding.

In Peninsular Malaysia, the local authorities are governed by the Local Government Act 1976, however the act is out of date in dealing with modern challenges of local governance. Those in East Malaysia, i.e., the states of Sabah and Sarawak, have their own ordinances. For instance, the local authorities in Sarawak are governed by the Local Authorities Ordinance 1996. It is important to note that Sarawak and Sabah have special constitutional status and exercise more independent control over local government than the states in Peninsular Malaysia. There is also the Street, Drainage and Building Act 1974 (Act 133). Malaysia has a clear urbanisation strategy in the form of the National Urbanisation Policy (2006) and the National Physical Plans which translates the strategic and sectoral policies in spatial and physical dimensions. In June 2017, The Third National Physical Plan and Second National Urbanisation Policy were launched. However, Malaysia still lacks the necessary finance, technical arrangements and capacities for implementation of the policy.

One unique characteristic of local government in Malaysia is that unlike most countries, local governments do not have direct accountability to its citizens. Executive powers rest with the Mayor (cities) or President, supported by a system of committees. Currently, local councils in Malaysia are not elected. The state

government, elected every five years, has the power to appoint the Mayor and Councillors of respective local authorities within the state for 3-year terms with the option of re-appointment. The Local Government Act 1976 provides guidelines regarding the appointment of councillors. However, in practice the local Councillors are mainly selected based on their political affiliations and in most cases come from the ruling coalition. Local elections which were scheduled to occur in 1965 and 1966 were suspended in early 1965 by the Federal government regulations under authority of the Emergency (Essential Powers) Act, 1964 on the grounds that it was inappropriate to hold elections during the state of national emergency caused by Indonesia's Confrontation.

There has been a number of attempts at reforming the governance of local authorities. The 1976 Royal Commission of Enquiry was established to investigate the workings of local authorities in Peninsular Malaysia. Following an in-depth investigation, the Commission had recommended that:

- there should be uniform legislation regarding local authorities throughout the country;
- since local authorities were mainly an urban phenomenon, it was proposed that every inch of the country be covered by local authorities;
- a local authority should be decentralised and granted financial and administrative autonomy;
- a local council should consist of fully elected members;
- every local authority should have a Management Board to perform the function of coordination and supervision and serve as a bridge between the council and the committee;
- the Secretary of a local authority should be appointed by the state authority and given the powers of chief administrator in the local authority;
- the development services previously rendered by a District Officer should be rendered by the Secretary of a District Council;
- there should be a State Commissioner of Local Government in each state; and
- in order to protect the citizen against any misuse of powers delegated to a local authority's principal officers, a Local Government Tribunal should be constituted for every local authority.

In recent years, Malaysia has put in place a number of important improvements in the local government system. These include:

- Finance – In terms of transfer of resources to local governments and their distribution among local governments, Malaysia has established a national amount of predictable resources for local governments, which are distributed according to a known formula. An example of this would be the Geran Tahunan Berasaskan Kaedah Keseimbangan (GTBKK, Annual Grant Based on Balanced Methodology) which is an annual grant from the central government to local authorities that uses a formula that takes into account population size, among others.
- Citizen participation – National legislation on citizen participation exists but is not applied. Community participation in local government in Malaysia is considered very limited. However, growing community awareness is challenging the practice of

centralised administration. In 2007, the Federal government initiated e-PBTs, an electronic system to bring local government closer to citizens. The four elements of the system are accounts, taxation, e-submission and complaints.

Evaluation of local authorities – Local government performance is assessed by independent bodies. Local governments are financially audited by an independent body, and sustainability audit is carried out by the Ministry of Urban Wellbeing, Housing and Local Government. Additionally, for over a decade now, the Town and Country Planning Department has been running the MURNInet – the Malaysian Urban Rural Indicators system that assesses the performance and level of sustainability for Malaysian cities.

These positive developments notwithstanding, over the years, there has been a growing tendency for Federal government, under the pretext of providing better services to the public, to remove traditional functions of local government and privatise them. This has further exacerbated the views that the local government remains tightly controlled from the centre with limited revenues despite the constant rhetoric of decentralisation. This has placed the local government system in serious difficulties in meeting the challenges of a changing global environment and global goals such as the New Urban Agenda and the Sustainable Development Goals. One example of this difficulty is in climate change adaptation. The Malaysian government submitted its INDC in 2015, where Malaysia committed to reducing greenhouse gas emissions intensity of GDP by 45 per cent by 2030 relative to the emissions intensity of GDP in 2005. This consists of 35 per cent on an unconditional basis and a further 10 per cent condition upon receipt of climate finance, technology transfer and capacity building from developed countries. Urban areas were highlighted as being prone to climate change risks in the form of flash floods, but local governments were not specifically mentioned as playing a key lead role in achieving the goals.

Women's participation in local governance

In Malaysia, there is no term limit for women elected, as part of the quota. While the minimum per centage of women at local level is not yet 30 per cent, there is a government policy that women should make up at least 30 per cent. Given this, the country is rated 2 as the national provisions on temporary special measure for women/'quota system' at local level meets at least one of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS

With a score of 33 out of 44, Malaysia is making good progress towards an adapted enabling environment. Based on the scoring against criteria, the major area of reform needed is in the election of Councillors and Executive of the local authorities. This reform will enhance the accountability of local authorities to the citizens within their jurisdictions.

The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.

3

A number of legislative provisions are in conflict with the Constitution, or some provisions in the Constitution are not implemented.

2

Local assemblies and executive bodies are elected throughout the country.

4

The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula.

2

The central government defines and collects local government revenues.

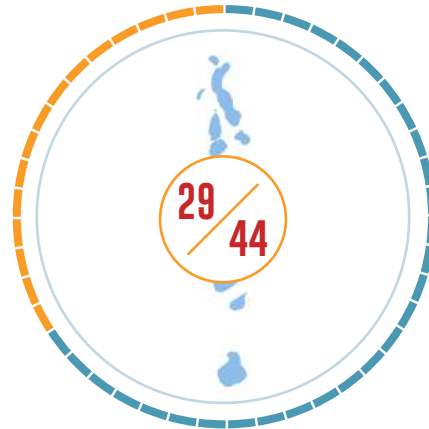
1

There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments.

4

MALDIVES

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



3

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed.

3

National legislation on citizen participation exists but is not applied.

3

There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.

2

National reflection on urbanisation is underway, but an urban strategy has not yet been defined.

2

Country's international commitments for environmental protection and promotion exist but does not recognise the importance of urban areas and positive role of LGUs in implementation.

Explanation of the Rating

Maldives is a low-lying island nation in the Indian Ocean with a population, in 2014, of 344,023. The country consists of about 1192 islands spread over 90,000 km² of which the land area is about 300 km², the remaining 99 per cent of Maldives is water. It is the smallest country in Asia, both in terms of land area and population. The main economic sectors are tourism (115 islands are tourist resorts) and fisheries, both of which are extremely vulnerable to climate change.³⁸

Maldives is a democratic republic with a three-tier administrative structure; the island and city councils at island and city levels; Atoll Councils at atoll level; and Central Government at the central level.³⁹ Local councils are separate legal entities elected by locals within islands, atolls and cities in the Maldives. There are 179 Island Councils, 18 Atoll Councils, and 3 City Councils in the Maldives as per the Local Council Elections in 2017.

A new Constitution was ratified in 2008. It devolves clearly the functions into fiscal and administrative functions and authority are devolved to local councils. However individual or sectoral Acts that existed before the new Constitution were not changed to align them with the powers given to local councils by the Constitution. The Decentralisation Act states that the conflicting laws and regulations

must be revised after the implementation of the Decentralisation Act but this has not yet been fully acted upon.⁴⁰ Full implementation of the decentralised system as stipulated by the Constitution therefore is limited. Such conflicting laws and regulations include the Law on Public Finances (2006), Maldives Land Law Regulations (2004), Maldives Tourism Act (1999), Maldives Land Act (2002).

Local governments are managed by local councils, which are mandated by the Constitution to: provide democratic and accountable governance; foster social and economic well-being and development of the community. Local governments are either unitary or two-tier. City councils are unitary councils, while island and atoll councils represent a two-tier system in which the lower level island councils are accountable to the atoll councils. City councils are headed by a Mayor, while island and atoll councils have a Council President elected from among themselves. The administrative wing of the councils is headed by a civil servant (Responsible Officer) who is responsible for implementing the decisions made by the Council and managing the day-to-day operations of the Council. All administrative staff working at the councils are civil servants. The Local Government Authority (LGA) is responsible for local government and advises councils on the formulation of regulations and by-laws.⁴¹ It is also the state agency created under the Decentralisation Act to monitor and regulate the work activities of local councils. Since 2015, the LGA has developed a performance measuring indicator called 'Local

³⁸ The peer reviewers suggested the rating as 1 but the initial rating was kept due to the references provided by LGA Constitution of the Maldives www.presidencymaldives.gov.mv/Index.aspx?lid=15

⁴⁰ Decentralisation Act of the Maldives (unofficial translation): <http://www.shareefweb.com/documents/LocalGovReforms/MaldivesDraftlaw®ulations/Draft%20Translation%20of%20decentralisation%20ActMaldives.pdf>

³⁹ President's office of the Maldives website: www.presidencymaldives.gov.mv

⁴¹ Local Government Authority website www.lga.gov.mv

Councils' Performance Index (PI).⁴² Under the PI, performance of local councils is evaluated, and the councils are then ranked and awarded based on their performance. Monitoring of the functioning and performance is the responsibility of the LGA, however, supervision of the administrative staff working at the Councils is the responsibility of the Civil Service of Maldives.⁴²

There is no local tax in Maldives. All the taxes are collected centrally by Maldives Inland Revenue Authority (MIRA). Taxes paid to the government include: Airport Service Charge, Bank Profit Tax, Business Permits, Business Profit Tax, Fines, Green taxes, Goods and Services Tax, Land Acquisition and Conversion Fees, Land Sales Tax, Lease Period Extension Fees, Non-Tourism Property Income, Proceeds from Sale of Assets, Remittance Tax, Resident Permits, Revenue Stamp, Royalties, Tourism Land Rent, Tourism Tax, Vehicle Fees, and Vessel Fees. Although there is no local tax system in Maldives, local councils may levy fees on services provided to the local community (license issuance, national identification card issuance, birth certificate issuance, etc). All councils are entitled to obtain funds annually from the state for office administration, service provision and development projects. A fiscal formula is available to calculate and distribute this financial assistance from central government to local councils.

Every council is required to prepare a 5-year island development plan, in consultation with the community, and submit them to the atoll council. Atoll councils and City councils are required to submit the plans to the LGA. The development plans consist of a 5-year strategic plan, 5-year action plan and a framework for monitoring the targets and activities. The Decentralisation Act has mandated the LGA to monitor the performance of local councils.

Maldives has submitted Intended Nationally Determined Commitments (INDC) to the Paris Agreement.⁴³ The Government aims to establish a National Development Act to facilitate the integration of climate change into development planning, considering the economies of scale for public services, land use planning and population consolidation.

Women's participation in local governance

Although there is no quota system for women at a national level, as a special measure to promote women's development at local levels, the Decentralisation Act stipulates every city and island council must have a Women's Development

Committee (WDC) as a standing committee to advise on matters related to women's development and rights. WDCs are elected by women citizens of respective local constituencies with a mandate for increasing political participation of women. WDCs conduct various activities in the community for income generation and development of women. However, WDCs face a number of challenges, including friction between the WDCs and the councils' mandate, ambiguity and lack of awareness of the mandate, lack of funds, bureaucracy of managing a small office with minimal funding. Each WDC member is paid 125/- rufiyaa for every meeting conducted, with the amount limited to 500/- rufiyaa a month (4 meetings per month); WDC members do not receive any salary or allowances. Due to the challenges faced and lack of financial incentives for implementing the mandate, positions on WDCs remain unattractive, with approximately 60 WDC seats remaining vacant. Given this, the country is rated 1 as the national provisions on temporary special measures for women/'quota system' at local level meet none of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS

With the score of 29 out of 44, Maldives is making moderate progress towards an adapted enabling environment for cities and local governments. Based on the scoring against criteria, two key areas for reform are:

- Local taxation system.
- Establishment of relevant Laws and regulation to support local government functions in accordance with the Constitution 2008.

⁴² Ibid

⁴³ INDC Document: <http://www4.unfccc.int/ndcregistry/PublishedDocuments/Maldives%20First/Maldives%20INDC.pdf>

The Constitution makes explicit mention of local governments as spheres of governance, detailing their recognised roles and responsibilities.

4

All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing.

3

Local assemblies are elected, but executive bodies are appointed.

2

The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).

3

Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets.

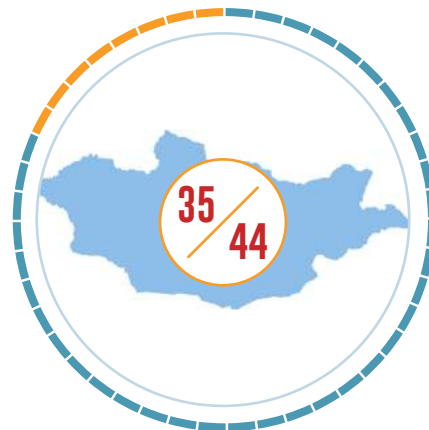
2

There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments.

4

MONGOLIA

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied.

4

National legislation on citizen participation exists and is applied.

4

There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.

3

A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking.

3

Country's international commitments for environmental protection and promotion recognises the importance of urban areas and positive role of LGUs in implementation.

3

Explanation of the Rating

Mongolia is a landlocked unitary sovereign state in East Asia. Its area is roughly equivalent to the historical territory of Outer Mongolia, and that term is sometimes used to refer to the current state. Mongolia is bordered by China to the south and Russia to the north. The population of Mongolia in 2016 was 3,119,935. Since the end of the socialist period, the population of Mongolia has experienced substantial growth, from about 2.0 million in 1990 and 2.4 million in 2000 to nearly 3.12 million in 2016.

The territory of Mongolia is divided administratively into Aimags and the capital city; Aimags are subdivided into Soums; and Soums into Bags. The capital city is divided into districts and districts into Khorooos.⁴⁴ There are 21 Aimags, 330 Soums, and 1568 Bags in Mongolia. The capital, Ulaanbaatar, is administered separately as a capital city (municipality) with provincial status; it has 9 districts and 152 Khorooos. Administrative and territorial units of the capital city and Aimag (province) are clearly stated in the Constitution of Mongolia. The legal status of the capital city is regulated by the Law on Legal Status of the Capital City,⁴⁵ while the legal status of cities and towns located in the territories of administrative divisions is regulated by the Law on the Legal Status of Cities and Towns,⁴⁶ as

⁴⁴ Constitution of Mongolia (January 13, 1992) <https://www.justice.gov/sites/default/files/eoir/legacy/2013/11/08/Constitution%20.pdf>

⁴⁵ The Law on the Legal Status of the Capital City (July 5, 1994) <http://www.legalinfo.mn/law/details/396?lawid=396>

⁴⁶ The Law on the Legal Status of Cities and Towns (December 20, 1993) <http://www.legalinfo.mn/law/details/532?lawid=532>

well as the Law on Administrative and Territorial Units of Mongolia and their governing bodies.⁴⁷ According to the Constitution and other laws, units of governance must independently organise their local economy and social issues by combining municipal self-governance and public administration, following the basic principles of government operation.⁴⁸

The Mongolian taxation system has three different sources: taxes, fees, and charges, which are obtained both from national and local government. National tax is enforced by the Parliament and applied in the country as a whole; local government tax is enforced by the Aimag representative council and city representative council to be applied in the Aimag or city area. According to the Tax Law, Article 7, local government tax includes individual income tax; income tax of individuals engaged in work and services, income from which cannot be immediately determined; immovable property tax; other state stamp duty; water and spring water charges; tax on auto and self-propelling vehicles; charges on permits for use of natural resources other than minerals; charges on use of natural plants; charges on use of commonly occurring minerals; charges on use of hunting reserves, hunting permit fees; land charges; charges on procurement and use of wood fuel and timber from forest; gun duty; capital city tax; tax on dogs; and tax on inheritance and gifts.

The Constitution of Mongolia, Article 62, prescribes "Authorities of higher instance may not take decisions on matters coming under the jurisdiction of local self-governing bodies. If laws and decisions

⁴⁷ The Law on Administrative and Territorial Units of Mongolia and Their Governance (December 15, 2006) <http://www.legalinfo.mn/law/details/343?lawid=343>

⁴⁸ <http://zasag.mn/>

of respective superior state organs do not specifically deal with definite local matters, local self-governing bodies can decide upon them independently in conformity with the Constitution.” As per the Constitution, taxes and rates which are not mentioned in tax law can be assigned by the local government. In 2015, Ulaanbaatar city assigned a special municipal tax law which collects tax from restaurants, hotel, bars, alcohol and smoking products.⁴⁹ Despite this, local government still has a limited right to assign new types of taxes yet has authority to modify the rates. Greater authority remains with central government.

Direct elections are held only for the Council, while executive bodies are appointed by the local government. According to the Constitution of Mongolia and law on administrative and territorial units and their governance, city residents establish the citizens’ representative council by direct election for a 4-year mandate. A governor is a state representative responsible for implementing territorial state governance. A governor shall be nominated from the meeting of that Aimag, city, Soum, district, team and committee; the Prime Minister appoints the Aimag and City Governor; the governor of Aimag and City appoints the Governor of Soum and District; the Governor of Soum and District appoints the Governor of Team and Committee, each with 4-year terms.

To ensure consistency of the policies, central government policy, activity, investment programs social economic development concepts and regional development policy are stated in local development documents including the Aimag and city development strategy document, Aimag, City, Soum, District governor’s program paper, and the Aimag, City, Soum, District social economic development. The development strategies are therefore well articulated at both national and local levels.

The Parliament of Mongolia approved the Law on Development Policy and Planning in 2015. This Law serves as an umbrella to ensure the sustainability of development policies and programs as well as establishing an integrated framework of development policies and planning. The Parliament of Mongolia has developed a long-term development policy for the period 2015-2040.⁵⁰ The policy emphasises the need to maintain rural-urban linkages and balance the development between city and rural areas. Similarly, the Municipality of Ulaanbaatar has approved the Affordable Housing Strategy for Ulaanbaatar, the Ulaanbaatar Economic Development Strategy, and the Green Development Strategy, by the City Council Resolution No 41 on March 23, 2016, following national policies.

The Citizens’ Hall was established on December 15th, 2009 with the support of the President of Mongolia. The main purpose is to improve citizens’ participation and convey the voice of citizens to the Parliament, government and other organisations. With the President’s support, the initiative established the Citizens Hall in all Aimag and Soum with full-time staff. Unfortunately, it does not work at full power as staff members are working under the Aimag and Soums governments, their tasks being assigned by Aimag/

⁴⁹ <http://www.legalinfo.mn/law/details/11193>

⁵⁰ Development Policy and Planning Act, (2015/11/26, <http://www.legalinfo.mn/law/details/11484>)

Soums government offices. Financial support to increase citizen engagement is available through local development funds in Baug and Khoroo.

Mongolia is fully committed to the UNFCCC negotiation process and communicates its Intended Nationally Determined Contribution to reiterate its commitment to fulfilling the objectives of the UNFCCC. The government has developed specific policies and regulations on energy as well as agriculture and industry including: Parliament Resolution No. 63, 2015; Green development policy, 2014; National Action Program on Climate Change (NAPCC), 2011; Urban public transport investment program, 2015; Mid-term new development program, 2010; Government resolution No. 171, 2012: the industrial building materials program; and the Mongolian national livestock program. Local governments contribute to the country’s emissions reduction target by managing urban transportation in line with the national program.

Women’s participation in local governance

The country is rated 1 as the national provisions on temporary special measures for women/’quota system’ at local level meet none of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS

With the score of 35 out of 44, Mongolia is making good progress towards an adapted enabling environment for cities and local governments. Based on the scoring against criteria, two key areas for reform are:

- Election of the head of executive bodies.
- Adequate delegation of powers in revenue generation through taxes.

The Constitution makes explicit mention of local governments as spheres of governance, detailing their recognised roles and responsibilities.

4

All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing.

3

Local assemblies and executive bodies are elected throughout the country.

4

The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula.

2

Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets.

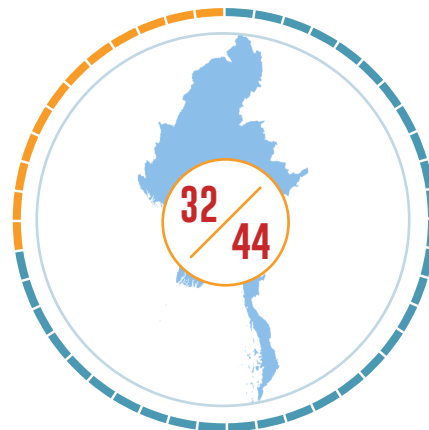
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There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments.

3

MYANMAR

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



3

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed.

2

There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation.

2

Local government performance is assessed irregularly.

3

A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking.

4

Countries where city level action for environmental protection and promotion, including climate change and disaster risk reduction, are integrated into countries' international commitments with funding and capacity support committed for cities to drive national implementation, and with codes and standards in place at city level for disaster risk management and climate risk mitigation.

Explanation of the Rating

According to the census of 2014, from Myanmar's national population of 51.5 million, about 15.2 million people or 29.6 per cent of the entire population was living in urban areas in 2014. It is expected that Myanmar's urban population will grow from 15.4 million in 2014 to about 20.4 million in 2030. This trend shows a wide-ranging modernisation of both municipal governance and legal frameworks for urban development.

Under the 2008 Constitution, Myanmar is a Federal Republic with a national ('Union') government, and 14 States/Regions governments. The former constitutes the local government in Myanmar. Two distinct systems of administration need to be recognised: on one hand, the system of City Development Committees in the country's three largest cities (Yangon, Nay Pyi Taw, and Mandalay); and on the other, the system of township-level offices of national and regional ministries. Simply put, local governments are in Myanmar defined as State/Region governments which are formed after general elections every 5th year.

The three City Development Committees are the only truly municipal authorities in Myanmar. Development Affairs Organisations (DAOs) have been established in each township in Myanmar

outside the major cities under the Development Committees Law 1993. They have responsibility for coordinating and overseeing different administrative officers assigned to the township level including basic service provision. In the financial aspect, DAOs could collect their own taxes and fees from which they are allowed to use 30 per cent on staff.⁵¹

The Constitution of 2008 provides for parliaments in the States/Regions and the establishment of State/Region governments, which constituted themselves after the elections of October 2010 for the first time in March 2011. The chief ministers in the States/Regions are appointed by the President after s/he has been nominated by the Parliaments. States/Regions government budgets constitutes approx. 20 per cent of the total budget is at discretion of the states/region government.

There are various types of financial transfers from higher tiers of government. First, the sectoral transfers from Union level government to its departments at states/regions and township level. The second is transfers to states/regions governments according to a transparent formula. The latter is approximately 20 per cent of the total national budget.

⁵¹ <http://www.president-office.gov.mm/en/>

A separate municipal tier is not mentioned in the Constitution. A municipal governance structure democratically accountable to the local inhabitants of townships, the third tier of government in many other countries, remains absent. General (local) development affairs as well as town and housing development tasks fall under the purview of states and regions.

Schedule II of the Constitution outlines responsibilities according to level of government. The Union level of government is responsible for administration of town and village land. State/region level is responsible for land revenue, municipal taxes such as taxes on buildings and lands, water, street lightings and wheels, local plans, development matters, town and housing development.

In terms of transparency, rules and legal provisions for independent financial audits are in place in the country. It happens every year yet the timeframe is not systematic. On the other hand, national legislation on citizen participation is not established yet a local committees are available providing space for public to involve. This committee can be in the form of township plan committee or farmland with the objective to facilitate dialogue and consultation with community.

Myanmar has submitted an INDC. Moreover climate change and environmental concerns are represented in the national urbanisation policy (under development). There is a provisional building code in place, to be formally ratified by Parliament later this year, which accounts for disaster risk reduction. The INDC has an objective of ensuring that increasing urbanisation takes place in a sustainable manner. It notes that, "To promote sustainable urbanisation, the Government of Myanmar is drafting a National Urban and Regional Development Planning Law, a National Housing Policy, National Urban Policy, and is expanding its urban planning capacity. Approximately 75 urban planners are being trained to achieve policy goals; they are the first in Myanmar to receive such training."

Several national level reforms and strategies currently underway such as: (a) National Urban Policy (Framework complete, drafting ongoing); (b) National Urban Development and Planning Law (ongoing; to be completed 2017); (c) National Housing Law (ongoing; to be completed 2017); (d) National Condominium Law (ongoing; to be completed 2017); (e) National Land Policy (ongoing; to be completed 2017); (f) National Unified Land Law (announced;); (g) National Climate Change Policy and Strategy (ongoing;

to be completed 2017); (h) National Housing Strategy (near-final; to be completed 2017); (i) Ongoing devolution of planning powers to district and township authorities; (j) Million houses policy (2016-2030). In addition, the country also has completed national spatial development framework, and national transport masterplan to be used for reference in urban development plan and policies in the country.

Women's participation in local governance

No special provision for women is mentioned in Myanmar hence the country is rated 1 as the national provisions on temporary special measures for women/'quota system' at local level meets none of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS

With the score of 32 out of 44, Myanmar is making moderate progress towards an adapted enabling environment. Based on the scoring against criteria, three areas of reforms are identified which are:

- Legislation on community participation.
- Framework for local government performance.
- Women empowerment in the government.

The Constitution makes explicit mention of local governments as spheres of governance, detailing their recognised roles and responsibilities.

4

A number of legislative provisions are in conflict with the Constitution, or some provisions in the Constitution are not implemented.

2

Local assemblies and executive bodies are appointed.

1

The transfer of resources to local governments or their distribution among local governments is predictable according to a transparent formula.

2

Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets.

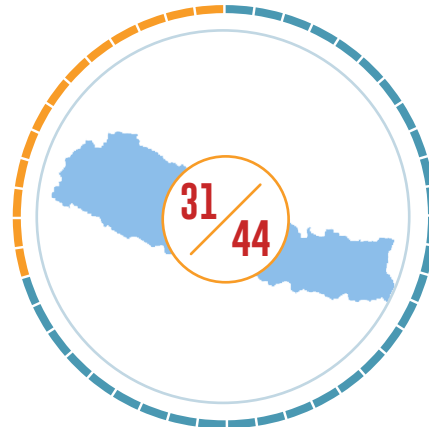
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There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments.

4

NEPAL

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



3

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed.

4

National legislation on citizen participation exists and is applied.

3

There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.

3

A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking.

3

Country's international commitments for environmental protection and promotion recognises the importance of urban areas and positive role of LGUs in implementation.

Explanation of the Rating

Nepal is a landlocked country located in South Asia, sandwiched between the People's Republic of China to the north, and India to the south. Geographically, the country is small, measuring approximately 900 kms from east to west and 200 kms from north to south, accounting for only 0.3 per cent of the total land area of Asia.⁵² The most recent national census, conducted in 2011, indicated a population of almost 26.5 million people. By 2016, the population had grown to 28 million and it is projected to reach 33.5 million by 2031.⁵³ In terms of governance, Nepal is currently in transition, having recently emerged (2006) from a decade long civil war, and is moving from a Monarchy to a multiparty Democratic Republic nation. A new Constitution was adopted in 2015 and a new federal form of governance is being prepared, with a strong focus on decentralisation of power to provincial and local levels. These changes place urbanisation in Nepal within a unique context, taking place in the midst of both a relatively rapid transition from a rural to urban nation and significant changes in how urban governance may operate in a federal state.

Whilst the previous Constitution made no specific mention of local bodies and their roles, the new Constitution clearly articulates the general roles and responsibilities of local governments, giving them increased power and ability for revenue raising and decision-making. The division of roles for local executive and local legislature is explained in Articles 17 and 18 of the Constitution and a list of competencies of local governments are provided in Articles 8 and

9. However, the Constitution also notes that some responsibilities could overlap between different levels of government such as federal, provincial, and local level in Article 20. The new Constitution establishes seven provinces, including the roles and relationships between the new provinces and local level.

Nepal has a Local Body Fiscal Commission (LBFC) which provides both predictable unconditional grants, and additional conditional grants based on a well-developed and transparent formula-based grant system. The formula is calculated primarily taking into account geographical factors (ie. remoteness, whether it is in a mountain region etc.) and population (ie. whether it is designated metropolitan, sub metropolitan or municipal), as well as poverty levels. For the additional grants, these are based on a formula and performance indicator which is measured by using a tool called the 'Minimum Conditions and Performance Measures' (MCPM). Every year LBFC conducts MCPM for its local bodies such as District Development Committees (DDCs), and Municipalities and Village Development Committees (VDCs) to determine their performance. Since the fiscal year 2009/10 all the block and conditional grants allocated to the DDCs are performance-based. For the Village Development Committees (VDCs) and municipalities, a performance-based system was introduced in fiscal year 2007/08. In the case of the VDCs, however, only the grants funded under the Local Governance and Community Development Program are based on performance.⁵⁴

The Local Self-Governance Act 1999 (LSGA) and the Local Self-Governance Regulations 2000 govern the existing structure and operation of the taxes. These laws specify taxes to be levied by local bodies, their coverage, bases and rates. Local bodies can levy taxes

⁵² The assessment was done before the country election in 2017ThapaPrahad (2017) Economy and Development of Nepal

⁵³ Central Bureau of Statistics of Nepal 2015 Factsheet <<http://cbs.gov.np/image/data/2016/Nepal%20in%20Figures%202015.pdf>>

⁵⁴ <http://moud.gov.np/wp-content/uploads/2016/10/Nepal-Habitat-III-National-Report.pdf>

upon obtaining approval of the board within the range mentioned in the laws. The LSGA has categorised the revenue sources of local bodies into either internal or external sources. Local governments have some freedom to determine existing tax bases and rates, but the central government is responsible for setting new taxes and accessing loans and financial assistance. Furthermore, the current Constitution contains provision for the Natural Resources and Fiscal Commission to review issues in local level units for more appropriate financing schemes. Nonetheless, the relevant legislation to define the Constitution has not yet been formulated.

Until the assessment takes place, local development officers, executive officers and the secretary are still appointed by the central government, and civil servants are generally staffing municipal offices. The first local elections in 14 years were held in Nepal in 2017. This reform to local elections is in line with the local self-governance act and new government acts. The election is scheduled to take place every 5 years in the Acts, and yet in practice this has not yet taken place. Centrally deputed Government Officers have been working as de-facto chiefs of local assemblies and executive boards. They are using the powers and responsibilities of local level assemblies and executive bodies without an elected mandate.

Rules and legal provisions on transparency in the running of local governments require regular and independent audits (both financial and social audits) to be conducted within specified timeframes. An independent third-party auditor is appointed by the Municipality itself for financial audits. However, having all local bodies audited by the Auditor General is almost impossible. To bridge the gap, there is a process of social audit, public audit and public hearings. The Ministry of Federal Affairs and Local Development has published their guidelines and oversee implementation.

A national urban strategy is in place in Nepal but financial and technical arrangements and capacities necessary to implement the strategy are lacking. The National Urban Development Strategy (NUDS) has been published by the Government of Nepal, in particular the Ministry of Urban Development (MoUD) in 2015.⁵⁵ Public participation is practiced through various means, including through 'Ward Citizen Forum' (WCFs), 'Community Awareness Centres' (CACs), and 'Tole lane organisations,' whereby local citizens, including disenfranchised groups are selected to be involved in participatory planning at various levels, ranging from information sharing to genuine citizen centric decision-making. Nepal also has a well-defined 14-step participatory planning process for district level local bodies and locally organised spaces for dialogue and consultation.⁵⁶ However, in some cases local elites are active and generally able to influence key decisions.

Nepal's international commitments for environmental protection and promotion recognise the importance of urban areas and the positive role of local bodies in implementation. The government has an Environment Friendly Local Governance (EFLG) policy and guidelines to fulfil national and international commitments for environmental protection and promotion. Due to lack of locally elected leadership, the implementation has not made

much progress so far.⁵⁷ There are steps towards improving the linkages between environmental issues and cities in Nepal, most notably by the Ministry of Urban Development's report for the UN Habitat conference in late 2016, that links resilient cities in Nepal, environmental protection and sustainable development, however the report's recommendations have not yet been implemented.⁵⁸

Women's participation in local governance

There are provisions in Nepal's Constitution to ensure female participation and representation in local bodies and all levels of government. The country is rated 4 as the national provisions on temporary special measures for women/'quota system' at local level meet all of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

⁵⁷ http://www4.unfccc.int/Submissions/INDC/Published%20Documents/Nepal/1/Nepal_INDC_08Feb_2016.pdf

⁵⁸ <http://moud.gov.np/wp-content/uploads/2016/10/Nepal-Habitat-III-National-Report.pdf/>

PROPOSED REFORMS

With the score of 31 out of 44, Nepal is making moderate progress towards an adapted enabling environment. Based on the scoring against criteria, three key areas for reform are:

- Local elections in Nepal need to be supported by specific technical regulation to govern the mechanism as well as adequate budget for running the elections. While relevant Acts have been enacted, implementation is lacking. Supporting schemes and mechanisms are essential to reinforce regulations.
- As environmental problems occur locally, participation and contribution of local government in the environmental and climate change mitigation is essential. The roles of local government need to be embraced in the national policy plan to ensure corresponding programmes and mutual collaborative efforts at the local level.
- Local government requires support from central government to enhance their capacity for local revenue generation through taxes.

⁵⁵ <http://khub.niua.org/national-urban-development-strategy-nuds-of-nepal/>

⁵⁶ Sanjeev Pokharel, '14 step planning process in Nepal (2013), GIZ, <<http://nhsp.org.np/wp-content/uploads/2016/08/Local-Level-Annual-Planning-Process.pdf>>

The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.

3

All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing.

3

Local assemblies and executive bodies are elected throughout the country.

4

The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).

3

Local governments have total autonomy to determine tax base, rates and fees, and to collect the corresponding revenues; access to financial markets is allowed.

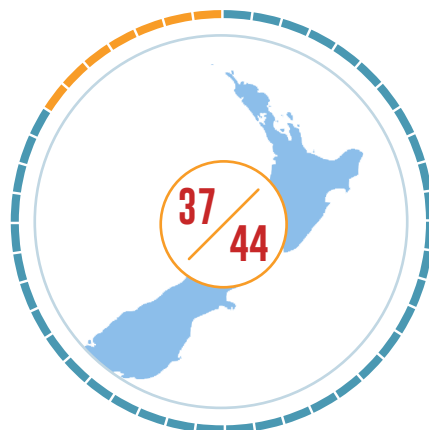
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There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments.

2

NEW ZEALAND

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



4

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied.

4

National legislation on citizen participation exists and is applied.

4

There is legislation on measuring local government performance, and performance is assessed by independent bodies.

3

A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking.

3

Country's international commitments for environmental protection and promotion recognises the importance of urban areas and positive role of LGUs in implementation.

Explanation of the Rating

New Zealand is a Parliamentary Democracy with the Head of State Queen Elizabeth II of New Zealand who is represented by the Governor-General. Parliament is the supreme legislative power known as a Constitutional Monarchy. Its parliament only has one chamber, the House of Representatives. The House of Representatives consists of 120 members who are elected for a term of up to 3 years. There is universal suffrage for people over the age of 18 years and the voting system is Mixed Member Proportional (MMP). Urban and local government units can be created through local government re-organisation undertaken by the Local Government Commission and approved by the government through an Order in Council. The Commission is made up of three members appointed by the government to deal with requests for changes to local government boundaries, including reorganisation.

The country has no a written constitution; instead it has a series of constitutional statutes, such as the Constitution Act 1986. Empowering legislation for local government is enshrined in three Acts: the Local Government Act 2002;⁵⁹ the Local Government (Rating) Act 2002;⁶⁰ and the Local Electoral Act 2001.⁶¹ These three statutes are widely regarded to be part of the country's constitutional framework and set

out local government structures, membership, democratic status and powers to levy property tax and other charges. They also ensure that local government elections are held every three years without the risk of political interference and that the way in which decisions are made is accountable. However, as the statutes are not 'entrenched,' it only takes a simple majority vote in parliament to amend or abolish them. Local government is also deeply ingrained within the democratic traditions of the country. There are some gaps that should be filled however, such as protection against unfunded mandates, and a need for local government legislation to be entrenched to provide greater stability and certainty for its role and powers.

New Zealand has three types of taxes: income, consumption and property tax. The income from property tax constitutes 8.3 per cent of the total. Central government levies income and consumption taxes, while local government is authorised to levy property taxes. Councils have full autonomy to determine the level of property taxes and wide discretion to determine the nature of the property on which the tax can be levied, such as the unimproved value of land or improvements. Property taxes can be targeted at particular features of a property or differentiated on the basis of property use, such as business properties. Councils also have full access to capital and financial markets, although only Auckland Council can borrow directly from offshore markets. The Local Government Funding Agency, which is owned by a consortium of councils, raises international bonds and lends to councils. Councils also have the power to levy volumetric charges for water and wastewater services and development contributions to pay for the cost of extending infrastructure to new subdivisions. Councils can also apply a development contribution to developers to pay for the impact of local development on existing infrastructure, and set fees for users of council facilities.

⁵⁹ the Local Government Act 2002, <http://www.legislation.govt.nz/act/public/2002/0084/latest/DLM170873.html?src=qs>

⁶⁰ the Local Government (Rating) Act 2002, <http://www.legislation.govt.nz/act/public/2002/0006/latest/DLM131394.html?src=qs>

⁶¹ the Local Electoral Act 2001, <http://www.legislation.govt.nz/act/public/2001/0035/latest/DLM93301.html?src=qs>

Local governments receive a share of the Land Transport Fund (LTF). This fund is a hypothecated fund consisting of income from petrol taxes and vehicle registration fees. The fund is used to pay for local roads and state highways. Councils own the local roads (87 per cent of all roads) while central government owns the state highways. Approximately 45 per cent of the fund is allocated to local roads and 55 per cent to state highways, depending on priorities. Matched grants are made to local government on the basis of each council's annual capital investment program, using agreed criteria. Funding from the LTF can be used for capital investment in new roads or public transport assets or renewals. Occasionally special purpose funds are set up which councils can make application for. These funds have defined budgets, clear purpose statements and transparent criteria, as with a recent fund established to support council investment in new tourism infrastructure.

Local government operates under a legal framework, the Local Government Official Information Act 1986, that guarantees public access to information except where it might be personally or commercially sensitive.⁶² The Ombudsman's Office also has authority to investigate complaints made about local authorities, including failure to release information. Councils are subject to annual assessment by the Office of the Auditor General and must publish financial and performance information annually.

The Government has only recently adopted a National Policy Statement on Urban Development Capacity (November 2016). The purpose of this policy is to provide guidance to urban local governments on urban development. Operational guidelines are currently being developed. Local government has devolved responsibilities to protect and enhance environmental quality and standards. Councils work with central government to meet the country's international greenhouse emissions commitments. New Zealand's international commitments recognise the role of local government but no specific targets apply to councils. Local government is regarded as a key partner with central government in efforts to curb climate change. The two critical planning documents that all local authorities are required to adopt are the Long-Term Plan and the City Plan.⁶³

The Long-Term Plan (LTP) is responsible for setting out the activities of a council; describing the council's community outcomes; providing

integrated decision-making and coordination; providing a long-term focus for the decisions and activities of the council, and providing a basis for accountability to the community. It includes: (i) budgeted revenue and expenditure for at least 10 years (including expected changes in tax revenue); (ii) detailed information on the council's priorities and planned investment for at least 10 years; (iii) the council's infrastructure plans for at least 30 years.

The LTP is reviewed every three years and is subject to extensive community consultation. Details of the LTP can be found in Sections 93 – 95 of the LGA 2002. Meanwhile, the city or district plan sets out the council's land use policies including zoning, land use rules and environmental standards. It must be reviewed at least once every 10 years.

Women's participation in local governance

New Zealand has no quota for the representation of women in local government. Since 1995 the number of women in local government has averaged 30 per cent. The proportion of women elected in the 2016 elections was 37 per cent, the highest in New Zealand's local government history. Local government in New Zealand tends not to be 'party political' therefore most candidates stand as independents rather than as members of a party. Given this, no rating could be given to the country.

PROPOSED REFORMS

With the score of 37 out of 44, New Zealand is highest ranked and is making significant progress towards an adapted enabling environment. Based on the scoring against criteria, the main area for reform is to establish a framework defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments.

⁶² <http://www.mfe.govt.nz/publications/towns-and-cities/national-policy-statement-urban-development-capacity-2016>

⁶³ www.localcouncils.govt.nz

The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.

3

A number of legislative provisions are in conflict with the Constitution, or some provisions in the Constitution are not implemented.

2

Local assemblies are elected, but executive bodies are appointed.

2

Resources are not transferred, or are transferred erratically and irregularly.

1

Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets.

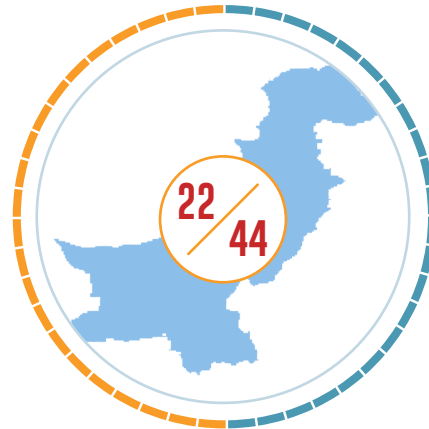
2

There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments.

1

PAKISTAN

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



2

Only partial rules and legal provisions on transparency in the running of local governments exist and they are not systematically followed.

3

National legislation on citizen participation exists but is not applied.

3

There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.

1

No national urban strategy.

2

Country's international commitments for environmental protection and promotion exist but does not recognise the importance of urban areas and positive role of LGUs in implementation.

Explanation of the Rating

Pakistan is an Islamic and Federal Parliamentary republic in South Asia. The Prime Minister of Pakistan solely leads the executive government which is independent of the state parliament. Pakistan has a bicameral parliament that is composed of two chambers: The Senate (upper house), and the National Assembly (lower house). The Judicature branch forms with the composition of the Supreme Court as an apex court, alongside the high court and other inferior courts. The judiciary's function is to interpret the Constitution and federal laws and regulations. The President of Pakistan is a ceremonial figurehead who represents the unity of the nation-state, and the presidency is a vital part of the Parliament. Pakistan is subdivided into 4 provinces, 2 territories, and 1 capital territory. Each province has a provincial assembly, a directly elected legislature. Members are elected for 5-year terms. Each assembly elects a Chief Minister, who then selects the ministers of his or her cabinet. According to the Constitution of Pakistan, it is the responsibility of the provincial governments to make laws for local governments and hold elections, but there is no full coverage given to local government matters in the Constitution.⁶⁴

Although it contains no detailed explanation of local governments' powers and authorities, the Constitution makes provisions for local government activities. Article 140_A clearly states that every province will devolve administrative, political powers to the respective local governments hence the provincial governments are responsible for framing laws and establishing local governments both for urban

and rural areas within the provinces. The urban local governments include metropolitan corporations, municipal corporations, district municipal corporations, municipal committees, town committees, city district governments, district councils and tehsil/town councils. These local bodies are established under the provincial local acts which differ in many ways in all four provinces of Pakistan.

There is no national law, policy or framework under which resources are directly provided to urban local/city governments. However, under the National Finance Commission (NFC), well-defined formula resources are distributed among provinces every year. The central government does not transfer resources to local governments directly, except for the capital city of Islamabad. On the other hand, the provinces under the Provincial Finance Commission (PFC) distribute resources to urban/city local governments with a different formula. Although there is a specific commission to manage the financial transfer to local government, the practice shows that provinces organise financial transfers to local governments directly without holding annual meetings of PFC, creating a less than transparent mechanism. Generally, transparency is a challenge nationally. The legal and constitutional provisions for ensuring transparency do exist but are not implemented properly.⁶⁵

In terms of taxation, most taxes are levied and managed by the central and provincial governments, especially the major taxes. Local governments administer only a few taxes, resulting in limited sources of local revenue from taxes. On the other hand, local governments have authority to make changes on the tax schedule

64 <http://www.pakp.gov.pk/2013/>

65 <http://www.pbs.gov.pk/>

upon obtaining approval from the provincial government. This schedule is issued by the provincial government which may differ from each category of taxes.

As local governments work under provincial administration, there are no frameworks of reference and strategy for defining qualifications, responsibilities, and training in promoting human resources for local governments. Such regulations can be found at the provincial level, including recruitment, capacity building and promotion mechanisms for municipal staff.

Urban local governments are responsible for city development planning and strategies, but they are bound to consult with parliamentarians from the area and with the district-level bureaucracy. Given this obligation, urban local governments have no independence to develop their planning and other strategies. In the case of large cities, there are parallel bodies, authorities and companies which handle various functions of urban services delivery such as solid waste. There is no mechanism to scale up urban strategy to the national level.

A delegation from Pakistan, headed by the federal minister for climate change, was present in Paris for COP21, and confirmed the country's commitment to significant emissions reduction, by signing the Paris Agreement. In 2016, the National Assembly of Pakistan passed the Pakistan Climate Change Act 2016 under which the Pakistan Climate Change Council and the Pakistan Climate Change Authority shall be established to reduce greenhouse gasses by up to 2 per cent. In the context of the Paris Agreement, the National Assembly also passed the National Energy Efficiency and Conservation Act 2016, and the Prime Minister's Green Pakistan Program was also started. National government does not directly support local government units to work on climate change, however local governments have some functions to deal with climate change issues. Rural local governments are only responsible for promoting plantations in their constituencies, while in big cities under urban local governments, departments have responsibility to control pollution, like the environmental protection agency, the solid waste management authority, water and sanitation, and transport authority.

There is no specific law for local government where it is mandatory for them to ensure participatory budgeting, to incorporate public opinion and to engage citizens in development. Nevertheless, Section 139 of the Local Government Act 2013

states that nothing shall restrict or limit the right of the citizens or residents of a local area to bring any suit or other legal proceedings against any local governments, its officers or other functionaries for violation of his rights provided by any law.

Women's participation in local governance

There are reserved seats for the women in local government, but fewer than the 30 per cent level. In the 2001 and 2005 local government elections, there was a quota of 30 per cent seats for women which was reduced in 2013 by local government ordinances across all the provinces. The country is rated 2 as the national provisions on temporary special measures for women/'quota system' at local level meet at least one of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS

With the score of 22 out of 44, Pakistan is making moderate progress towards developing an adapted enabling environment for cities and local governments. Based on the scoring against criteria, three key areas for reform are:

- Given limitations on tax generation, local government should be able to raise finances and implement carrot and stick policies eg. imposition of fines for parking, noise offences, etc. Such acts will increase local revenue, act as a deterrent, and establish the prestige of local governments and representatives. However, any revenue obtained by local governments should be subject to stringent audit for accountability and transparency.
- Development of a national urban strategy is a priority given the availability of authentic data from the 2017 census. Efforts to create this national strategy should be started by creating specific policies related to housing under the Housing and Town Planning Agency (PHATA) and the Housing, Urban Development & Public Health Engineering Department.
- Although the capacity building mechanism of local government is available at the provincial level, a general framework at the country level is also essential. It will provide guidelines for the provinces to determine the qualifications, responsibilities, and training to promote human resources for local governments. The country level framework should also include the social linkages between local governments and society.

The Constitution makes explicit mention of local governments as spheres of governance, detailing their recognised roles and responsibilities.

4

All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place.

4

Local assemblies and executive bodies are elected throughout the country.

4

The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).

3

Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets.

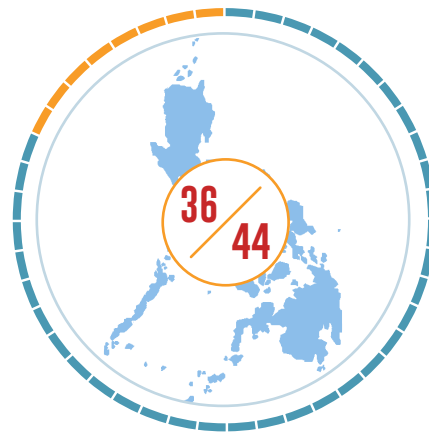
2

There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments.

2

PHILIPPINES

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied.

4

National legislation on citizen participation exists and is applied.

4

There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.

3

A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking.

3

Country's international commitments for environmental protection and promotion recognises the importance of urban areas and positive role of LGUs in implementation.

3

Explanation of the Rating

The Philippines is one of the world's largest archipelago nations with more than 7,641 islands, off the southeast coast of Asia. It is bounded by the Pacific Ocean to the east, the Bashi Channel to the north, and the Sulu and Celebes Seas to the south. Its islands are classified into three main geographical areas: Luzon, Visayas, and Mindanao, with a land area of 300,000 km². The total population is approximately 101 million with 44 per cent is living in urban areas. The urbanisation rate is at 1.3 per cent (annual rate of change 2010-2015) and by 2050 the population is projected to increase to 84 per cent urban.⁶⁶

A republic with a centralised and presidential system of government the Philippines has three branches of governance: executive, legislative and judicial. Tiers of government in Philippines comprise of national, provinces, and local, including cities, municipalities and barangays. Mentioned in the Local Government Code and Article X of the Philippine Constitution, local government "shall enjoy local autonomy" and the Philippine President shall exercise "general supervision."⁶⁷ The Mayor is the head of the local development council. Congress enacted the Local Government Code in 1991 which provides for a more responsive and accountable local government structure instituted through a system of decentralisation with effective mechanisms of recall, initiative and referendum; allocation

of the power, responsibilities, and resources among different Local Government Units (LGUs); and specify the qualifications, elections, appointments and renewal, term, salaries, powers and functions, and duties of local officials and other matters relating to the organisations and operation of local units. All local assemblies and executive bodies are elected every 3 years as explained under the 1987 Philippine Constitution and the Philippine Election Law.

Given the mandate of local government in the Constitution, LGUs have authority to enact their own local revenue code and local investment and incentive code as a basis for their revenue generation and collection. This fiscal autonomy is governed under Local Government Code, Book II Title 1 Chapter 1. Furthermore, within similar regulation, cities can impose tax on the transfer of real property ownership (Section 135), tax on business (Section 136), franchise tax (Section 137), tax on sand, gravel, and other quarry resources (Section 138), professional tax (Section 139), amusement tax (Section 140). Local governments have authority to determine existing tax base and rates, but the setting of new taxes and accessing loans and financial markets are done by central government.⁶⁸

In addition to taxes, local governments also receive financial transfers from the national government. Addressed in Section 285 of 1991 LGC, local government may receive some allocations from

⁶⁶ Achieving Sustainable Urban Development – Philippines Project Brief Brochure (<http://unhabitat.org/achieving-sustainable-urban-development-philippines/>)

⁶⁷ Local Government Code of 1991

⁶⁸ Philippine Statistics Authority. (31 March 2017). Provincial Summary: Number of Provinces, Cities, Municipalities and Barangays per Region. Philippine Standard Geographic Code. Official Website of Philippine Statistics Authority. Retrieved on August 10, 2017 from <http://nap.psa.gov.ph/activestats/psgc/SUMWEBPROV-MAR2017-CODED-HUC-FINAL.pdf>

the national government based on a specific formula depending on population, land area, and equal sharing. Nonetheless, the transfer of resources is done conditionally depending on the eligibility of the LGUs. The use of Internal Revenue Allotment (IRA), for instance, is being guided by national government circulars to allocate funds to specifically grouped programs, eg, 20 per cent for development funds, 5 per cent for Disaster Risk Reduction Management (DRRM) funds, and 5 per cent for Gender and Development funds.

The Philippine Government agencies are mandated by governing laws and regulations to monitor, assess and evaluate LGU performance and management, such as: The Commission on Audit—the supreme audit institution of the government; the Department of Interior and Local Government–Seal of Good Local Governance (SGLG) for assessing the LGU's local governance performance and management; the Civil Service Commission–personnel management; and the Department of Budget and Management (DBM)–budgeting procedure.

Support for local performance, development and maintenance of a high level of employee performance is a primary concern of government. It is government policy that a continuing program of employee training, supervisory, career and executive development be established under the leadership of the Civil Service Commission for all government personnel at all levels. Each department, bureau, office or agency shall have the appropriate training staff and shall establish its own in-service training programs in accordance with the standards laid down by the Commission. The Commission may request technical assistance for government training programs from the Budget Commission, the Institute of Public Administration and other professional and technical organisations. At local government level, the Local Government Academy handles the capacity-building program for mayors and other local chief executives. However, there is no national strategy for dealing with capacity building for all local government officials and staff. The training program is handled by specific Human Resource Departments in each city.

There is a national urban strategy, but it lacks technical steps to aide implementation. Currently, the National Urban Development Housing Framework is available, guiding local governments to plan development in a rapidly urbanising world. The Habitat III Report of the Philippines mentioned the Philippine Urban Agenda which envisions better, greener, smarter cities in an inclusive Philippines. Nevertheless, translating these plans and agenda into action items is still lacking, particularly at the local level.

As the country is prone to disaster, the Philippine Government has national laws mandating every LGU to provide and prepare long- and medium-term plans on environmental protection and promotion, mainstreaming climate change and disaster risk reduction (Solid Waste Management Plan, City Disaster Risk Reduction and Management Plan, Forest Land Use Plan, Coastal Resource Management, Local Climate Change Adaptation Plan, etc.). The national government, through its environmental protection cluster, is doing its best to build capacity in LGUs on Disaster Risk Reduction Management-Climate Change Adaptation (DRRM-CCA). The amended law led to the introduction of the People's Survival Fund (PSF), which has a national budget allocation for adaptation needs of local communities and local governments.

The 1987 Philippines Constitution and Local Government Code of 1991 (RA 7160), embodies citizen participation, such as NGOs, CSOs, POs, in local governance as an alternative strategy for sustainable growth/development. Citizen participation is manifested in some mandated local special bodies eg. the Local Development Council, the Local Peace and Order Council, the Local Health Board, the Local School Board, Prequalification, Bids and Awards Committee. Citizen participation in the budgeting process is a good example of the Bottom-Up Budgeting Program, a national program to empower people/citizens in identifying and implementing poverty reduction projects with LGUs.

Women's participation in local governance

Philippines promotes women's participation in government. Embodied in the Magna Carta of Women (RA 9710) Chapter IV "Rights and Empowerment," Section 11: Development Councils and Planning Bodies is that a quota be available to ensure the participation of women in all levels of development planning and program implementation, with at least forty per cent membership of all development councils at the regional, provincial, city, municipal, and barangay levels. Given this, the country is rated for 3 as the national provisions on temporary special measures for women/'quota system' at local level meet at least two of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS

With the score of 36 out of 44, Philippines is making moderate progress towards an adapted enabling environment for cities and local governments. Based on the scoring against criteria, three key areas for reform are:

- Legislation on capacity building for local government.
- Capacity for setting up local taxes.

The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.

3

All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place.

4

Local assemblies are elected, but executive bodies are appointed.

2

The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).

3

Local governments have total autonomy to determine tax base, rates and fees, and to collect the corresponding revenues; access to financial markets is allowed.

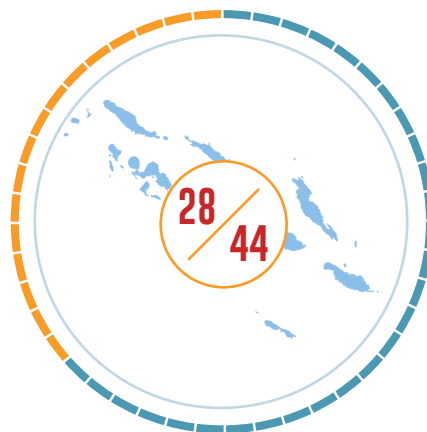
4

There is no national framework of reference defining the qualifications and responsibilities of local government staff and no national strategy for training and promoting human resources in local governments.

1

SOLOMON ISLANDS

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



3

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed.

1

There is no national legislation on citizen participation, and no locally organised space for dialogue and consultation.

3

There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.

2

National reflection on urbanisation is underway, but an urban strategy has not yet been defined.

2

Country's international commitments for environmental protection and promotion exist but does not recognise the importance of urban areas and positive role of LGUs in implementation.

Explanation of the Rating

With a total population of 650,000 in 2015, the Solomon Islands is a Constitutional Monarchy with three tiers of government: national, provincial and local. The Constitution specifically mentions sub-national government and the main legislative texts for local government include the Local Government Act 1996, the Provincial Government Act 1997 and the Honiara City Act 1999.⁶⁹ The Minister for Provincial Government (MPG) has responsibility for the provinces, while the Minister for Home Affairs has responsibility for all other local government. The Honiara City Council (HCC) has sole responsibility for trade, business licences and waste management, and shares responsibility with the provincial and central governments for regulation and conservation.⁷⁰ Key national ministries related to urban development are: the Ministry of Development, Planning and Aid Coordination, the Ministry of Lands, Survey and Housing, the Ministry of Infrastructure and Development, the Ministry of Commerce and Industry.⁷¹

⁶⁹ Constitution of Solomon Island

⁷⁰ Honiara City Act 1999 – link – <http://www.paclii.org/>

⁷¹ www.mecdm.gov.sb

Honiara City Council members are elected for 4-year terms under the first-past-the post system. The council is headed by a mayor, indirectly elected by the councillors. The HCC has 20 councillors, 12 elected councillors (each representing a ward), four members appointed by the minister, three members of parliament who represent Honiara and the premier of Guadalcanal province (the island on which Honiara sits). The 12 elected councillors are elected through a ward voting system on a first-past-the-post basis for 4-year terms. The mayor is elected by and from the full 20 councillors. Members of the nine provincial councils are also elected through the single ballot box system.

The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level. The financial transfer from central government to HCC is in the form of annual Specific-Purpose Grants and the Unconditional Main Service Grant of a fixed amount. The HCC applies for the grant on a quarterly basis. The transfers are spent against the budgeted activities/annual work plans approved by central government. Provincial governments receive subsidised funding from the central government on a quarterly basis upon receiving satisfactory acquittals from

the provincial governments on their spending as per budgets. The service grants are basically to finance the operation costs of provincial governments which comprise the salaries of those directly employed, road maintenance, libraries and provincial shipping.

As stipulated under the Honiara City Act 1999 there shall be established under this Act for the purpose of administration of Honiara City a body to be known as Honiara City Council.⁷²

- The HCC performs the functions provided for in the Act and for such purposes imposes fees, rates and charges by ordinance.
- The HCC may charge fees for any service or facility provided by the HCC or any license or permit issued by it under the provisions of the Act or of any Regulations or Ordinance.
- The HCC is an autonomous body empowered by the Honiara City Act 1999; its decisions therefore are made independent of the national level.

Honiara City Council accounts are required to be audited annually by the Auditor General, tabled before the full council and forwarded to the Minister for Home Affairs for parliamentary scrutiny. Other bodies empowered by legislation to provide independent scrutiny include the Ombudsman, the Ministry for Home Affairs and the Leadership Code Commission.

The Solomon Islands submitted its INDC prior to the Paris Agreement in 2015. There is no specific mention of mitigation or adaptation plans for cities or townships. Nonetheless, the country's major renewable energy plans and adaptation plans will have major impacts and improve social and economic activities in urban areas should they be implemented.

Community engagement in the local decision-making process is mostly through ward committees, which are intended to provide two-way feedback via the ward councillor. In practice these committees meet rarely. Discussion with student groups has taken place and various women's groups have sought and been granted extra space in the central market to promote products and ideas.

Women's participation in local governance

There is no specific legislative provision for women's participation at local government level and representation is still a challenge. Given this, the country is rated for 1 as the national provisions on temporary special measures for women/'quota system' at local level meet none of the following:

- No rotation system is applied
- Minimum percentage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS

With a score of 28 out of 44, the Solomon Island is making moderate progress towards an adapted enabling environment for cities and local governments. Based on the scoring against criteria, ten key areas for reform are:

- The Constitution to make explicit mention of local government as an autonomous sphere of governance equipped with legal powers and financial autonomy.
- Local assemblies established around the country with delegate powers and roles to be clearly demarcated from the Provincial Council.
- Dependence on resources from central to local government needs to gradually reduce whilst strengthening the ability for autonomy, in keeping with the principle of subsidiarity.
- Autonomy to set or change base and tax rates while looking at progressive policies for raising municipal revenues to be maintained.
- A national framework of reference for local government to be developed and implemented.
- Rules and legal provisions on transparency to be adhered to.
- Government to ensure there is space for dialogue and consultation through promotion of a participatory culture.
- Regular audits to be assured.
- Urban strategy to be formulated/reviewed.
- The ability of local governments and their partners to improve priority urban environmental services and help reduce poverty to be strengthened.

⁷² Honiara City Act 1999

The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.

3

All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing.

3

Local assemblies and executive bodies are elected, but not necessarily throughout the country.

3

The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).

3

Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets.

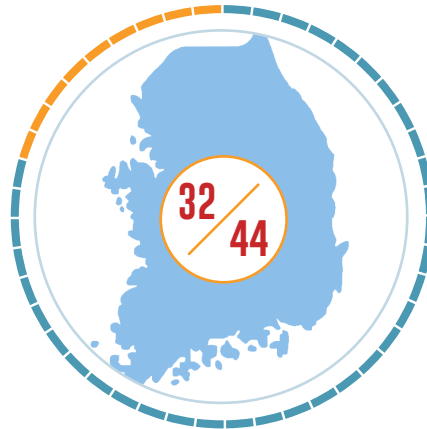
2

There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments.

3

SOUTH KOREA

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



3

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed.

3

National legislation on citizen participation exists but is not applied.

3

There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.

3

A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking.

3

Country's international commitments for environmental protection and promotion recognises the importance of urban areas and positive role of LGUs in implementation.

Explanation of the Rating

South Korea is a state in East Asia and is located on the Korean Peninsula. Bordered by North Korea to the north, Korea's population was 51,696,126 in 2016. South Korea is a Republic with a Presidential System; its official name is the Republic of South Korea. The government has three branches: legislative, judicial, and executive. The President represents the nation and heads the executive branch. The President is elected directly by the people and serves only for one 5-year term. The State Council is the highest body for policy deliberation and resolution in the executive branch. It is composed of 15-30 members including the President, the Prime Minister, the Vice Prime Minister (also the Minister of Strategy and Finance), and the Ministers of the 17 ministries. In terms of hierarchical divisions, the government system has three tiers: the central, provincial and municipal.

South Korea has a two-tier local government structure. The upper-level (regional level) includes provinces and metropolitan cities and the lower-level (municipal) includes rural county (Gun), city and district (Gu). With the inclusion of the Sejong Special Autonomous City in July 2012, the number of upper-level local governments was increased to seventeen (ie. Seoul Special City, Six metropolises,

eight provinces, and Jeju Special Self-Governing Province). The number of lower-level local governments stands at 227 (ie. si/gun/gu).⁷³

The heads of local governments and councillors are directly elected. The term for local government heads is four years, and they can be re-elected for up to three more terms. There is no limit on how many terms a local councillor may serve. The regulation of local government is prescribed in the Local Autonomous Act (LAA); the ministry in charge of local government is the Ministry of Government Administration and Local Autonomy.

Taxes in South Korea comprise national and local taxes. National taxes are divided into internal taxes, customs duties, and three earmarked taxes while the local taxes include province taxes and city and county taxes. Different types of local governments have different tax items. Provinces have four 'ordinary' tax items and two 'objective' ones while cities and counties have five ordinary ones only. The reason why autonomous districts have fewer tax items than cities and counties is because regional efficiency is highly required in metropolitan areas. Only higher levels of local government have 'objective taxes.' The majority of local government tax revenues are from

⁷³ Oh, H. T. (2016) Constitution Lecture, Dong Bang Culture Publisher

'ordinary' ones. The tax office provides principles for local autonomy. Under the principles, local governments are given the right to assess and collect local taxes. Nonetheless, the authority to set up the taxes bases remains with the central government.⁷⁴

The Korean government has implemented various strategies and practices with a view to achieving the policies related to urban reforms, balanced regional development and innovation of the spatial structure of land. In 2003, the government restricted the legal system to ensure no development without territorial planning. Several Acts such as the act on comprehensive development of national territory, national territory utilisation and management act, and urban planning act were combined to produce an integrated and strengthened framework of territorial planning through the establishment of the Act on Planning and Utilisation of National Territory. The Act ensures that plans and policies for the national territory are formulated and executed towards sustainable development and balanced development for higher national competitiveness, quality of life for people, and to be ecologically friendly.⁷⁵

In line with the territorial approach in urban planning, many innovative policies were introduced at the national level. One of them is smart cities or digitalised cities in the form of new sustainable cities which connect energy, water and waste management, advanced transportation, green buildings, land use, and various infrastructures with artificial intelligence and ICT. Additionally, the country is also working to achieve climate smart cities by applying efficiency in connectivity, circularity and resilience of urban systems as well as sustainable job creation and green investment. However, economic development and growth-first policies remain key drivers.

Territorial plans in South Korea have basically three levels: The Comprehensive National Territorial Plan (CNTP), the Province Comprehensive Plan, and the City or County Plan. Besides these principal plans, are various types of regional plans, irregular plans, and sectoral plans, which must be in harmony with the three types of principal territorial plans.⁷⁶

⁷⁴ Ministry of Strategy and Finance, Korea, KOREAN TAXATION, 2012

⁷⁵ Jung, S.S (2015), Urban Planning, Gimungdam Publisher

⁷⁶ Lim, S. H. (2014), PLANNING PRACTICE IN SOUTH KOREA, (paper for a comparative study on national territorial and urban planning systems of South Korea and Peru). (in English)

The City/County Master Plan sets out a 20-year basic spatial structure or long-term development direction as well as guidelines for formulating the City/County Management Plan. All plans should be approved by the Central Urban Planning Committee and the Ministry. Residents and interested parties may propose for the installation, rearrangement or improvement of infrastructure facilities and plans, for the designation of alteration of the District Unit Planning Zone, and the formulation or alteration of the District Unit Plan. Public hearings are a way of collecting opinions from citizens or experts on policy and planning issues of local government. The Act of Planning and Utilisation of National Territory requires that the public hearings be held for both territorial and development planning.⁷⁷

INDC report has been submitted by the government to affirm its commitment to reducing greenhouse gas emissions. Specific policies have also been developed on low carbon development, a roadmap on emissions reduction, a climate adaptation scheme and a masterplan to frame the implementation at a local level. These recognise the role and contribution of local government to the achievement of the country's climate change objectives. However, due to budget and human resource limitations at the local government levels, the environmental policies are not seen as priority in several cities.

Women's participation in local governance

The country is rated 3 as the national provisions on temporary special measures for women/'quota system' at local level meet two of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

⁷⁷ *ibid*

PROPOSED REFORMS

With a score of 32 out of 44, South Korea is making good progress towards an adapted enabling environment for cities and local governments. Based on the scoring against criteria, the key area for reform is to strengthen local authority in setting local taxes bases. Central government can develop a guidelines and framework for local government to work with.

The Constitution is neutral on the question of local governments.

2

All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place.

4

Local assemblies and executive bodies are elected, but not necessarily throughout the country.

3

The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).

3

Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets.

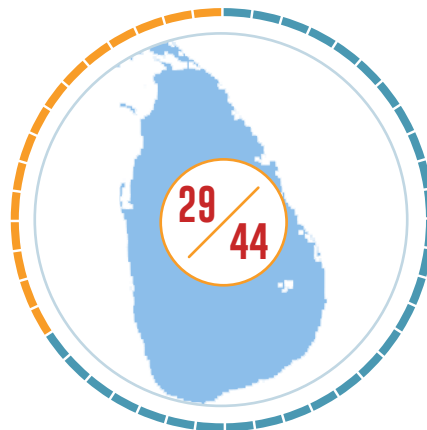
2

There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments.

4

SRI LANKA

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



4

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied.

2

There is no national legislation on citizen participation, but there are locally organised spaces for dialogue and consultation

1

Local government performance is not assessed.

2

National reflection on urbanisation is underway, but an urban strategy has not yet been defined.

2

Country's international commitments for environmental protection and promotion exist but does not recognise the importance of urban areas and positive role of LGUs in implementation.

Explanation of the Rating

Sri Lanka is a unitary state with 9 provinces, 25 districts, and 335 local councils. It is situated close to the southern tip of the Indian Peninsula and is governed by a semi-presidential system. At the time of the 2012 Census, Sri Lanka's population was 20 million with a growth rate of 0.913 per cent; the estimated total population at June 2016 was 21.2 million.⁷⁸ The 13th amendment to the Constitution devolved all powers and functions relating to local government to provincial councils.⁷⁹ However, provincial councils cannot reduce existing powers of the local authorities but can assign additional powers to them.

As provincial councils are mentioned as the second tier of governance, the current Constitution does not recognise local government as a sphere of governance. The Constitution was issued in 1978 before the notion of local government existed in Sri Lanka. Despite the neutral position of the Constitution, it does not implicitly or explicitly restrict the actions of local government. As a result of the ongoing reform of governance, local governments have been

established and are regulated in statutory law of Municipal Council Ordinance, Urban Council Ordinance and Pradeshiya Sabha Act. The country has 23 municipalities, 41 urban councils and 271 Pradeshiya Sabhas. All responsibilities and powers of local governments are clearly written in the laws and in principle do not overlap with the Constitution.

At the local level, the governance system is comprised of the Mayor/Chairperson, Municipal Councils, Urban Councils and Pradeshiya Sabhas (Town Councils). Among them, elections of councillors (assembly) are held periodically. Elections are sometimes curtailed, particularly in the recent past, due to political and regional instabilities, hence, the elections are not held on the same day throughout the country. Mayors and Deputy Mayors, are appointed by the political party which holds most seats in the council. The executives are appointed, as well Municipal Commissioners.

Central government provides financial transfers to local government. A conditional transfer is given to cover salaries for the councillors and staff. They are predictable, have a fixed schedule, are transparent, but are limited to certain expenditure. In determining the amount of grants, criteria are applied based on specific preconditions. Central government also provides

⁷⁸ <http://www.statistics.gov.lk/>

⁷⁹ http://www.satp.org/satporgtp/countries/shrilanka/document/actsandordinance/13th_amendment.pdf

other transfers which are not predictable, which generally do not follow any transparent formula, and which can be used for purposes other than salary.

In terms of local taxes, local governments have autonomy to determine rates but are limited in setting the tax base. They can decide the tax base if they have not collected any taxes which they are entitled to under the local government acts and ordinance. This condition can only be applied upon the establishment of necessary by-laws. Furthermore, power for taxation administration is devolved to the local council to determine the tax rates and levies as per the above legislation. Likewise, local councils also do not have any power to set direct and indirect taxes. Despite the limitation on taxes, local governments have the autonomy to access the financial markets such as deposits and bonds.

All local councils are subject to regular government audits and periodic checks. Investigation officers attached to the office of the provincial commissioners of local government and assistant commissioners of local government are responsible for organising audits of local councils. However, the financial audits are not supported with a robust scheme and procedure, and follow up actions of audit queries often take a long time and are at times not systematically carried out. There is no other mechanism for local performance assessment, aside from financial audits. Central government provides incentives only in the form of awards made to good performing councils based on a certain standard set of criteria. This award is made at a national event to encourage and recognise good governance at local council level.

While there is positive spirit for participatory development processes at the local level there is no specific national legislation for citizen participation. Some local councils apply participatory planning and budgeting processes where citizens are actively involved. To reinforce community involvement, some councils have established citizen committees such as ratepayers' associations and women's committees. The Pradeshiya Sabha has issued an act to legalise community committees and encourage community participation in the development process. Although such regulation is available, community contribution to the committees is not mandatory. Reforms such as making citizen representation compulsory in local council committees is ongoing and will be a consideration in the revision of the local government act.

Despite their clear connection to climate change adaptation, city planning and human settlements have received limited attention in Sri Lanka. At the

country level, a national urban strategy is being prepared by national government ministries and authorities such as the Urban Development Authority and the newly established Ministry of Megapolis and Western Province Development. Capacity to implement the strategy is yet to be defined. Furthermore, whilst an environmental protection plan has been committed to at many international treaties the role that needs to be played by the LGUs has not been adequately recognised. Disaster Risk Reduction (DRR) is done by the national ministry through their provincial and local level organisations and authorities. DRR is not yet properly integrated into or implemented by the local government system.

Women's participation in local governance

The Local Government Elections Act No 01, provides a 25 per cent quota for women in the local council. In addition, the women can contest the elections or come from the mix list that is given on proportionate basis on the total number of seats won. Given this, the country is rated 2 as the national provisions on temporary special measures for women/'quota system' at local level meet at least one of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS

With the score of 29 out of 44, Sri Lanka is making moderate progress towards an adapted enabling environment for cities and local governments. Based on the scoring against criteria, two key areas for reform are:

- Local government performance framework.
- Empowering local governments in DRR implementation program.

The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.

3

All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing.

3

Local assemblies and executive bodies are elected, but not necessarily throughout the country.

3

The transfer of resources to local governments and their distribution among local governments are clear and predictable, according to a transparent formula and without restrictions on how they may be utilised.

4

Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets.

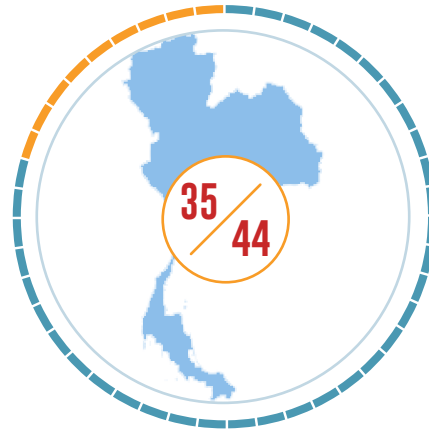
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There is a national framework of reference defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments; so far, this concerns only a few local governments.

3

THAILAND

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



4

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits to be conducted within specified timeframes exist and are applied.

4

National legislation on citizen participation exists and is applied.

3

There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.

3

A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking.

3

Country's international commitments for environmental protection and promotion recognise the importance of urban areas and positive role of LGUs in implementation.

Explanation of the Rating

Known as Siam until 1939, Thailand is the only Southeast Asian country not to have ever been colonised by a European power. A bloodless revolution in 1932 led to the establishment of a constitutional monarchy. The country has switched between parliamentary democracy and military juntas for decades, but all governments have acknowledged a hereditary monarch as the head of state. The population in 2016 was 68.86 million, with an average urbanisation of 2.65 per cent from 2005 to 2015.⁸⁰

Since the political reform of the absolute monarchy in 1932, Thailand has had 19 Constitutions and Charters. The newly drafted Constitution (passed at the national referendum in August 2016) specifies the existence of the local authority. In line with the Constitution, a number of legislations are enacted relevant to the establishment of different kinds of local authorities, human resource management, local elections, demotion of the administration, as well as plans and process for decentralisation. However, some legislative provisions are quite broad and create confusion in implementation. For instance, the overlapping mandates and roles between local governments and central government agencies without clear-

cut demarcation of power create uncertainty, particularly in local service provision. On July 10th, 2014, the National Council for Peace and Order (NCPO) issued an announcement to suspend the election of local administration officials whose terms of service had expired or would soon expire, and issue a new order to select and appoint the interim membership of local councils in the case of their dissolution or retain current executives and local councils.

There are two types of intergovernmental transfers in Thailand: general and specific. The general transfer is made based on a formula, particularly accounted from numbers of registered citizens in local authorities. It is transparent and predictable, and has no restriction on its expenditure. However, government may have a prioritised agenda and provide additional earmarked funds. The specific grant is unpredictable. Local authorities must propose projects to the Department of Local Administration or other related departments. Those projects are generally for specific development purposes such as infrastructure development, education, and health. As there are no explicit criteria for the allocation and success of the grant allocation is uncertain, it is difficult for local authorities to plan effective budgets.

Local governments can determine the rate of the existing taxes but do not have authority to initiate new taxes that are not specified by laws.

⁸⁰ <http://www.thaigov.go.th/>

According to the legislation, local authorities are allowed to access loans for local development projects. However, the proposed projects must be approved by the provincial committees, and the loan arrangements must be approved by the local council and Ministry of Interior.

There are three major ways of auditing local governments in Thailand. First, local authorities are regularly audited on their financial and operational performances by provincial auditors of the Office of the Auditor General of Thailand (OAG). Second, the Ministry of Interior sets up specific monitoring and measures to audit local governments' expenditures. Third, the Constitution states that local authorities must disclose information and report their annual performances to the public so that citizens can take part in the local auditing process. The Department of Local Administration has carried out the Local Performance Assessment (LPA) since 2007. The LPA annually assesses the performance of all local authorities in four dimensions: management, personnel and council activities, financial management, and public services provision. Independent assessments are sometimes carried out by academia in the form of citizen satisfaction surveys, particularly for large local authorities.

The roles of local governments in environmental protection and promotion have been well recognised in the 20-year National Strategic Plan (2017-2036), the 5-year National Economic and Social Development Plan (2017-2021), and the National Environmental Management Plan (2017-2021). Areas of focus include management of solid waste, wastewater and air quality, carbon footprint reduction, and development of liveable environments. Funding and capacity support to local authorities has been made in these areas. There has also been the Master Plan for Climate Change Mitigation and Adaptation (2015-2050) framing the long-term approaches for different concerned sectors, including the implementation of local governments.⁸¹ The three aforementioned national plans also concern greenhouse gas reduction, enhancing capacities for climate change adaptation, and monitoring and mitigating for natural disasters. However, implementation has been done in only a few large cities, whereas a number of smaller -towns have not participated actively.

The national urban strategy in the 5-year National Economic and Social Development Plan, particularly in the section on regional, urban and economic development designated areas, has been formulated. Each province,

cluster of provinces and local authority is then required to consider the national plan when preparing their local development plans. However, financial and technical arrangements and capacities to implement the plan vary according to resources and budget allocation from the central government. There is a national framework defining the qualifications and requirements of local government personnel and a local personnel development institute under the Department of Local Administration whose mandate includes enhancing the knowledge and capacities of local staff through various training programs. However, some smaller towns do not have adequate resources for personnel development in accordance with the national standards. Citizen participation is clearly stated in the Constitution and subsequent legislation. Also, according to the law, local citizens may access government information, participate in local development planning processes, participate in local performance assessments and have rights to vote in referenda, to sign up for proposing local ordinances and demotion of the executive and local council members.

Women's participation in local governance

The country is rated for 1 as the national provisions on temporary special measures for women/'quota system' at local level meet none of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS

With the score of 35 out of 44, Thailand is making good progress towards an adapted enabling environment for cities and local governments. Based on the scoring against criteria, two key areas for reform are:

- Strengthening local capacity in taxation.
- Establishing relevant laws and regulations to support local government functions.

⁸¹ http://www4.unfccc.int/ndcregistry/PublishedDocuments/Thailand%20First/Thailand_INDC.pdf

The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.

3

All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing.

3

Local assemblies are elected, but executive bodies are appointed.

2

The transfer of resources to local governments and their distribution among local governments are clear and predictable, according to a transparent formula and without restrictions on how they may be utilised.

4

Local governments have some latitude to determine rates for existing taxes, but the central government is responsible for setting the tax base for existing taxes, creating new taxes, and accessing loans and financial markets.

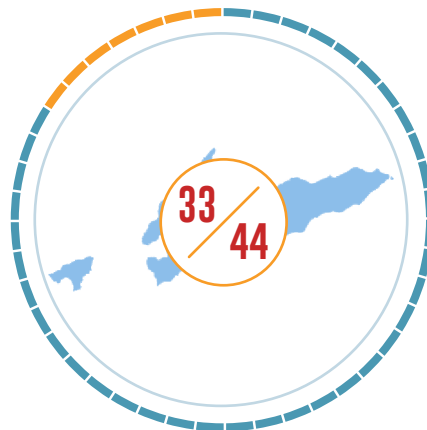
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There is a national framework of reference defining the qualifications and responsibilities of local government staff, or a national strategy for training and promoting human resources in local governments; but they concern only a few local governments.

2

TIMOR LESTE

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



3

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed.

4

National legislation on citizen participation exists and is applied.

4

There is legislation on measuring local government performance, and performance is assessed by independent bodies.

2

National reflection on urbanisation is underway, but an urban strategy has not yet been defined.

4

Countries where city level action for environmental protection and promotion, including climate change and disaster risk reduction, are integrated into countries' international commitments with funding and capacity support committed for cities to drive national implementation, and with codes and standards in place at city level for disaster risk management and climate risk mitigation.

Explanation of the Rating

Timor-Leste is a country with a three-tier governance structure including national/central, municipalities/administrative districts, and suco councils, the smallest local government. There are 12 municipalities (formerly districts), one special region administrative Oecusse-Ambeno and 67 sub-districts. Historically, colonialists divided the administrative districts into sub-districts (posto), villages (suco), and hamlets (aldeias), and appointed suco chiefs and aldeia chiefs to act as conduits to the local population. Nowadays, sucos, one of the smallest political units in Timor, can range in population size from 54 (Caicua, District Baucau) to 65,404 (Comoro, District Dili).⁸² Suco councils play a major role in local government service provision through articulation and representing community concerns and transmitting important feedback to the District Administration/Administrative Town as well as to the line ministries' representative offices based in the districts/municipalities. It is the smallest political level governance but is recognised as the most important local government entity to the majority of Timorese citizens regarding relevance to their daily livelihood. However, most sucos operate with minimal support from the centralized Dili government. Most local governments, especially sucos, currently lack the necessary support, services or resources from centralized institutions to fully perform according to their mandate.⁸³

The Ministry of State Administration is the central government body responsible for the design, execution, coordination and assessment of policy defined and approved by the Council of Ministers for the areas of local government and administrative decentralization. The ministry also functions to raise policies of local and rural development, reduce social and economic inequalities in cooperation with other governmental bodies as well as manage urban development, cities, and towns at the municipal level.⁸⁴

Income tax and other taxes in Timor Leste are imposed by the Taxes and Duties Act 2008; these taxes include income tax, wage income tax, withholding taxes, income not subject to withholding tax, services tax, registration requirements, payment of taxes, due dates for payments, income tax instalments, requirement to lodge an annual income tax return, and other taxes (import duty and sales tax, excise tax administered by the Timor Leste Customs Service). Urban local bodies are responsible for levying local taxes such as municipal, property taxes and any other as listed on Democratic Republic of Timor-Leste Taxes and Duties Act, Decree Law no. 8/2008.⁸⁵

Three district offices are responsible for administering the taxation system: Dili, Baucau and Maliana district offices. The Dili District Office is responsible for administering the taxation system in the districts of Dili, Liquiça, Ermera and Aileu. The Baucau District

⁸² The Asia Foundation. (2012). Local Governance in Timor-Leste. Retrieved from <https://asiafoundation.org/resources/pdfs/TimorLesteLocalGovernance.pdf>

⁸³ ibid

⁸⁴ Government of Timor-Leste. (2017). Council of Ministers of the VI Constitutional Government. Retrieved from <http://timor-leste.gov.tl/?p=13&lang=en>

⁸⁵ Ministry of Finance. (2017). Taxes and Duties Act, Decree Law No. 8/2008. Retrieved from <https://www.mof.gov.tl/about-the-ministry/organisation-structure-roles-and-people/generals-directorate/general-diretore-of-revenue/national-directorate-of-domestic-taxes/?lang=en>

Office is responsible for administering the taxation system in the districts of Manatuto, Baucau, Lospalos, Viqueque. The Maliana District Office is responsible for administering the taxation system in the districts of Bobonaro, Covalima, Manufahi, Oecusse. These District Tax Offices are responsible for the day-to-day administration of the taxation system in Timor-Leste, which is done through the Domestic Tax Directorate/ Domestic Revenue Directorate. Work is underway on a project development objective for Timor-Leste to support Domestic Revenue Mobilization (\$348,000) and to provide just-in-time service for improving the tax regulatory framework as well as preliminary capacity building in support of the government's domestic revenue reform program.⁸⁶

In Part III of the Constitution of Democratic Republic of Timor Leste, about Organisation of Political Power, Title I – General Principles, Article 72 (Local Government) Section 1-2, outlined: Section 1. Local government is constituted by corporate bodies vested with representative organs, with the objective of organising participation by citizens in solving the problems of their own community and promoting local development without prejudice to participation by the State. Section 2. The organisation, competence, functioning and composition of the organs of local government shall be defined by law.⁸⁷

Organs of sovereignty and local government are formed through an election process. The election process is chosen by free, direct, secret, personal and regular universal suffrage, and is stated under Section No. 65 of the Constitution of DRTL. Based on the Government Act of the Republic of Timor-Leste No.11/2009, 7 October, Article 28 states that the organs of local government and their organisation and election shall be determined by the law of local government and by the municipal electoral law.

Timor-Leste has not yet established any Act or key mandates for city or urban planning. However, it is stated in Strategic Development Plans (SDP) 2011-2030 that Timor-Leste will establish the National Planning Framework that will underpin Timor-Leste's development, especially in rural and urban development.⁸⁸

Timor-Leste's INDC were presented at COP22 and approved by UNFCCC in 2017. Timor-Leste's contributions are in the form of potential outcomes and actions in the covered sectors to promote sustainable development. The country has a target for emissions reduction, through activities in sectors including transport, agriculture, forestry and energy.⁸⁹ The national implementation of

multilateral environmental agreements related to climate change and disaster risks are implemented not only at city or urban levels, but in rural and remote areas. Climate change adaptation is funded by multilateral agreements which have been ratified in the country. Specifically, for Community-Based Disaster Risk Management, the Ministry of Social Solidarity has produced a guideline within the Timor-Leste Disaster Risk Management Handbook to be implemented at national and local levels. The handbook has been applied by regional governments to manage disaster risk reduction.

Participation by citizens in political life is stated in Section 63 and 6 of the Constitution. The direct and active participation by men and women in political life is a requirement of, and fundamental instrument for, consolidating the democratic system. Furthermore, the law shall promote equality in the exercise of civil and political rights and non-discrimination on the basis of gender for access to political positions. The Timorese legislative process has been reinforced through the use of public consultation mechanisms. Timorese people have been promoted in participation in the law-making process. It is an ongoing mechanism where public consultation and participation by citizens will be an important key aspect to the successful implementation of the country's strategic development plan.

Women's participation in local governance

The country is rated 4 as the national provisions on temporary special measures for women/ 'quota system' at local level meet all of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS:

With the score of 33 out of 44, Timor-Leste is making good progress towards an adapted enabling environment for cities and local government. Based on the scoring against criteria, two key areas for reform are:

- Article 72.2 of the taxation law is clear. However, there is still a lack of regulation to enforce local government capacity to generate revenue from taxes, loans and financial markets. Most of the revenue from taxes, loans and financial markets remains centralised with the central government, because of a lack of implementation.
- Given the less urbanised country, an urban strategy is still missing. Nonetheless, as the urbanisation rate continues to increase, a strategy is needed to better prepare for the development, in line with the Timor-Leste Strategic Development Plan. Explanation of the Rating

⁸⁶ The World Bank. (2016). Annual Report 2016. Retrieved from <http://siteresources.worldbank.org>

⁸⁷ Constitution of RDTL - ENG

⁸⁸ Government of Timor-Leste (GoTL). (2011). Timor-Leste Strategic Development Plan 2011-2030. Retrieved from <http://www.timor-leste.gov.tl/Timor-Leste-Strategic-Plan-2011-20301.pdf>

⁸⁹ Ministry of Commerce, Industry and Environment. (2016). Intended Nationally Determined Contributions (INDC) Timor Leste [Report]

The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.

3

All responsibilities and powers are clearly defined in accordance with the Constitution, and the relevant statutory laws and regulations are in place.

4

Local assemblies and executive bodies are elected throughout the country.

4

The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).

3

Local governments have some latitude to determine existing tax base and rates, but the central government is responsible for setting new taxes and accessing loans and financial markets.

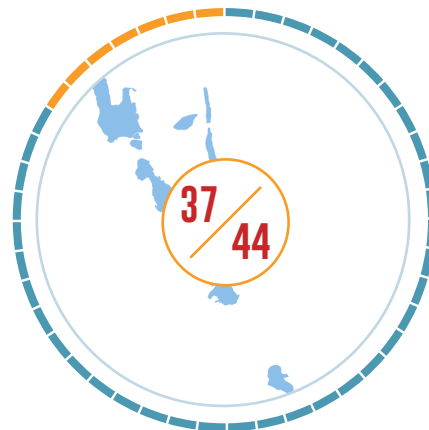
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There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments.

4

VANUATU

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



3

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist but are not systematically followed.

3

National legislation on citizen participation exists but is not applied.

3

There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.

3

A clear national urban strategy exists, but the financial and technical arrangements and capacities necessary to implement it are lacking.

4

Countries where city level action for environmental protection and promotion, including climate change and disaster risk reduction, are integrated into countries' international commitments with funding and capacity support committed for cities to drive national implementation, and with codes and standards in place at city level for disaster risk management and climate risk mitigation.

Explanation of the Rating

Vanuatu (formerly called the New Hebrides) is a nation and group of islands in the South Pacific Ocean. It is composed of over 80 islands with 2,528 kilometres (1,571 mi) of coastline. Vanuatu has an estimated population of 270,000 in 2016, up from the 2009 census figure of 243,000. The country is not densely populated, with 22.2 people per km².⁹⁰

There are two tiers of government in the Republic of Vanuatu: Central and state local government. Local government and decentralisation are both enshrined in the Constitution 3a. Section 82 states that: 'the Republic of Vanuatu, conscious of the importance of decentralisation to enable the people to fully participate in the government of their Local Government Region, shall enact legislation necessary to realise that ideal'. Section 83 provides 'for the division of the Republic of Vanuatu into Local Government Regions and for each region to be administered by a Local Government Council on which shall be representatives of custom chiefs'.⁹¹

Local government can raise revenue through user fees (rates, market fees, business licenses and parking meters) and property taxes, and have the autonomy to utilise the funds. Currently funds are divided equally between the six provincial governments, regardless of their population size, lack of infrastructure, remoteness, or difficulty faced by each local government.

⁹⁰ <https://vnso.gov.vu/>

⁹¹ Government of the Republic of Vanuatu: Decentralisation Act 1994 [Cap 230]

The main legislation for all authorities are the Decentralisation Act (Cap. 230) and the Municipalities Act (Cap. 126). The Decentralisation Act makes provision for the decentralisation and establishment of local government regions and for connected matters, such as composition, name and duties of local government councils, terms of office of members of local government councils, Part 3b – officers and staff, Part 3c – powers and duties of councils, Part 3d – inquiries and suspensions, Part 5 – powers of local government councils to make by-laws, Part 6 – allowances, Part 7 – funding of local government councils, Part 7a – accounts and audit, Part 8 – local government council budget, Part 8a – decentralisation review commission, Part 9 – miscellaneous and transitional provisions. Meanwhile, the Municipalities Act provides for the establishment of municipalities, elections to municipal councils, the duties and powers of municipalities and other matters related thereto such as the term of office and election of councillors, meetings of councils and committees, officers and staff, land, streets and public places, by-laws, revenue and expenditure, inspection, disallowance, surcharge and suspension.

Under Section 5 of the Decentralisation Act Cap 230, each local government council shall be composed of elected members and appointed members. The public service commission shall appoint a fit person, who is a public servant, to be secretary and a fit person, who is a public servant, to be accountant for each local government council.

Under Section 2 of the Municipalities Act [Cap 126], a municipality is established by the minister responsible for municipalities and Section 4 prescribes by Order the number of councillors to be elected in respect of each ward. A council shall appoint, subject

to the approval of the minister, a fit person, not being a councillor, to be clerk upon such terms and conditions as it may determine. The clerk shall be the chief officer of the council and shall have the charge and custody of and be responsible for all books, records and other documents of the council. The clerk may, subject to the general directions of the council, exercise the powers of the council, and all acts done by him in the exercise of such powers shall be considered to have been done by the council.⁹²

Vanuatu has a total of 99 provincial councillors, 40 municipal councillors and three mayors. Councillors are also elected through an open constituency system period of four years under Section 7 of the Act. There is no ward system.⁹³

The Constitution demands participation of the citizens but this has not been applied. Currently Vanuatu is working to involve communities through community action planning and budgeting. The community should inform development of local government strategic plans.⁹⁴ Reserved seats for women are used in municipal elections and in provincial governments where women are appointed to a seat in council meetings, like area councils where women are appointed to represent them in area council meetings.

Vanuatu submitted INDC at COP 21 which addresses priority programs and sectors to be implemented in reducing emissions. To ensure smooth implementation, the Council of Ministers has recently endorsed a planning guide which serves as a risk informed planning, budgeting and monitoring guideline for local governments. The Republic of Vanuatu is currently conducting training for local governments on how to use the guideline so that climate change and environmental protection can be embedded in the planning process. This initiative is incorporated in the country's international commitment with necessary funding and support.

⁹² Government of the Republic of Vanuatu: Municipalities Act 1980 [Cap 126]

⁹³ Government of the Republic of Vanuatu: Local Government Constituencies Order 19 of 2000

⁹⁴ Government of the Republic of Vanuatu: Vanuatu National Statistics Office, Ministry of Finance and Economic Management; <https://vnso.gov.vu/>

Women's participation in local governance

The country is rated 1 as the national provisions on temporary special measures for women/'quota system' at local level meet none of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS

With the score of 37 out of 44, Vanuatu is making good progress towards developing an adapted enabling environment for cities and local government. Based on the scoring against criteria, twelve key areas for reform are:

- Resourcing and capacity to be strengthened at local government level to ensure effective and efficient implementation of roles and responsibilities.
- Local democracy to be maintained at all costs since it is a fundamental requirement for effective decentralisation.
- Autonomy to be maintained and subject to capacity strength and good governance, dependence on resources needs to gradually reduce whilst strengthening the ability for autonomy in keeping with the principle of subsidiarity.
- Local government autonomy to be maintained.
- Continuous review of the national framework of reference that applies to all local governments in the country to keep it updated to international best practice.
- Rules and legal provisions on transparency in the running of local governments to systematically be followed to ensure good governance.
- Government to continue to ensure there is space for dialogue and consultation through promotion of a participatory culture.
- Leadership and management systems with government support need to be strengthened to ensure good overall performance of local governments.
- Support for the Republic of Vanuatu national urban strategy to be continued.
- The ability of local governments and their partners to improve priority urban environmental services and help reduce poverty to be strengthened.
- Environment and climate change governance to be included in all planning for local governments.

The Constitution makes explicit mention of local governments, but their responsibilities are defined by legislation.

3

All responsibilities and powers are clearly defined in accordance with the Constitution, but some relevant statutory laws and regulations are missing.

3

Local assemblies are elected, but executive bodies are appointed.

2

The transfer of resources to local governments and their distribution among local governments are clear and predictable, with utilisation determined at the national level (conditional transfers).

3

The central government defines and collects local government revenues.

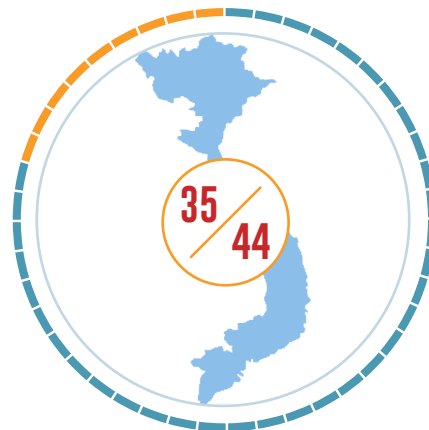
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There is a national framework of reference that applies to all local governments in the country defining the qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments.

4

VIETNAM

ENABLING ENVIRONMENT RATING FOR CITIES AND LOCAL AUTHORITIES:



4

Rules and legal provisions on transparency in the running of local governments requiring regular, independent audits be conducted within specified timeframes exist and are applied.

4

National legislation on citizen participation exists and is applied

3

There is legislation on measuring local government performance, but performance is assessed by the authority responsible for supervising local governments.

4

A clear national urban strategy exists, along with the financial and technical arrangements and capacities necessary to implement it.

4

Countries where city level action for environmental protection and promotion, including climate change and disaster risk reduction, are integrated into countries' international commitments with funding and capacity support committed for cities to drive national implementation, and with codes and standards in place at city level for disaster risk management and climate risk mitigation.

Explanation of the Rating

Vietnam is the easternmost country on the Indochina Peninsula in Southeast Asia. With an estimated 92.7 million inhabitants as of 2016, it is the world's fourteenth most populous country and the eighth most populous Asian country. Key ministries are: Ministry of Construction, Ministry of Planning and Investment, Ministry of Finance, Ministry of Industry and Trade, Ministry of Labor, Invalids and Social Affairs.⁹⁵

Local government in Vietnam is mentioned in the 2013 Constitution.⁹⁶ Specific regulation to define the organisations of local government is issued under the National Assembly of Vietnam (Law No. 77/2015/QH13).⁹⁷ According to law, local governments have authority to manage some functions in line with decentralisation as mandated by the Constitution. In Vietnam, local assemblies are elected nationwide, but the chairman/chairwoman and some positions of local governments are appointed. All types of taxes are decided by the national government and local governments are responsible for implementing the decisions on these taxes. Tax regulations are made by Central Government. In accordance with the 2015 Budget Law issued by the National Assembly, local government can collect and retain some taxes for local use.

⁹⁵ <https://moha.gov.vn/>

⁹⁶ From Article 110 to article 116 of the Chapter IX: Local government of the Constitution of Vietnam published on 28 November, 2013

⁹⁷ <https://thuvienphapluat.vn/van-ban/Bo-may-hanh-chinh/Law-No-77-2015-QH13-organising-the-local-Government-284413.aspx>

The qualifications and responsibilities of local government staff, and a national strategy for training and promoting human resources in local governments are clearly defined in local government law as well as in pursuant to Decree 24/2014/ND-CP dated 4th April 2014 by the Government, on regulating the organisational works of specialised agencies under the People's Committee at provincial and central city level and pursuant to Decree 37/2014/ND-CP dated 5th May 2014 by the Government, on regulating the organisational works of specialised agencies under the People's Committee at district, town and provincial city levels.

In accordance with Decree 63/2010/ND-CP dated 8th June 2010 by the government on monitoring administrative procedures, publicising of administrative procedure at agencies, organisations office is compulsory. Public disclosure and transparency is a method to put administrative procedure into effect, facilitate citizens to learn and implement administrative procedures, as well as monitoring government agencies and officials on receiving and handling administrative procedure. The key departments related to urban development are the Department of Construction, the Department of Planning and Investment, the Department of Finance, the Department of Industry and Trade, the Department of Labor, Invalids and Social Affairs.

The key mandates of an urban local body are:⁹⁸

- To organise and guarantee the implementation of the Constitution and the legislation in the locality.
- To decide the locality's issues within the scope of decentralisation and relevant regulations.
- To implement its obligation and power authorised by any State superior administrative agency.
- To inspect, monitor the organisations and operation of the communal-level local governments.
- To be liable before provincial-level local government for the result of implementing obligations and authorities of district-level local governments.
- To decide and implement measures of promoting the ownership of the people and mobilising social resources for construction and socio-economic development, ensuring national defence and security in the district.

The structure of local bodies are as follows:⁹⁹

- District-level People's Committee includes Chairman, Vice Chairmen and Commissioners.
- Grade I district-level People's Committee includes no more than three Vice Chairmen; Grade II and Grade III district-level People's Committee includes no more than two Vice Chairmen.
- Commissioners of the district-level People's Committee include Commissioners who are the leaders of professional departments under the district-level People's Committee, Commissioner in charge of military affairs and Commissioner in charge of Public Security.
- Professional departments under the district-level People's Committee include departments and department-level institutions.

⁹⁸ http://vanban.chinhphu.vn/portal/page/portal/chinhphu/hethongvanban?class_id=1&mode=detail&document_id=180614

⁹⁹ *ibid*

Vietnam submitted its INDC to UNFCCC in 2015. Action for environmental protection and promotion is clearly defined in Law No. 55.2014/QH13 on Environmental Protection. The country also has established a specific National Climate Change Strategy and formed a National Climate Change Committee to reaffirm its commitment in the international discourse of climate change. All regulations highlight the contribution of both national and local governments to support the realisation of the country's environmental goals. Specifically, in environmental law, the rights and obligations of governments, agencies, organisations, households and individuals are well described.

Women's participation in local governance

National provisions on temporary special measures for a women's 'quota system' at local level are clearly defined in the Law on Gender Equity by the National Assembly of Vietnam. This Law prescribes the principle of gender equality in the fields of social and family life, measures to ensure gender equality, responsibilities of agencies, organisations, families and individuals in the implementation of the gender equality. Given this, the country is rated 4 as the national provisions on temporary special measures for women/'quota system' at local level meet all of the following:

- No rotation system is applied
- Minimum per centage of women is above 30 per cent
- Quota consists of reserved seats or placement mandates quotas are enforced by law

PROPOSED REFORMS

With the score of 35 out of 44, Vietnam is proceeding towards an enabling environment for cities and local governments. Based on the scoring against criteria, two key areas for reform are:

- Strengthening local authorities' capacity in taxation
- Election for executive local bodies

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