CITYNET

Regional Network of Local Authorities
for the Management of Human Settlements

Effective Participatory Urban Management

ESCAP

UMP-Asia

Proceedings of the Regional Policy Seminar on
Effective Participatory Urban Management
Shanghai, 7-9 November 1996

Effective Participatory Urban Management

Proceedings of the Regional Policy Seminar on Participatory Urban Management Shanghai, 7-9 November 1996

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Regional Network of Local Authorities for the Management of Human Settlements

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Cover photo: *Residents discuss a site layout plan for the redevelopment of their shanty community in a Community Action Planning workshop, with the support of staff from the National Housing Development Authority and Colombo Municipal Council, Colombo, 1993 (M. Hosaka)*

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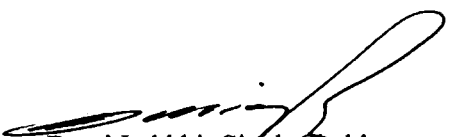
CityNet is also indebted to the Japanese Government and the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) for their financial support under the Japan-ESCAP Cooperation Fund (JECF).

We would like to express our special thanks to Mr. Nathaniel von Einsiedel of the Urban Management Programme for Asia (UMP-Asia) for his key role as a dynamic and lucid facilitator.

Equally important were the contributions of the resource persons, whose knowledge of the subject matter and extensive hands-on experience in various aspects of urban management provided a valuable conceptual framework, as well as offering support for further initiatives and networking in the region. Lastly, CityNet would like to acknowledge the participants themselves, whose eagerness to explore new avenues to meet the needs of their cities and organisations created such a lively and interesting atmosphere during the Seminar.

This report has been compiled by a team comprising Mariko Sato, Annie Hubert and Bernadia Irawati Tjandradewi of CityNet Secretariat. We wish to thank Uwe Lohse of ESCAP/UNCHS for undertaking the revision; and David Yoon, Danelle Boylan, Ceri Edwards and Erwan le Bras for their help with the proof-reading.

This report of the proceedings is intended as a practical guide for planning and preparation of urban policy. We sincerely hope that it will prove useful in urban management and nurture further co-operation among members.



Dato' Lakhbir Singh Chahl
Secretary General

June 1997

ACRONYMS

1. ACHR	Asian Coalition for Housing Rights
2. ADB	Asian Development Bank
3. AIM	Asian Institute of Management
4. AIT	Asian Institute of Technology
5. ATCS	Area Traffic Control System
6. BOLT/BOO/BOT	Build Own Lease Transfer/Build Own Operate/Build Own Transfer
7. BMA	Bangkok Metropolitan Administration
8. CAP	Community Action Planning
9. CBD	Central Business District
10. CBOs	Community Based Organisations
11. CDC	Community Development Council
12. CIF	Capital Investments Folio
13. DDA	Delhi Development Authority
14. ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
15. FIMA	Financial Management
16. GIS	Geographic Information Systems
17. GDP	Gross Domestic Product
18. GLD	Guided Land Development
19. GNP	Gross National Product
20. GTZ	Deutsche Gesellschaft fur Technische Zusammenarbeit
21. HUDCO	Housing and Urban Development Corporation
22. IAP	Integrated Action Planning
23. IHS	Institute for Housing and Urban Development Studies
24. IIMO	Inter-Indonesian Municipalities Organisation
25. IUIDP	Integrated Urban Infrastructure Development Programme
26. JECF	Japan-ESCAP Co-operation Fund
27. JICA	Japan International Co-operation Agency
28. KVUDPP	Kathmandu Valley Urban Development Plans and Programme
29. MCD	Municipal Corporation of Delhi
30. MDF	Muntinlupa Development Foundation
31. MIIP	Municipal Infrastructure Improvement Project
32. MODA	Municipal Development Organisation and Administration
33. MSMD	Management Support for Municipal Development
34. MUDP	Mumbai Urban Development Project
35. NGOs	Non-Governmental Organisations
36. NHDA	National Housing Development Authority
37. NHMFC	National Home Mortgage Finance Corporation
38. ODA	Overseas Development Assistance
39. PDA	Priority Development Area
40. PPCP	Public-Private Community Participation
41. PT	Property Tax
42. SUM	Strategic Urban Management
43. TCDC	Technical Co-operation amongst Developing Cities
44. UCDO	Urban Community Development Office
45. UDLE	Urban Development through Local Efforts
46. ULA	Urban Local Authority
47. UMP	Urban Management Programme
48. UNCHS	United Nations Centre for Human Settlements
49. UNDP	United Nations Development Programme
50. URDI	Urban and Regional Development Institute
51. USAID	United States Agency for International Development
52. WHO	World Health Organisation

I. INTRODUCTION

Background

Cities in the Asia-Pacific region are undergoing rapid and complex economic, social, political environmental and technological change. In the region's current phase of economic development, its cities are increasingly expected not only to solve existing problems, but also to take advantage of the opportunities brought about by development. Faced with these challenges, but only limited resources, urban managers need to act more strategically, if the living conditions of urban dwellers are to be improved. Continuing with "business as usual" will no longer work.

To meet the challenges they face and to bring about the desired changes, local authorities need to work more effectively with partners at other levels of government, local communities and the private sector. Doing so requires exploring innovative and participatory approaches that are effective, efficient, equitable and sustainable.

The Policy Seminar on Effective Participatory Urban Management was held in response to demand from CityNet members to exchange ideas and experiences on innovative approaches, with a view to finding appropriate solutions to existing problems, as well as taking advantage of the opportunities which current developments are creating.

Summary of Objectives and Outcomes

The Seminar provided an opportunity for local government decision-makers to learn from each other in adapting strategic approaches to address various urban problems and challenges in managing their organisations. It introduced the concepts of strategic and participatory approaches to urban management, integrating the techniques of visioning, situation analysis, planning, resource mobilisation, implementation and performance improvement. It also aimed to present specific examples of partnerships and techniques for integrating the ideas and possible contributions of all groups of society into the planning, resource mobilisation and the implementation of urban development.

The proceedings include an overview paper on strategic urban management, issue papers and best practice case studies submitted by participants. Also included are the elements of action plans on effective participatory urban management which were produced by participants and specific to their national situations. These were aimed at forming the basis for action plans for possible future implementation by participating local authorities and institutions.

All materials presented as the outcome of the Seminar are also intended as a platform for further dissemination and transfer across the region.

II. OUTLINE OF THE SEMINAR

Date & Venue

The Seminar was held at Worldfield Convention Centre, Shanghai, People's Republic of China, from 7 to 9 November 1996.

Organisers

The Seminar was organised by CityNet, in collaboration with the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the Urban Management Programme for Asia (UMP-Asia). The Japan-ESCAP Co-operation Fund (JECF) provided financial support. The Shanghai Municipal Government hosted the Seminar and provided local costs.

Participants

Representatives from CityNet-member local authorities in the Asia-Pacific region: Bandung, Bangkok, Guntur, Ho-Chi-Minh City, Kathmandu, Khulna, Kuala Lumpur, Lalitpur, Mumbai, Muntinlupa, Rajshahi, Shanghai, Tansen, Wuhan and Yokohama. A full list of participants is attached in Annex 1.

Representatives from non-governmental organisations (NGOs), national and international organisations: Asian Coalition for Housing Rights (ACHR), Delhi Development Authority (DDA), ESCAP, Urban Community Development Office (UCDO), Inter-Indonesian Municipalities Organisation (IIMO), Government of Nepal/GTZ, Government of Vietnam, Housing and Urban Development Corporation (HUDCO), WHO/Shanghai and the Urban Management Programme for Asia (UMP-Asia).

PROGRAMME

Thursday, Nov. 7	Friday, Nov. 8	Saturday, Nov. 9
OPENING CEREMONY **Introductory comments and welcome addresses** **SESSION 1** **Objectives/expected outcomes** **Overview paper:** Strategic Urban Management **Shanghai papers:** 1. Shanghai's Urban Construction and Management 2. Development, Construction and Management of Pudong New Area 3. Shanghai's Urban Road Traffic Management 4. Construction and Management of Residential Buildings in Shanghai **SESSION 2** **Issue papers:** 1. Project Implementation and Financing 2. Participatory Approaches to Municipal Finance 3. Integrated Urban Infrastructure Management **Best Practice presentations:** **Muntinlupa (Philippines)** **UCDO (Thailand)** **Tansen (Nepal)** **Working group discussions:** 1. Project Implementation and Financing/Participatory Approaches to Municipal Finance 2. Integrated Urban Infrastructure	**TECHNICAL VISITS** Pudong New Area Orient Pearl TV Tower Sanlin Yuan Residential Quarter Everbright City	**SESSION 3** **Issue papers:** 1. Integrated Action Planning 2. Involving Communities (CAP experiences) 3. Protection and Management of the Urban Environment in Shanghai **Best Practice presentations:** **Kuala Lumpur (Malaysia)** **Guntur (India)** **Shanghai (China)** **Working groups:** 1. Integrated Action Planning 2. Involving Communities 3. Environmental Management **SESSION 4** **Plenary** Results of working groups **Brainstorming:** "What is good and what is bad?" **Towards Action Plans** **International agencies: outlook and offers** **Feedback and follow-up** **CLOSING CEREMONY**

A detailed programme is attached in Annex 2

III. OPENING CEREMONY

The Secretary General of CityNet, ***Dato' Lakhbir Singh Chahl,*** in his introductory remarks, welcomed participants and thanked Shanghai Municipal Government on behalf of CityNet for hosting the Seminar. Outlining the background and composition of Citynet, he pointed out the historic significance of returning to Shanghai, site of the inauguration of the CityNet Charter in 1989. Outlining the purpose of the Seminar for the exchange of ideas and experiences, he expressed the desire that participants would make the most of the opportunity to forge lasting relationships.

Mr. Jens Overgaard, Officer-in Charge of the Rural and Urban Development Division of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), in a message delivered on behalf of the Executive Secretary, Mr. Adrianus Mooy, referred to one of the recommendations of Habitat II, the United Nations Conference on Human Settlements, held in Istanbul in June 1996, in which local governments were urged to assume new responsibilities as partners in solving problems of urbanisation. Underlining ESCAP's continuing commitment to promoting dialogue and partnership among key stakeholders in cities, he welcomed the opportunity which CityNet was providing through the Seminar to bring together the mayors and top officials of a number of cities, as well as relevant organisations in the region, and expressed his confidence that the Seminar would come up with concrete recommendations and proposals for future activities tailored to the needs of participating municipalities.

The message expressed appreciation to the Government of Japan for sponsoring the Seminar through the Japan-ESCAP Co-operation Fund, and complimented the Urban Management Programme of the United Nations and the United Nations Centre for Human Settlements on providing technical support for CityNet's efforts to promote new approaches to the provision of basic services and improving local government management.

Mr. Huang Yue Jin, Deputy Secretary General of Shanghai Municipal Government, gave a welcome address, in which he noted the region's rapid economic and population growth and its pace of urbanisation. As the largest city in the region, Shanghai had accomplished much in the area of urban management, with many major construction projects, greater environmental protection and improvements in residents' living conditions. There still remained, however, many fresh problems to face in all of these areas.

Mr. Susumu Ogura, Vice Mayor of Yokohama, then inaugurated the Seminar on behalf of Dr. Hidenobu Takahide, Mayor of Yokohama and President of CityNet. Mr. Ogura thanked participants for attending the Seminar. He also acknowledged the support of ESCAP, UMP-Asia, JECF and Shanghai Municipal Government.

Referring to the key economic role of Asia in the 21st century, he underlined that it was not just Asia's powerful economic development, but also the diverse peoples, religions, cultures and histories of the region that would make their mark on the course of development. The dynamism being demonstrated by Asia would be a leading factor in this development.

Cities in Asia were faced with a whole range of problems and for this reason it was important to hold the Seminar. It was an opportunity to exchange many ideas; there were many issues to be covered in a short space of time. It was, he felt, encouraging to have so many representatives attending the Seminar.

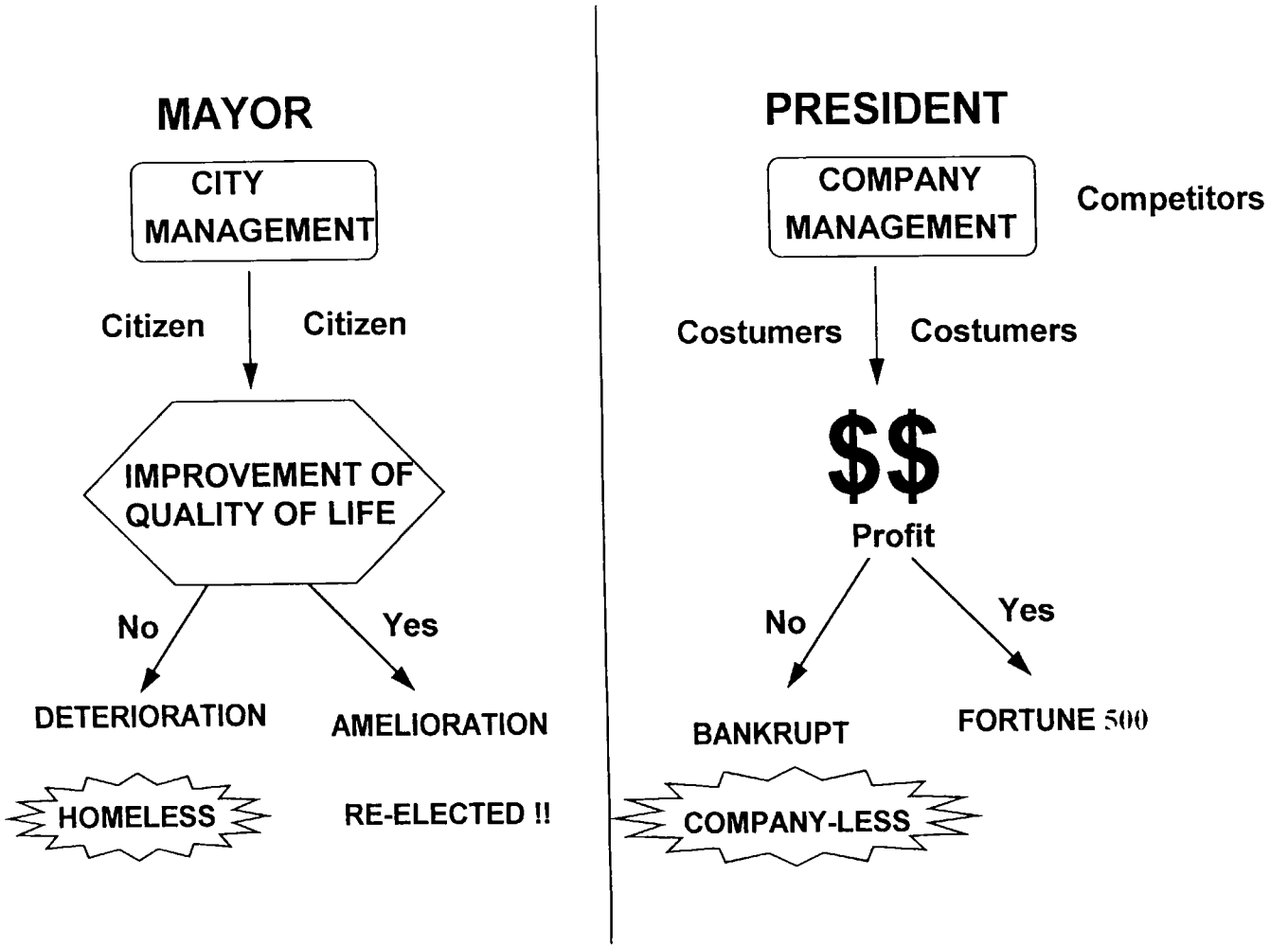
IV. OVERVIEW: Strategic Urban Management

Objectives and Outcomes

Ms. Mariko Sato, Programme Officer, CityNet Secretariat

Ms. Sato referred to the forces affecting urban management, including regulatory, international and national political forces, technological and social developments. In the face of such rapid changes, urban managers needed to be strategic in their thinking and planning.

Although cities were managed with a view to improving the quality of life of their inhabitants, while company management was profit-oriented, it could be argued that there were also many parallels between city and enterprise management. In particular, successfully-managed cities and companies shared an outward orientation, the central element of which was a participatory approach. Such a participatory approach featured institutional co-ordination, awareness-raising and the involvement of communities. She noted that the most successful, sustainable best practices nominated at Habitat II in Istanbul were based on these features. There was, furthermore, a need to approach urban management strategically, and combine this strategic approach with a participatory one.



Company and City Management compared

Overview Paper: Strategic Urban Management

Nathaniel von Einsiedel, Regional Co-ordinator, Urban Management Programme for Asia (UMP-Asia)

The astonishing pace of change and development currently taking place in Shanghai is an instance of the challenges of urban management. Changes and pressures, such as those being experienced by Shanghai, are a feature of economic and social development in the whole region, and are forcing a change in approach to urban management.

These pressures include changing citizen expectations, the growing complexity of issues, increasing costs and declining resources, which are resulting in a range of problems. As an example, Shanghai has attracted a lot of investment to date, but other Chinese cities such as Dalian have recently begun to compete for investment, a factor which only a few years ago, Shanghai's managers did not need to take into account. A case in point of the pace of change is the rapid development of personal communications, where there has been a massive increase in the number of e-mail or cellular phone users over the past two years. Such rapid change is having a profound effect on the way cities are managed.

At the same time, urban managers are experiencing powerful pressures as a result of global trends. Labour, equipment and service costs are spiralling, while resources are declining: grant levels are falling and welfare programmes from central governments are shrinking; assistance from international donors is declining; population pressure is increasing while revenues are decreasing.

The current climate of uncertainty also prevents the continued use of conventional approaches to planning. There is a need to think, plan and manage strategically, in order to deal with rapidly changing situations.

Strategic planning requires that three questions be addressed:

Where do we want to go?

A city government has a mandate, which is accompanied by some kind of mission. However, it is necessary to ***define the mission***, by asking who the clients and what the goals are. Such questions should include: what do we mean by improving the quality of life? What are the problems to be addressed? Who are the clients we most want to serve? What area of the city do we want to give priority for action? What are the gaps between what we would like to do and what we are capable of? Such questions frequently involve highly political issues, such as that of the widespread current emphasis on economic production at the expense of social equity.

It is a common shortcoming of planning departments to try and do everything and in the process, achieve very little. Instead, there should be a clear evaluation of what is important, in order to set priorities for funding. The evaluation must include a clear knowledge of what people are willing to pay for service delivery. Taking the case of solid waste, there are many options, such as incineration or sanitary landfill, each with certain costs. In the case of water supply, individual faucets in houses are desirable, but the cost of supply may be prohibitive. In order to define a city's mission, it is therefore necessary to present the options to those who will finance the service, giving them levels of choice which state the priorities and trade-offs of each option.

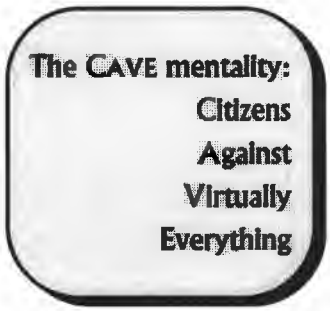
Where are we now?

What are the roles of central government, adjacent municipalities, the private sector and the community in the development of a municipality? To effectively assess the current situation, it is useful to think in terms of: ***strengths, weaknesses, opportunities and threats***; this is in contrast to the widespread assumption on the part of governments that there are no weaknesses.

In the case of strengths and weaknesses, rather than restricting analysis to the city government, it is necessary to take a whole-city approach, including the potential role of the private sector, which can contribute in many ways. Frequently, there are limits set by central governments to the amount of revenue that municipalities can collect. This could, however, also be viewed as an opportunity, as it may stimulate a fresh look at alternative sources of revenue, such as funding by multinational companies.

As well as such factors as natural disasters, threats which urban managers may have to face, analyse and deal with include resistance to change on the part of many groups of urban dwellers.

How do we get there?



Different stakeholders may have their own visions, but it is necessary to have some kind of ***common vision***. A Mayor might envisage his or her city as the next Singapore, but if no-one else is aware of that vision, there is little likelihood that any action will come out of it. A single vision alone is not enough: it is necessary to elaborate a common vision, and develop a plan which takes into account the operational implications of putting the vision into effect.

Many cities have development plans, but these are frequently only prepared by those in government. It is vital to know whether people agree with a plan or not. A way to identify what to focus on is to ask people what is important for them. When charging for service delivery, it is necessary to know and measure the results of plans which have been implemented, including levels of satisfaction with services. Measures must, however, be understandable. For example, monthly take-home pay is more meaningful to ordinary people than GNP.

In the case of human resource development, it is necessary to ask what skills are required and how appropriate staff should be attracted. Human resources development is not simply a question of training: it is necessary to keep staff and avoid losing them to the private sector, a problem affecting many municipalities in the region.

The ***strategy development cycle*** aims to improve results and performance in the way cities are managed.

A problem frequently arises when local authority plans are not related to budgets. Local authority action plans frequently cover a 5- or 10-year period, but because budgeting is on a one-year basis, few authorities actually manage to realise such plans. This is in marked contrast to practice in the private sector, where market pressures force enterprises to adjust rapidly to changing circumstances and the planning period is frequently less than one year. Due to the accelerating pace of change, local authorities are under growing pressure to become much more flexible in the way they manage cities. While long-term plans are still important, ***action plans*** need to be specific, with a short enough time-frame to respond to changed conditions.

A concrete example of effective measurement of the performance and outcome of plans is the process carried out by North Shore City in New Zealand[1], which clearly laid down this process of preparing a strategic plan, community consultation and performance measurement.

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[1] "North Shore City Draft Strategic Plan: a summary booklet" and "Critical Steps in Preparing and Implementing North Shore City Council's Strategic Plan", North Shore City Council Policy and Planning Department, paper presented at 15th EAROPH Planning Congress, Sept. 1996.

The first paper was part of a public consultation process for North Shore City Council, a New Zealand local authority which developed a strategic plan for the first time in 1992; the second, a very thorough and useful explanation of how the City Council went about developing its strategic plan. Both would be practical references for any local authority wishing to develop their own strategic plans.
North Shore City, Private Bag 93500, Takapuna, New Zealand; Tel 64-9-486-8400; Fax 64-9-486-8600.

Action plans should be refocused and refined from time to time as conditions change, but many urban managers face difficulties in doing this, as the organisational structure and staffing pattern of a municipality, once approved, is almost impossible to change, even if conditions change. For example, in the current climate of privatisation of transport systems, many transport departments are finding they lack staff with the necessary skills to successfully negotiate a BOT contract. The best solution in this case would be to restructure staff and recruit the appropriate people.

Strategic management is a way of thinking and doing. It is necessary to establish and sustain a framework for the continuous formulation of strategic actions, including building the capacity of those who will actually implement the tasks involved. It has three strands:

Strategic thinking requires an insight into the inter-relationships between both internal and external conditions in which a municipality operates, as planning will necessarily be affected by such external factors. As an example, Kathmandu City Government needs to take into consideration the influence of adjacent cities in the Kathmandu Valley.

Two construction workers building the Basilica in Florence were asked what their job was. One replied: "I'm cutting the stone that they're using for this building." The second replied: "I'm part of the team that is building the greatest cathedral in the world."

Strategic thinking is also important in team-building: members of an organisation or team need to see what their task is contributing to downstream.

Strategic planning is a systematic way of innovating and integrating priority actions in view of strengths and weaknesses, as well as opportunities and threats. It is a way of looking for new solutions that are results-oriented and performance-based. It is necessary to think of what actions will lead to. For example, tax collection is not an end in itself; on the other hand, a plan to increase revenues in order to expand and upgrade services gives a motivation for improved tax-collection efficiency.

Strategic urban management involves an effective strategy-development process that addresses change systematically by concentrating on critical issues, explicitly considering resource availability, and crafting innovative solutions based on commitment and capacity. It includes the building of capacities for the tasks involved.

Different stakeholders may have their own visions .....

Strategic management has been widely and successfully implemented in the private sector. The same approach can be adopted for the planning of cities, as many are in fact already doing: the Pudong area of Shanghai is an example[2]; the case of UCDO in Thailand is another.

A private company has assets and human resources, which have a quantifiable market value. Similarly, the assets of a city include land, buildings, overseas investments and staff. A successful city government uses its assets to maximum effect in the same way as an effective enterprise. Strategic urban management addresses the question of how to use these assets most effectively to reach the goal of improving conditions in the city.

Best Practice 1

Effective participatory urban management in Thailand: a case study of the Urban Community Development Office

Orajitt Bamrungsakulsawat, UCDO

The aim of UCDO was to strengthen the capacity of the urban poor through credit provision and the improvement of housing, environmental and living conditions. Its principal function was to foster increased and secure income for the urban poor, appropriate housing with secure rights, environmental improvements, and the formation and strengthening of savings and credit organisations. It was intended that, through credit operations and the development of savings groups for income enhancement and environmental improvement, a process of capacity-building and strengthening of community organisations would take place.

The Urban Community Environmental Activities Programme was described was launched as a pilot project early in 1996 to carry out environmental improvements. A feature of the Programme was a requirement that applicant organisations develop a viable project before receiving approval. The Programme also aimed to convince local authorities that the community itself was capable of developing viable projects, with the hope that they would support community initiatives and that such a project development process would in the future become national policy.

As a result of the activities of UCDO, a paradigm shift in beliefs, attitude, principles, concepts and approaches was evident in Thailand. UCDO's initiative had demonstrated that the credit system could be an effective vehicle for strengthening communities and increasing security of tenure for the urban poor. The Office was also acting as an agent of change at national level, and had been proposed as a state enterprise within the 8th National Plan, giving it a far wider future remit and the potential for national coverage.

Summary: Looking to the future

To manage strategically under changing conditions, local authorities need to:

- Capture the benefits of economic globalisation
- Take responsibility for what happens in cities
- Stimulate co-operation between communities and other urban actors
- Co-operate with central government to obtain political and financial support
- Incorporate a new role for the private sector into planning by taking the initiative in project development and financing (e.g. BOT, BOO, BLT)
- Recognise a new role for communities and NGOs; to take a role in organising communities and promoting local authority, private sector and community partnerships

V. LEARNING FROM SHANGHAI

Shanghai Municipal Government made four presentations on urban management in the city. These served as a background to the technical visits made on the second day of the Seminar.

[2] Further examples are cited in the Overview Paper in Annex 3.

In the Plenary Session following the visits, various reactions and comments were made.

Shanghai's Urban Construction and Management
Tan Qi Kun, Deputy Director, Shanghai Municipal Construction Commission

The paper outlined key achievements in the area of construction and highlighted the pace and scale of development currently underway in Shanghai. Major recent and current infrastructure projects in road-building, public transport, gas electricity and water supply, sewage treatment and disposal and communications were outlined, as well as highlighting prestige large-scale construction projects, in particular the development of Pudong. Also of note were city-centre monuments under construction or planned, as well as environmental protection measures, in particular the closing-down and relocation of polluting industries.

Shanghai's reform and globalisation policies underpinned these developments, making possible the opening of the construction market to domestic and foreign initiatives. Shanghai Municipal Government aimed to foster planned development and maximising of resources through administrative and legal reforms and increased public participation, as well as through an emphasis on high-tech solutions.

The city's future urban infrastructure projects aimed to develop air and sea links and facilities, information networks and public transport systems based on a combination of rail and bus services.

Development, Construction and Management of Pudong New Area
Li Jia Neng, Deputy Director, Shanghai Pudong New Area Administration

Central government policy was to turn the Pudong district, situated on the west bank of the Huangpu river and facing Shanghai City centre, into China's economic, financial and trade hub, an export-oriented area serving as a gateway for foreign and domestic business in China. With this goal in mind, Pudong New Area was established in 1993.

In line with this outward orientation, multinational companies and foreign-funded projects were encouraged, involving the creation of financial, free trade- and export-processing zones and a hi-tech park. A range of major infrastructure construction projects were already completed, including basic infrastructure projects, in particular, transportation networks and bridges, and others were either planned or underway. These would eventually provide the basis for the further development of the area, and included an international airport, deep-water harbour and light railway, a power plant, national gas supply system for residential use, and the development of zones which would take the lead in hi-tech industries such as telecommunications, bio-pharmaceuticals, computers, cars, precision instruments and chemicals. There was also a growing proportion of tertiary industries.

Pudong New Area included residential and agricultural zones, and aimed at the creation of a balanced environment with green space. Social programmes, including the building of schools and hospitals, were also included.

Policy for Pudong featured a commitment to improved urban management, comprising comprehensive planning, co-ordination between districts and the localisation of management, accompanied by a clear definition of responsibilities and with a strong commitment to more flexible approaches to problems, the enforcement of local environmental regulations for construction-sites, and disused-land reduction measures. Great emphasis was also placed on the establishment of community organisations and the encouragement of public participation.

Shanghai's Urban Road Traffic Management
Xu Pei Xing, Director, Shanghai Traffic Police Brigade

The major challenges of road traffic management in Shanghai stemmed from its rapidly swelling population, a colonial legacy which had left it with an outdated road system, lack of co-ordination and an inadequate public transport system; it was noted in this connection that bicycles

still formed 30% of Shanghai's road traffic, due to the inadequacy of public transport. Apart from heavy congestion, particularly at peak hours, there were also severe parking shortages. Road safety problems stemming from poor public awareness and non-compliance with traffic regulations were further difficulties.

The need for improved management was recognised to co-ordinate policy and meet traffic needs. Priorities included: the preferential development of public transport, measures to ease traffic congestion, including computerised traffic management systems and controls on private vehicles. The enforcement of traffic laws, with road-user education programmes at the forefront, were required to change old habits and optimise traffic flow.

No single, ready-made solution for a city's traffic problems should be expected, and development needed to take account of the high numbers of pedestrians and cyclists in the densely-populated inner Shanghai area. It was to be hoped that Shanghai's traffic managers would have opportunities to discuss urban traffic problems with experts from other countries in the region.

Construction and Management of Residential Buildings in Shanghai
Mao Ji Liang, Deputy Director, Shanghai Municipal Housing Development Bureau

The improvement of housing standards had always been a priority of the municipal government; but there had recently been a rapid growth in new starts, coupled with marked increases in the average living area per person and reforms of the housing allocation system. Initiatives to increase the funding available for housing included the creation of a housing-accumulation fund, the encouragement of foreign investment in housing, subsidisation of rent increases, the purchase of bonds for house allotment, the offer of preferential treatment and the setting up of housing committees.

New large-scale developments were being built on greenfield sites, with a parallel redevelopment of older areas. These recent developments enjoyed good facilities and landscaping.

Recent housing policy featured various changes. Central to current development initiatives were property-management companies, which were a growth point for tertiary industry. There was also a change from lifetime security of tenure to a fixed-contract system. At the same time, attention was being paid to providing controlled-rent housing for low-income households. Within the Housing Development Bureau, management changes included the clarification of duties and the improvement of management services in new areas.

Discussion of Shanghai Papers

Regarding the major sources of finance for traffic and environmental improvement programmes and the extent of public contributions to project finance, the principal sources were tax revenues raised by national and city governments; municipal bonds; domestic and overseas bank loans and joint ventures. Community opinion among Shanghai's 13 million inhabitants on the course of development needed to be taken into consideration. Conversely, there was a need to promote public education and awareness on transport issues and area-improvement programmes.

There were two methods of financing housing development. ***Public housing*** received funding in the form of government subsidies to every ***unit***, an administrative division based on offices of the government, public sector enterprises, or householders' place of work. ***Privatised housing*** was built by Shanghai Municipal Government and sold to individuals. Administration was carried out by a regulatory body, which ensured that the private housing sector operated within the required legal framework. Allocations for administration and maintenance were made out of rent or profits from the sale of apartment blocks.

Regarding land acquisition in Shanghai, reference was made to some problems of relocating existing residents or users in redevelopment zones. In the inner urban area, development plans were explained to current residents at unit level and they were offered alternative accommodation. In the case of development projects in the greater Shanghai area, land acquisition issues were complex. Farmers were paid compensation for relocation. Land rights were also sold to the private sector in a planned manner.

There was a consultation process before new developments were started. During the 1990s, the housing system had been reformed, giving citizens the right to buy houses or apartments. People decided whether to take an active part in solving housing problems. There had, for example, recently been much debate on housing policy into the next century. Shanghai Municipal Government also used media such as television to promote public awareness of policy and ensure that projects were designed for the people and with the people.

There was interest in how public and commercial housing were allotted. It was explained that when housing had all been publicly owned, it had been allocated through units as described above.

As Shanghai Municipal Government was now in the process of commercialising housing, a dual system operated. In the case of house sales, ***private housing*** was for sale, with a free choice of location to any potential buyer with sufficient funds. In the case of ***publicly-owned housing***, city employees had the right to buy at low cost the house or apartment which they currently occupied. The right to buy was also offered to people being relocated from redevelopment areas.

Technical visits

On the second day, visits were made to various areas of Shanghai, which showcased Shanghai Municipal Government's recent and current urban management policies, as described in the Shanghai papers during the first day of the Seminar.

- ***Pudong New Area*** was an ambitious project established in 1993 and aimed at the planned renovation of the area's existing industries, the introduction of new industries, urban infrastructure and environmental improvement projects. Pudong will eventually feature finance and free-trade zones, a hi-tech park, industrial and export-processing zones, as well as agricultural and new residential areas.
- Participants visited the ***Jingqiao*** and ***Waigaoqiao Development Zones***, where they had an opportunity to hear a presentation on Pudong by representatives of Shanghai Municipal Construction Commission. They were able to see at first hand what had already been achieved in the first phase of the development, which involved basic infrastructure projects, in particular transportation networks and bridges, as well as the second, current phase, involving further infrastructure projects and the promotion of foreign investment with the establishment of joint ventures with multinational companies. Participants were extremely impressed by the sheer scale and pace of development, and there was an extremely lively and wide-ranging question-and-answer session, reflecting participants' own particular interests and areas of expertise.
- A lunchtime visit to the 468-metre high ***Orient Pearl TV Tower*** gave a panoramic view of Shanghai, enabling participants to appreciate the scale of development taking place within the city.
- An afternoon visit was made to the ***Sanlin Yuan*** green-fields housing development, an example of Shanghai's recent, market-oriented housing policy. As well as an on-site presentation, there was a visit to a show-house, which sparked a lively comparison of housing conditions and policy in participants' countries.
- Participants visited ***Everbright***, a comprehensive redevelopment aimed at revitalising the inner-city area of ***ZhaBei***, heard a presentation and took part in a further question-and-answer session at the project office within the district.

Reflections and insights on technical visits

The rapid pace of construction in Shanghai, in particular the large-scale planning for urban expansion was impressive. It contrasted with the urban sprawl of Bangkok, where people felt that there was more security in owning a property on the ground than in the air. This caused largely-unplanned horizontal growth, leading to high utility-provision costs.

The planning of the industrial park in Pudong, and in particular, the way in which polluting industries were kept out, also impressed participants. Shanghai's policy of keeping polluting industries out also contrasted with that of Bangkok, where they were drawn in, to allow for closer monitoring, and where industrial development had been planned so that polluting effluents from different plants could to an extent be jointly treated in on-site plants and thereby cancel each other out.

A European urban planning trend towards greater urban density, or ***compact cities***, and the savings in infrastructure provision costs, and in particular urban transport, were noted.

Much could be learnt from Shanghai's experience. It was possibly fortuitous that land was owned by the government in China, but this was nevertheless a distinguishing feature of urban management in Shanghai, and it was noticeable that huge land areas were available for development. This was contrasted with the situation in India, where even though land was technically state-owned, it was in practice very costly and difficult for the government to bring about changes in land-use. In this connection, it was pointed out that state ownership of land gave a municipality an effective means of guiding growth and providing infrastructure.

Shanghai's rapid modernisation was making it a global city even in appearance, but there was perhaps a loss of cultural identity in the process, and there were not apparently many cultural or historic areas left to be preserved.

Regulations existed for the protection of buildings of interest in Shanghai, such as religious buildings, museums, cultural and historic monuments. Shanghai Municipal Government aimed to preserve the existing balance when new developments were carried out. There had been some problems with this in the past, in particular the Bund (Wai Tan) waterfront area. New buildings had been allowed to go up without consideration for Shanghai's cultural heritage, and in the process had destroyed some of the character of the area. The problem had been recognised, and the city government hoped to learn from the experience of others in the future.

VI. ISSUE, WORKING GROUPS AND BEST PRACTICES

Six issue papers were presented on the following topics:

- Project implementation and financing
- Participatory approaches to municipal finance
- Integrated urban infrastructure management
- Integrated action planning
- Involving communities
- Environmental management

Discussion related to the specific experiences of participants was further stimulated by Best Practice presentations by representatives from Muntinlupa, the Urban Community Development Office of Thailand (UCDO), Tansen, Kuala Lumpur, Guntur and Shanghai/WHO.

There were five working groups during the Seminar; in these, participants related each issue to the situation in their own municipality or organisation. The working groups were on: project implementation and financing/participatory approaches to urban finance, integrated urban infrastructure management, integrated action planning, involving communities and environmental management.

Discussion focused on issues brought up during the presentation of papers, and related these issues to participants' own experience and interests. The full issue papers and Best Practice papers are appended as annexes.

Project Implementation and Financing

K.K. Bhatnagar, former Chair of Housing and Urban Development Corporation (HUDCO)

The development of strategies to ensure participation was becoming the main concern of development planners and policy-makers. The felt needs of users should be known from project conception; further, they should be consulted at each stage of project formulation. Effective participation and management should therefore be a central element of project implementation and financing.

Asia was among the least urbanised continents, with correspondingly wide variations in basic services. Many benefits of urbanisation were not available for most urban dwellers. Furthermore, most countries were not able to invest much in housing and urban development.

From its inception in 1970 as a public undertaking, HUDCO had aimed to promote and finance urban development and housing, but the focus had steadily shifted towards infrastructure development, including water supply, health, basic sanitation, education and transport infrastructure.

The approach of HUDCO to project conception, formulation, implementation, maintenance and monitoring was outlined. A key element of HUDCO's lending operations was its project approach, with built-in monitoring mechanisms for borrowing agencies and projects to ensure economic and technical viability and anticipate potential problems.

HUDCO had consciously developed a consortium approach, involving various institutions in co-financing projects and in this way, enlarging the resource base. There had been efforts to develop agency and beneficiary participation, as well as to pool resources. It was also important to build on self-financing elements to reduce dependence on lending agencies.

Implementation mechanisms included demand assessment, evaluation of borrowing agencies and project content. There were incentives to complete projects on time and budget, with penalties for overrun.

HUDCO aimed to evolve participatory mechanisms for project implementation and strengthen at the same time the resource-base at city, state and central government levels. There were many constraints to realising the goal of full participation by project beneficiaries; the under-development of institutional mechanisms in particular was noted. Suggested responses to these constraints included the capacity-building of professionals, privatisation and decentralised modes of working through the participation of CBOs and NGOs.

A crucial issue was that of involving communities in solid waste management. There were frequently constitutional limitations to implementing new measures and there was therefore a need for central government to devolve powers and in particular, lay down a legal framework for the smooth transfer of resources to local level. Transparency was particularly critical in the case of public-private partnerships and in those involving CBOs and the community.

Few local bodies in the region had the necessary powers to make the changes needed. A change in attitudes among functionaries was also required. In case of India, landmark constitutional amendments had been made four years previously, providing for the delegation of powers to local bodies and regular local government elections, but it still remained to be seen how effective these would be in the long run.

Discussion

Regarding the impact of the 1994 Constitutional Amendment, a brief outline was made of the legal changes which had taken place. These included:

The mandatory holding of municipal elections in previously undemocratic city corporations, many of which had not seen elections for 25 years and were previously managed by State-appointed administrations. These elections had created the potential for major change.

State governments had enacted enabling legislation to carry the constitutional amendments through into State laws. State finance commissions had been established, providing for the transfer of resources to local bodies.

It was argued, however, that real power transfer was still a long way off. Although the letter of the amendment had been enacted, the spirit still had not, and elected local representatives did not enjoy the powers they needed in order to effectively carry out their new responsibilities.

Regarding HUDCO's particular responsibility for housing (who was housed and how), it was explained that at the same time that HUDCO was established, institutions had been set up by State governments to provide low-cost housing. These housing boards or development authorities were responsible for inviting applications, construction, allocation and offering housing on hire-purchase with low-interest loans. HUDCO provided technical assistance and financing to these institutions.

Houses were allotted to low-income households through a lottery system. Owners themselves were then responsible for maintenance. The criterion used to identify low-income-families was a total household income of less than Rs.1,250 per month, although the limit was likely to be revised shortly.

Participatory Approaches to Municipal Finance

Uwe H. Lohse, Human Settlements Officer, ESCAP/UNCHS Joint Section on Human Settlements

The paper discussed the large and growing gap between municipal financial resources and expenditure needs. Rising expenditure needs were brought about by rapid urbanisation, which caused considerable strain, not only on urban infrastructure, housing and environment, but also on finances. Further factors were population growth and growing municipal responsibilities in the wake of the trend towards decentralisation.

Municipal finances were failing to grow in line with economic and population growth, due to:

- lack of income elasticity
- lack of buoyancy
- control by higher level government
- inefficient financial management

Rising needs and stagnant revenues were leading to a widening of local authority fiscal gaps.

Various options for raising revenues from both internal and external sources were discussed:

Local Government Revenues				
Internal sources			***External sources***	
Land-based revenues	**Non-land-based revenues**	**User charges**	**Inter-governmental transfers**	**Borrowing**
Property taxes	Taxes on households, vehicles, animals, etc.	Service charges (water, parking sewerage, etc.)	General-purpose grants	From governmental sources
Land development fees	License fees for various businesses and occupations	Administrative fees, such as registration etc.	Grants for specified purposes	From private capital markets (including international markets)
Rental income			Others	

The principles of strategic urban management were then applied to municipal finance. An action-oriented strategy for urban management required the making of action plans for different aspects of urban development, based on a ***vision*** for the city - ***where do we stand and***

where do we want to go? It was important to hear the voice of all those with a stake in development, in order to make a city more liveable, both for citizens and the business community.

Prioritising action plans comprised a revenue-enhancing strategy and measures for expenditure control. These included public-private partnerships and the role of non-governmental and community organisations. A possible avenue was the formal privatisation of infrastructure and service provision, which took expenditures for infrastructure provision as well as income streams of corresponding user charges out of authority budgets. By providing a regulatory framework and by ensuring fair competition among potential private suppliers, local governments could also reap efficiency gains.

The mobilisation of local communities and self-help measures for the improvement of low-income settlements in partnership with local authorities and non-governmental organisations had been contributing considerably to directing local-level resources towards the effective development of local communities. Where participation had been made official policy and all agencies were committed to its realisation, individuals and community organisations could contribute considerable resources, as the case of Community Action Planning in Sri Lanka showed *(see Issue Paper on CAP in Annex 3).*

With regard to central-local relations, central governments, while paying lip-service to the idea of decentralisation, controlled the majority of revenues and were reluctant to relax control over the use of funds. Local authorities therefore needed good arguments to influence their financial relationships with central and state governments. Whereas systems of formula-based tax-sharing were common in industrialised countries, they were as yet rare in developing countries of the region.

The case for a larger role for local government was supported by studies of central government performance in the delivery of local services, which had shown the failure of central-government financed urban development to meet public needs. These studies, including the Global Report on Human Settlements (UNCHS) 1996, concluded that urban development should instead be financed by local governments, who were closer to the problem and more concerned with local development, and therefore in a better position than central governments to decide on priority areas of investment. However, the decentralisation of planning and investment responsibilities that had been pursued widely in the region had not been followed up with corresponding revenue-generation powers.

The paper concluded that future urban and economic growth in Asia would ultimately depend on the extent to which urban productivity could be sustained. A significant trend in sustaining development had been recognised world-wide at the 1996 Second United Nations Conference on Human Settlements in Istanbul, Turkey. It had been recommended that local governments, in conjunction with all strata of civic society, including NGOs, community organisations and the private sector, assume new responsibilities as ***partners*** in resolving the problems of urbanisation.

Discussion

Regarding the validity of the use of appropriate technology, including volunteer labour and natural resources, as an alternative or supplement to monetary funding, it was agreed that at neighbourhood level, community self-help, carried out in agreement with local authorities, could be highly cost-effective compared with outside contracts or direct works carried out by the local authority. The Orangi Pilot Project in Pakistan was one outstanding example of such an approach; another was the community contract system developed in a low-income housing programme in Sri Lanka[3].

[3] Further examples are cited in Mr. Lohse's paper in Annex 3.

Best Practice II

Improving the Quality of Urban Life through Housing for the Urban Poor: a case study of Desa Pandan
Chiam Soon Hock, Kuala Lumpur

The project was a response to the problem of squatter settlements on state land, lacking basic services, facilities or planning.

The aim of the project was to develop the area so that each squatter could be offered the option to buy a low-cost unit. As a result of the scheme, a former squatter settlement was transformed into a planned township of low-cost apartments with sound infrastructure and facilities. Following the success of Desa Pandan, another 20 projects on similar lines were currently being implemented in Kuala Lumpur.

Land rights were conceded to a private developer, who had entire responsibility for all aspects of managing the project. A central feature was cross-subsidisation, through the concession to the developer of the right to build some medium and high-cost developments, commercial and industrial units.

The city government subsidised the project through loan of temporary housing during redevelopment and payment of rent on behalf of the former squatters. The developer also provided some temporary housing.

Lessons learned from the project included the need to involve all players from an early stage of the project, the need for a commitment from the federal government and from squatters themselves, and the importance of choosing a developer with sufficient experience and financial backing to carry the project through.

The project had been developed in full consultation with the private sector. City government incentives included measures to reduce development costs, including the alienation of land to the developer at little or no cost, speeding up the approval process and allowing the developer to increase housing density. The success of the project demonstrated the effectiveness of including some profit-making activities in low-income housing projects of this type.

The strategy of alienation of land titles could be considered very radical. As it benefited a very select group of people, its political justification was an issue. However, the concession of land rights was common practice in Malaysia, and could be justified by the social benefits of the project. The developer, rather than the government, subsidised the squatters.

The sale price of apartments was not high in the Malaysian context and price raises were proposed in order to discourage speculative selling. Apartments were, however, still affordable for a large proportion of former squatters, through the low-interest bank loans which were available, even though many low-income households were without regular employment. Those who really could not afford the repayments were provided with public low-cost housing.

Land was leased to the developer for a fixed period; the city government conceded the right to use government land selectively. In Malaysia, this amounted to a process of partial land privatisation, but land again reverted to the State after a period of 99 years. It was basically a right of use and given only to selected developers, conditional on the projected use of the land being compatible with government policy. This approach was a policy alternative to all service provision being the responsibility of the State.

Integrated Urban Infrastructure Management

Nathaniel von Einsiedel, on behalf of Cor Dikgraaf, IHS/Urban and Regional Development Institute (URDI)

Mr. von Einsiedel summarised Mr. Dikgraaf's paper and made comments, based on his own experience in evaluating the Integrated Urban Infrastructure Development Programme (IUIDP).

The paper was not a detailed description of IUIDP, which had started at the initiative of the Government of Indonesia in 1985; rather, in the light of the experience of IUIDP, it sought to highlight key elements which were necessary to implementing similar programmes, including:

Government decentralisation: local authorities needed to play a larger role in urban management. However, since decentralisation placed great demands on local authorities and institutions, it was still very limited in practice and might take time to carry through. The Government of Indonesia had felt it was important to involve local authorities in the design and implementation of infrastructure projects, rather than leave this to central government. ***Community involvement*** should also be an integral element of decentralisation.

An integrated approach involved the ***physical co-ordination of infrastructure sectors*** and financial resources over both time and space. In particular, the budget releases of different partners in a project needed to be synchronised. The planning and programming of infrastructure also needed to be made more effective.

Capacity-building of infrastructure planners was necessary. IUIDP had concentrated too much on training alone; however, the benefits of training individuals could not be carried through into practice without many other changes, in particular, organisational ones. Government and private sector capacity-building were necessary.

Globalisation and decentralisation were changing the ***role of urban stakeholders***.

The private sector had a rapidly expanding role, not only in financing, but also in the implementation of infrastructure projects. There had been a rapid expansion in project arrangements such as BOT. However, successful public-private collaborations required a mutual recognition by various partners of each others' differing standpoints. Most multinational companies demanded a clear legal framework within which to work; however, governments frequently failed to appreciate that transparency in negotiation and awarding contracts was standard practice in the private sector, and was a prerequisite for access to private sources of finance. On the other hand, the private sector f equently needed to recognise that government, for its part, had a social obligation to provide affordable services.

Public-private-community participation was necessary for the financing and implementation of infrastructure projects. In Indonesia, there had been attempts to stimulate co-operation between communities and other urban actors. The informal housing credit system had a narrow financial base, which had not so far been linked to the formal housing system. A potential community role was assistance to local authorities with major infrastructure projects, especially to cities growing beyond their boundaries.

Traditionally, NGOs and communities had not been strong in financial and enterprise management; it was, therefore, important to give ***training support*** in order for them to play a greater role.

Sustainable urban development required ***changes in consumption behaviour***.

Discussion

A comparison was invited between IUIDP and the Capital Investments Folio (CIF) Programme, which Mr. von Einsiedel had himself introduced in Metro Manila. It was explained that the CIF had started as a portfolio of infrastructure projects to present the city government's priorities to funding agencies and bilateral donor countries. Project prioritisation was also a purpose of IUIDP. In Indonesia, central government had been the principal agent, whereas under CIF, 17 local authorities and 24 national agencies had been involved, giving local authorities a strong role. CIF had been developed under a period of martial law, when it was easier to impose priorities. It had not been designed for consensual decision-making amongst different urban stakeholders, and was subsequently abandoned because of its associations with the dictatorship. It had since been renamed and reinstated as Synchronised Planning, Programming and Budgeting.

Integrated Action Planning

Kumar P. Lohani, Chief, Research and Urban Development Section, Department of Housing and Urban Development, Government of Nepal and UDLE/GTZ Project

The presentation outlined the role played by Integrated Action Planning (IAP) in improving municipal management of human settlements.

IAP arose out of a need for rapid capacity-building and integrated national budget allocation at municipal level. Although Nepal was basically a rural country, it had a relatively high urban growth rate. Planning problems stemmed from a limited experience of planning. Master plans, although formulated at municipal level, were seldom implemented. A brief experiment with structure plans from 1988-91 had been abandoned when it was recognised that the plans failed to take into ac-

count the financial and institutional capacities or limitations of municipalities. As a result of legislation enacted in 1992, fast-growing municipalities faced many difficulties, but lacked both adequate plans to respond to change or to public needs, and the necessary human resources and finances.

With ***organisational strengthening*** through Municipal Developmental Organisation and Administration (MODA) and Financial Management (FIMA), IAP provided a framework for the physical development of towns and for capacity-building. It was decided to employ a partnership strategy. The presentation focused on the role of Department of Housing and Urban Development, supported by UDLE, and explained the division of responsibilities for various aspects of the IAP.

Best Practice III

Community-based Water Supply in Tansen, Nepal
Dhirendra Prasad Shrestha, Tansen

Tansen municipality developed a programme to expand the water supply system to one district of the city where it had previously been lacking. For the first time in the municipality, three partner organisations were jointly involved in a project: Tansen Municipality, the Management Support for Municipality Development Project (UNDP/Nepal) and an organisation representing the local community.

Noting the positive effect on the quality of life of residents and the success of community involvement in designing the programme, the Municipality had made a wholehearted commitment to incorporating community participation into the planning process in the future.

An action-oriented approach was used, involving strategy planning over short periods. The approach ***took account of actual development potential***, including physical, financial and resource limitations, managerial elements, public participation, users' perceived needs, and the need for national and municipal integration.

The process of ***community consultation*** was explained, including assessment and analysis, identification of projects, approaches to problems, feasibility studies and prioritisation.

Outcomes of the programme were the Physical Environmental Development Plan (PEDP) and Multi-Sectoral Investment Programme (MSIP). The IAP process involved operation, reconnaissance, orientation, preparation and training, field studies, reporting and follow-up.

Experience gained through IAP had taught that the following elements were keys to its success:

- An integrated, demand-driven approach
- The creation of a sense of ownership of the IAP within the municipality
- The building of partnerships
- To foster effective capacity-building, donor agencies needed to take the role of facilitators rather than implementers

Discussion

The principal difficulty met by IAP was the municipality's previous lack of authority to effect change; however, following legislative reforms in 1992, municipalities had gained new responsibilities and had been able to make considerable progress.

In view of the difficulty of sustaining projects initiated by external agencies, IAP had sought to learn from the experience of previous development efforts in Nepal. The main thrust of UDLE had from the start been capacity-building and the development of local institutions. IAP operated at central and municipal levels. Once donor support ended, the Ministry, as the central agency, would pick up the co-ordinating and implementing role. It was yet to be seen whether this would be successful, but the results to date looked promising.

Central government supported the municipality in such a way that it had to bring the community in as a partner in both planning and implementation. Communities were then able to decide on the type and affordability of housing.

Involving Communities: The CAP experience in Sri Lanka and its lessons
Mitsuhiko Hosaka, Joint Co-ordinator, Asian Coalition for Housing Rights (ACHR)

Mr. Hosaka, in introducing Community Action Planning (CAP), saw many parallels with IAP, but noted that while IAP focused on the municipal level, CAP was directed at community level.

The presentation outlined the background, techniques, government policy framework and limitations of the CAP approach.

CAP had arisen out of some fundamental limitations of the Sri Lankan government's previous approach. This had been ambitious, but heavily provider-based: government was both provider and financier of public housing. Large numbers of housing units had been built, but were neither affordable nor appropriate for low-income groups; the programme had not dealt with the growing problem of squatter settlements.

The CAP approach was a radical departure from previous policy. It put forward government-led enabling strategies for people to house and improve themselves, rather than the government acting as provider. It consisted of a series of operational techniques to carry out such enabling strategies and give communities access to the necessary resources. There was a structured programme of workshops enabling people to analyse issues, formulate and implement plans and interact with government agencies.

The government housing authority was a key actor in capacity-building, running workshops for specific requirements, both for the community and the municipality. Community leaders, among whom women were strongly represented, disseminated their experiences to other communities.

CAP incorporated many innovative aspects, such as the ***Community Contract System***. A housing and community development committee was set up within the municipal authority, to create a forum for the community to appeal directly to the mayor.

A principal limitation of this "top-down, participatory" approach was its political vulnerability: government staff reacted to political instability by retreating behind traditional bureaucratic methods. Communities also tended to depend on the government for input, rather than taking the initiative themselves.

CAP had not really being practised over the last three years. However, NGOs and other interested organisations continued to search for a policy-support framework capable of promoting a genuinely bottom-up initiative and transforming CAP into a truly meaningful approach for the future.

Community-to-community sharing of experiences, locally and transnationally, may in the future lead to local development from within and the development of more resilient processes, which will be less vulnerable to political intervention than CAP.

Best Practice IV

A Tripartite Approach to Address the Growing Demand for Decent, Affordable Housing for Low-Income Families, Muntinlupa, Philippines

Edgardo Jocson, City of Muntinlupa

Muntinlupa has a strategic position as an entry point for Manila, and this, combined with its complex of urban problems, including a high rate of urban poverty, led Muntinlupa City Government to adopt strategic planning.

Following Muntinlupa's incorporation as a city in 1995, different stakeholders were invited to attend a strategic planning workshop. This provided the city government with a clear idea of the various stakeholders' concerns, and task forces were then formed to actualise the vision and mission of the city. The city's prior experience of socialised housing through the Human Settlements Programme, before comprehensive strategic planning began, was a great advantage in this respect.

The Human Settlements Programme had been carried out through a tripartite organisation of city government, neighbourhood organisations and an NGO named the Muntinlupa Development Foundation. Principal elements of the programme included the concession of community mortgages, land-swapping, socialised housing, community organisation and financial and technical assistance.

Major achievements included security of tenure, the ability to approve and release finance, interim financing arrangements for loan applicants and loan repayment rates of 100%.

A key element in the success and sustainability of partnerships was the financing of the programme, where each partner made a contribution. Other elements included:

- Clearly-laid down responsibilities for each partner
- Clearly-stated benchmarks for evaluation
- Well-defined (formally-constituted) organisations
- Oversight committees for various aspects of human settlements management. The committees covered areas including community mortgages, power, water and sewerage systems, transfer of land titles to individuals, criteria for membership, allocation of homelots, sanctions for non-compliance, lease-purchase agreements, tax liability, planning and mapping, roads, rights of way and site development.

"If it were not for the socialised housing programme, we could not sleep for fear of bulldozers tearing down our home"

Muntinlupa resident

Protection and Management of the Urban Environment in Shanghai

Ms. Lu Shu Ping, Director, Shanghai Municipal Bureau of Environmental Protection

Shanghai's rapid economic and social growth was characterised by the restructuring of the industrial sector, large-scale investment in urban infrastructure and the redevelopment of old areas.

Environmental protection was state policy, to be achieved by promoting new and hi-tech industries and relocating heavily-polluting ones, as well as investment in pollution control. Industrial pollution levels had been stabilised and in some cases, reduced. There had also been improvements in air and water quality, noise pollution control and solid-waste recycling.

However, major environmental challenges were recognised, including heavy consumption of energy and water; industrial pollution and heavy domestic pollution due to high population density. Surface water was heavily polluted, vehicle and sulphur dioxide emissions were a threat to air quality and industrial waste treatment, especially of hazardous wastes, was an urgent issue.

Shanghai's environmental strategy involved continued industrial restructuring in order to move away from heavy industry, carry out improvements in urban layout and improve pollution treatment and infrastructure.

Measures included stricter discharge controls, the encouragement of energy-saving, waste-minimisation and recycling; pilot studies were being made on clean production and environmental

auditing. There were control projects in air and water quality, solid waste treatment and ecological projects such as nature reserves and the designation of a green belt around Shanghai.

Investment in environmental protection had increased; notable examples were the Suzhou Creek Project, exhaust emission and noise controls, tighter enforcement of hazardous waste controls, and the provision of more incinerators for hazardous waste and sanitary landfills.

Best Practice V

Healthy Cities Project in Jiading District, Shanghai

Dr. Zhang Li Ming, WHO Collaborating Centre for Primary Health Care

Jiading, a typical outer district of Shanghai, suffered from environmental degradation. In 1994, it was decided, in collaboration with the WHO, to introduce healthy cities initiatives, and Jiading was targeted as a pilot area.

To ensure political as well as technical support, a consortium was set up, composed of the WHO Collaborating Centre as the lead partner, together with representatives from various departments of the city government, covering infrastructure, environmental protection, urban sanitation and management, as well as Shanghai People's Congress.

An analysis was made of problems in the area, involving extensive consultations with the local community and representatives from other cities. In line with WHO guidelines, the recommendations were incorporated into two-phase programme, aimed to take Jiading up to national health standards by the year 2000, and international ones by 2010, through infrastructure development, improved sanitation and primary health care, with an emphasis on preventative health care and education.

Efforts had been made to create awareness and involve all levels of government within the district in the project. There were procedures for progress evaluation and incentives for reaching targets.

A workshop had been held to disseminate the experience of Jiading nationally, with the hope that this would stimulate further networking. Project leaders had also begun to exchange information with others working in related initiatives, as well as publishing a handbook and producing a promotional video.

Experience from the project had demonstrated the importance of local government support and the sharing of responsibility by all sectors of society, including the community. Projects should take into account local conditions, incorporate practical plans for implementation and monitoring, and be carried out according to schedule.

Services were offered to the community through neighbourhood committees which carried out activities such as clean-up campaigns or greening the environment.

Many officials in Jiading had initial reservations, feeling that the issue of health was simply a question of sanitation. The project had decided from the start to take a very broad definition of health, covering infrastructure and facilities as well as health care and therefore, many different departments in addition to the Health Department were involved, including planning, finance, economic, environmental protection and education departments.

Shanghai Municipal Government recognised the need for various measures to be taken for effective enforcement. These included:

- Investigation of new technologies
- Involvement of environmental groups, experts and public representatives in decision-making for major projects
- The development of international co-operation
- The promotion of public environmental awareness through education and the use of the media to highlight examples of good and bad practice

Discussion

Shanghai's apparently heavy water consumption and also its ambitious policy on water pollution control were noted, and there was interest in whether future city policy was to build few large

plants or many smaller ones. Of a total of about 2.2 billion tons of wastewater discharged in Shanghai every year, approximately half was discharged by industry and half by domestic consumers. There were 13 treatment plants, and it was planned to build new ones while renovating older ones, as well as to carry out a programme of sewage pipe replacement.

There was interest in Shanghai Municipal Government's policy on closing down polluting factories, and how the problem of loss of employment was tackled in the case of state-owned factories. Shanghai Municipal Government planned to shut down the most heavily-polluting factories and replace them with non-polluting ones. This did provide some employment to replace lost industries. Where there was a lower level of pollution, factories were relocated in industrial parks, where it was then possible to advise on pollution-control techniques. It was difficult to simply shut down factories, so it was necessary to introduce incentives and social schemes for displaced workers, including retraining.

Best Practice VI

Environmental Improvements: Building Infrastructure and Self-Reliance in Guntur

Dr. Kolli Sharada, Guntur

Guntur's Best Practice initiative had begun against a background of long-standing stagnation in public works projects in India. Municipalities had been caught in a low-level equilibrium trap of poor levels of service and low revenue-collection levels. It was noted that India had been under special rule until March 1995, and that great changes in urban management had become possible following nation-wide municipal elections. In January 1996, the State of Andhra Pradesh began a state-wide mass public participation initiative, based on ***Sramadan,*** or voluntary labour, with the aim of developing basic infrastructure. To maximise public participation at all levels, the state government, municipal residents' associations and the community took part.

Communities entirely executed works with a budget below a certain level, radically cutting costs. A programme of road-laying, drainage, mosquito-control measures and tree-planting was carried out in three rounds, each lasting several days, through residents' associations or works committees, but involving all groups of society. City and state governments developed a structure to co-ordinate between the various departments involved, and monitoring was built into the programme.

The pioneering ***swayamkrushi*** (self-help) programme, based on a 50% cost-sharing principle between municipality and local community, was also described. The notion of voluntary payment for the provision of infrastructure services was unprecedented in the state, and there had been initial resistance, but after nine months of operation, an encouraging number of residents' associations had come forward to participate. The programme covered a range of infrastructure projects, including drainage and drinking water supply, lighting and garbage collection. The scheme was also based on the principle of the community carrying out works themselves, with technical supervision by the municipality.

Contributions to the fund were all voluntary; where slum-dwellers could not afford to contribute money, they contributed voluntary labour instead.

Benefits of the programme included improvements in the area, which had created public awareness that the local government supported strong community initiatives to enhance the social and community environment of the area. The local residents' welfare association was voluntarily created to develop the programme in future; this suggested that communities were being empowered and sustainable organisations were developing. The principles of participation, transparent decision-making, co-ordination between state and local governments and communities had been proved effective and were becoming institutionalised. A system had been established to effectively make the most of local resources.

The impact of the programme was extremely encouraging and it was important to share such experiences. It was to be hoped that the programme would be replicated elsewhere, and in particular, that such small-scale successes would soon become incorporated into public policy.

Working Groups

The outcome of working group discussions during the Seminar is outlined in the table below:

Topic	Results
Project Implementation and Financing/ Participatory Approaches to Municipal Finance	The working group discussed issues of raising local revenues. Local authorities needed more information and know-how on: • Land as a useful resource base, in view of rapidly-increasing land values, particularly when changes in land-use lead to increased land values. • How to capture the windfall land value increment through betterment levies, land readjustment, land transfer tax and capital gains tax. • The imposition of betterment levies on those properties directly benefiting from infrastructure investments. • Legal frameworks, methods and practical know-how for local authorities. • Changes in property values which, due to revised land-use regulations, can be realised in the case of sale by the holder. • Capital gains tax as a means of capturing an increase in land values which only accrue at the point-of-sale of land. • Imposition of land transfer tax or "stamp duty", land registration fees and property tax on the annual rental value. • Ways to identify the true cost of services, which requires more sophisticated accounting procedures than many authorities currently use. • Targeting of subsidies at households in need, rather than through the widespread practice of subsidising services, which benefits rich and poor equally. • Gaining access to the credit market. • Presenting clear financial statements to demonstrate the ability to service loans or redeem bonds. • Good financial management. • Increasing local authority accounting and financial management capacities. **Possible roles for CityNet include:** • Carrying out detailed studies on methodology and technical know-how, which could lead to the publication of practical guidelines. • Formulation of policy recommendations and direct assistance, such as advisory services and TCDC. • Workshops on financial management. • Presentation of accounting models. • Studying various means of securing loans, such as municipal guarantee funds for development.
Integrated Urban Infrastructure Management	Infrastructure development should, where possible, take account of the following points: • Infrastructure development is a key element in guiding urban growth and providing for the needs of the urban population. • Individual infrastructure sectors, such as water, power and transport, are related to and affect each other. Thus, they need to be planned and implemented in an integrated manner.

	• Integrated infrastructure development requires co-ordination among several agencies at different levels of government, which is difficult, given governments' sectoral orientation. • The sectoral orientation is a reality which inter-sectoral co-ordination needs to work with. There must be co-ordination from the project identification stage, involving all the key actors concerned and including those responsible for finance. • Strong leadership should be provided by the municipal government. • There should be clear rules and regulations. • Capacity-building should be a key element of integrated infrastructure development.
Integrated Action Planning	IAP at municipal level requires: • The devolution and decentralisation of powers and finances to local bodies. • A key role for capacity-building, both in terms of financial and human resources management. • Guidelines for investment, with a vision for the future. • A multi-sectoral investment programme. • Physical, social and financial planning. • Needs-based, feasible and affordable planning with priorities fixed. • Transparency. • The integration of central and local governments to avoid duplication of efforts. • That international agencies take a supportive role. • Increased revenues through private sector participation. • Participation by NGOs, CBOs and target groups.
CAP Experiences: Involving Communities	Several policy options and approaches for rehousing the inhabitants of squatter settlements were discussed: • In such countries as Malaysia and India, it is national policy that squatters, after establishing settlement for more than a specified period, should not be relocated without being given alternative sites. • A comparative advantage of private sector involvement in land development is its flexibility in dealing with local residents, leading to wider opportunities for innovation and new experiments in approaches. • The viability of group holding of land tenure, at least for a certain period of time during the development stage, should be investigated. • Land policies are of a country-specific nature, for example, most land is privately owned in the Philippines and Thailand, while state land ownership is prevalent in India, Malaysia and Sri Lanka. • In the case of the CAP experience in Sri Lanka, even good programmes are often short-lived, as a result of the excessive politicisation which tends to accompany strong political commitment. • A new policy framework is called for to support genuine, bottom-up community initiatives.

Environmental Management	• For more meaningful participation to take place, the quality of education must be improved. • In order to cut down on waste production and pollution, it is important to raise public awareness on environmental protection through education. • Energy consumption can be reduced by environmental education. • Waste should be minimised by the introduction of user charges; pipe-end treatment should be replaced by processing, and environmentally-friendly techniques such as composting should be adopted. • Measures such as fines are effective disincentives to polluting practices. • The closing-down of heavily-polluting factories does not necessarily conflict with employment policies: restructuring of industries towards more high-tech, clean operation would in the long run expand job opportunities as well.

VII. TOWARDS ACTION

A brainstorming session to identify good and bad elements of urban management was followed by the presentation of elements of urban Action Plans for each country represented at the Seminar. In response, ACHR, UMP-Asia, ESCAP and CityNet Secretariat outlined what they could offer participants.

Brainstorming

In relation to participatory urban management, participants were asked to give their spontaneous response to the question ***"What is good and what is bad?"*** The results are listed below:

What is good?	**What is bad?**
Integrated, holistic approach	Ego-sectoral behaviour
	duplication
results-driven approach	expert-driven approach
decentralisation	control-oriented
sustainable development	
education	
gender-sensitive management	
awareness of good and bad practices	
bottom-up approach	top-down approach
empowerment	welfare
community-driven approach	
role for private sector in certain services	
constant evaluation and revision of planning	
current-, as well as long-term planning	

adaptation of experiences	imitation without evaluation
state ownership of land (China)	state ownership of land (Thailand)
environmental protection	
strategic funding for most-needed projects	
area approach to development	
strict management of cities	
co-operation between cities	

Discussion

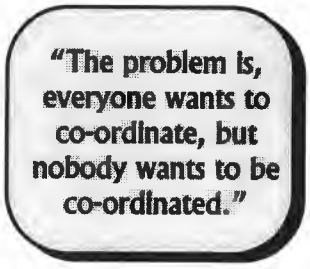
The problem of sectoralism was touched on. Local authorities were generally structured according to sectors; however, some sectors had functions that cut across departmental divisions. These departmental divisions reflected traditional professional divides, creating a risk of over-specialisation and a failure to appreciate the interrelations between sectors.

People's inherent resistance to changing established ways of doing things was a potential barrier to fundamental change in management.

Performance evaluation needed to be taken into account. As integration was not measured in performance evaluation, local government officers faced powerful disincentives to taking an integrated approach; conversely, individual departments justified their existence by meeting sectorally-set and measured targets.

Considering the low priority given to integration, critical issues were not generally addressed. These included who should be brought together at project inception and who should have responsibility for inviting others.

It was pointed out that co-ordination was necessary from inception. Such an approach had worked to some extent in the case of IAP in Nepal.



It was argued that the ultimate co-ordinator should be the mayor who, as the representative of the public interest, had a responsibility to resist pressure from sectoral interests that might conflict with the public interest. Top management should take responsibility for pushing for integration and co-operation between sectors. Also underlined was the importance of clear rules and regulations for the decision-making process, and for who was supposed to do what and when.

With reference to the effective inclusion of the private sector in the provision of services in Kuala Lumpur, the private sector was the sole provider of services, but was subject to very tight controls by the municipality.

Towards Action Plans

Participants were asked to use the following questions as a task brief for discussion:

- What actions would you like to take on return to your city or organisation in order to apply, expand or verify the ideas of the last few days?
- What are your ideas on how useful workshop topics have been to you?
- What do you think you can use in your own city?

A representative from each country then made a short presentation, with the aim of producing guidelines for future action at city level on participants' return to their own countries.

Country	Elements of Action Plan
China	It is not necessarily appropriate to adopt other cities' experience wholesale, as each city has a particular set of circumstances. There are, however, some common points: • Public affairs require public participation, and local government staff need to take account of this. The government also needs to foster greater public awareness. • The city government should take a leading role in integration and co-ordination, but requires a legal framework to do so effectively. • It is important to decentralise management powers to districts. • It is necessary for all citizens to take responsibility. • CityNet members should foster international co-operation and learn from each others' experience, especially that of neighbouring countries, and of cities with similar characteristics. • It is also important to be aware of the great variation of circumstances that exists between different members. • It is to be hoped that CityNet will organise further exchange programmes and activities in the future. • International organisations have a role to play in increasing awareness and facilitating activities.
India	• Local bodies need strengthening and authority needs to be devolved. • Social provision is a key issue requiring urgent action, including social welfare projects for workers displaced by the closing down of polluting industries, and the relocation of squatter settlements.
Indonesia	• Local authorities require capacity-building in municipal finance. • There should be an increased role for the private sector. • It is important to preserve the cultural identity of cities.
Malaysia	• As structure planning has been found to be inadequate, strategic planning should be introduced in its place. • There is a need for a city-based workshop on strategic urban management for members of the local authority.
Nepal	• Municipal plans should be generated by the public and projects should involve CBOs. There should be a transparent, honest and frank communication process between municipality and community. • There should be more co-ordination between departments. • There should be a balance between the demand for development in response to population growth and the protection of cultural heritage. • Representatives intend to apply the lessons of the Best Practices presented at the Seminar in future projects.
Philippines	• It is necessary to revise the local government code of the last 5 years. • There is a need for city policy-makers to receive input. • It is important to develop the capabilities of small communities, which should join forces with NGOs to ensure that their concerns are met and that there is continuity. • The public and the private sector should have opportunities for exchange.

Thailand	Obstacles to genuine participatory urban management include: lack of public participation, widely varying levels of public education, bureaucratic structures and a lack of the necessary tools for participation on the part of local authorities. Therefore, it is necessary for urban managers: • to be accountable. • to facilitate, not to provide. • to delegate responsibilities to districts not to enforce. • to make it easier for people to approach district offices and request specific actions to be taken and problems to be followed up.

International agencies - outlook and offers

International agencies represented at the Seminar each gave a brief presentation on what they could potentially offer participants, in order to reinforce the practical aim of networking and exchanging experiences. The responses are outlined below.

Economic and Social Commission for Asia and the Pacific
Uwe Lohse, ESCAP/UNCHS Joint Section on Human Settlements

There are two activities currently in preparation: the Second Ministerial Conference on Urbanisation in Asia and the Pacific, to be held in late 1998, and a seminar on the role of urban geology in urban planning, planned for March 1997.

The Second Ministerial Conference on Urbanisation in Asia and the Pacific aims to review current local government legal frameworks and the state of cities in the region, generate policy discussion on decentralisation and review the Regional Action Plan on Urbanisation in the light of the Habitat Agenda. ESCAP is undertaking the following tasks in preparation for the conference:

- A comparative study on local government systems in the region.
- The preparation of about 15 ***State of the City Reports***, covering all aspects of city life and prepared through a participatory process involving all stakeholders in each city.
- The preparation of discussion papers on selected issues, such as the urban environment, economy, employment, infrastructure, municipal finance and public participation.

The seminar on the role of urban geology in urban planning[4] will bring together urban geologists and planners for an exchange of experiences. Its main objective is to bring the potential contribution of urban geology to environmentally-sound planning and the management of urban development to the attention of urban planners and managers.

ESCAP further confirms its commitment to the support of CityNet and is confident that close co-operation between ESCAP and the Network in the preparation of the Second Ministerial Conference on Urbanisation in Asia and the Pacific will contribute to its success.

Asian Coalition for Housing Rights
Mitsuhiko Hosaka, ACHR

ACHR is a network of NGOs and CBOs working in urban low-income communities in Asia, and has been closely associated with CityNet from its inception. It also works in close co-operation with ESCAP and the United Nations Centre for Human Settlements, among others.

ACHR could support CityNet members in establishing partnerships among various urban actors in their localities, promoting ***new urban contracts*** with people at their centre.

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[4] Further information is available from: Mr. Guanchang Shi, Director, Environment and Natural Resources Management Division, ESCAP, United Nations Building, Rajadamnern Avenue, Bangkok 10200, Thailand. Enquiries should be marked "urban geology."

Two ACHR activities in particular may be of relevance to CityNet members:

New initiatives in selected countries, which concentrate ACHR efforts on community training, assistance to NGOs, policy advocacy, pilot projects and technical advice. Also of note are government-people forums, organised with a view to facilitating the development of community-based urban processes. These have been implemented in Korea, Vietnam, the Philippines and Cambodia.

Training and advisory programmes, which always bring in community leaders, NGOS and facilitators, as well as local government officers from counterpart participating cities. The programmes involve regular workshops, study visits, specific skills training and exchanges to further participatory settlement development.

ACHR always aims to increase communication between different parties and ensure that local, rather than national, government participates in initiatives.

UMP-Asia

Nathaniel von Einsiedel, UMP-Asia

UMP-Asia aims to focus the on opportunities, rather than just the problems of urbanisation. Shanghai offers a clear demonstration of such opportunities opening up in the wake of economic globalisation, and the advantages of taking a strategic approach to development.

The third and final phase of the Urban Management Programme runs from 1997-2000; while it is not known what will happen after that, it is anticipated that there will be continuing collaboration with CityNet, ESCAP, community-oriented organisations such as ACHR and cities in the region.

UMP-Asia emphasises capacity-building; it is ***process-oriented*** rather than ***product-oriented***: it aims to foster the development of the proper processes that will produce solutions; to improve performance and results. It works at city level, promoting strategic consultations that bring in academic, private sector, community and other stakeholders; where appropriate, it brings in resource people.

Because UMP-Asia has no sectoral bias or political interest, it can potentially play a role in helping to bring central government or other agencies into discussions. It can also assist in cutting through sectoral barriers to build new partnerships and build motivation to collaborate.

UMP-Asia can also assist in implementation. Although it cannot fund activities, it can help to identify sources of funding. Whenever possible, it fosters partnerships between different groups in the region and encourages the hosting of activities.

CityNet

Mariko Sato, CityNet

The elements of action plans contain very concrete feedback for CityNet. Members are urged to report back periodically on how these proposals are being put into practice in their cities or organisations.

CityNet is a member-driven organisation, a facilitator, rather than a provider, and members have a responsibility to translate ideas into practice. The aims and current priorities of CityNet lay down what the Network can offer; concrete examples are documented in reports on programme activities, as well as CityNet publications.

CityNet wishes to know members' needs through questionnaires; these are used to decide priority areas for various future activities such as the TCDC Programme.

Programmes are available to those who take the initiative to research relevant opportunities. CityNet can increase members' chances of being accepted onto many training programmes, which up to now have only been offered to central government staff. This is an area in which CityNet is playing an active role in the decentralisation of capacity-building.

Another area in which CityNet can benefit members is by increasing horizontal linkages and channelling more funding from donor agencies to local authorities in the region.

VIII. CLOSING CEREMONY

Dato' Lakhbir Singh Chahl, Secretary General of CityNet, observed that the Seminar recommendations would serve as a platform for Best Practices to be disseminated both to participants and to other members.

On behalf of Dr. Hidenobu Takahide, Mayor of Yokohama and President of CityNet, he expressed his appreciation for the warm hospitality extended to Seminar participants by the Mayor of Shanghai, the Deputy Mayor, the Secretary General and Deputy Secretary General, as well as all the staff of Shanghai Municipal Government. In particular, he appreciated the excellent presentations on various programmes in Shanghai and the very informative technical site visits.

He also wished to acknowledge and appreciate the contributions made by Seminar facilitator Mr. von Einsiedel, the presenters of issue papers and Best Practices, the Japan-ESCAP Cooperation Fund, the rapporteurs and chairs of the sessions and all those who had contributed to the often lively discussions.

He also wished to recognise the assistance offered by other agencies of the People's Republic of China, which had all contributed to a safe and happy stay in Shanghai.

Finally he wished participants every success in their future endeavours and hoped that the objectives of the Seminar would be fulfilled.

Mr. Bekha Ratna Sakya, Mayor of Lalitpur, Nepal, gave a vote of thanks on behalf of participants. He wished to thank CityNet and Shanghai Municipal Government for inviting participants to the Seminar, and making the arrangements for the field visits in the city, which had been a great opportunity to observe the development process at first hand. He also thanked Shanghai Municipal Government for their hospitality.

Mayor Sakya remarked that the Seminar, with its emphasis on community involvement, came at a very appropriate time; he was convinced that participants had learned a lot from the presentations of other members' experiences. These were most informative, and the various speakers had contributed much to the effectiveness of the Seminar. He also wished to thank the facilitator, session co-ordinators and rapporteurs for their efforts.

Finally, Mr. Sakya wished to express his appreciation to the City of Yokohama and CityNet Secretariat for all their efforts in the organisation of the Seminar.

Mr. Huang Yue Jin, Deputy Secretary General of Shanghai Municipal Government, in a closing address, congratulated participants for their part in making the Seminar successful and productive. He remarked on the friendly atmosphere of discussion and hoped that everyone who had taken part had found it useful. He expressed the hope that the outcome in the form of the report of the proceedings would prove to be equally useful when disseminated.

IX. EVALUATION AND CONCLUSION

Inevitably, a topic with as broad a scope as participatory urban management could not hope to be adequately covered in a 3-day meeting. Through the overview and issue papers, a wide range of conceptual frameworks were presented and discussed, particularly strategic and participatory approaches. Much emphasis was laid on the value of focusing on process rather than product in the search for improved urban management. Strategic approaches, which are not as yet widely practised in the region, were well received.

It is useful to evaluate such a wide-ranging meeting by considering how effectively it could serve as a starting point for further action.

In the context of a need for massive changes in the way cities are run, it was particularly relevant to hold the Seminar in Shanghai. Participants commented that it was a fascinating and stimulating experience to see urban growth taking place almost before their eyes, and hear about new management initiatives. Although the field visits were perhaps more informative in terms of product

than of process, participants nevertheless very much appreciated the opportunity to witness the changes going on at first hand and to bombard their hosts with questions on all aspects of policy. The need to foster public awareness and take account of public opinion in the current rapid phase of development was also acknowledged, and Shanghai officials felt that joint organisation of the Seminar with CityNet had been a valuable experience for the city. They also felt that it had been useful to make contacts in other local authorities in the region and expressed a desire to encourage further public participation in decision-making.

Input from the non-government sector was very practical and was well received. NGOs generally have a longer experience of participatory approaches than local authorities, and there was an overwhelming desire amongst the participants representing local authorities to make urban management more participatory by involving communities in management. The emphasis in issue papers on local authority rather than NGO initiatives was an interesting development in this respect, and could mark a step towards the institutionalisation of participatory urban management within local authorities.

In this context, the experience of many participants underlined that strategic and participatory approaches could only be put into practice if local authorities' financial and decision-making autonomy was strengthened. Resource mobilisation was a critical factor, and it appeared that the sessions on urban finance should be followed by further, possibly city-specific, training in this area.

Working group discussions were judged a useful way to learn from others' experience. From the findings produced by each working group, and participants' comments in questionnaires, discussions managed to effectively combine theoretical frameworks with the exchange of practical examples, a principal objective of the Seminar. The participatory format, whereby there was plenty of opportunity for small group discussion and reporting back, also got a positive response from participants.

The Best Practice presentations were evidence that many members have much to offer in terms of specific initiatives, and this was perhaps one of the key successes of the Seminar. There was a wide range of submissions, making available many potentially valuable lessons and creative solutions in applying participatory approaches to common problems such as housing shortage or environmental improvement. It is hoped that these will stimulate networking, allowing members to identify and contact resource persons who could pass on their skills in dealing with specific city problems. Several members, including Guntur and Kuala Lumpur, declared their intention to do so. CityNet's aim is that seminars such as this one will be the starting point for further initiatives by and for members, for example, the forthcoming training workshops in training on community participation to be offered to local government officials in Surabaya, Hanoi and Dhaka.

A possible benefit to Seminar participants of making and publishing Best Practices is the motivating and legitimating effect of regional or international recognition on the member city that submits the practice. This may fuel further such initiatives both within the authority and among neighbouring ones.

Questionnaire responses at the end of the Seminar stressed that the wide variety of local conditions were a limiting factor in the applicability of some recommendations. It was commented that local situations were so specific that they were not necessarily applicable in another country or even another city in the same country, and some felt that the action recommendations produced by each country towards the end of the Seminar were therefore too general. This is, of course, a point for CityNet to bear in mind in the organisation of future activities. However, while a seminar of this kind can offer a range of frameworks and a wealth of examples, it is in the end up to participants to select whatever they find relevant to their particular situation.

The fundamental question in evaluating the usefulness of devising action plans at the Seminar is whether real action will follow from the plans. There is as yet no concrete programme for this; CityNet is, however, considering future action. A step in this direction is being made at CityNet '97 Yokohama Congress, through a TCDC Forum to analyse the effect of TCDC visits and report on what

is being implemented as a result of visits. It may be useful to build such ongoing monitoring into the planning of this type of seminar wherever possible.

Many participants expressed a desire for more materials on specific initiatives. This report is a small contribution to identifying this need for participants and other CityNet members and it is expected to be supplemented by further training opportunities, training materials and study visits, in particular, through CityNet TCDC activities. These may include:

- Detailed methodological study and technical know-how, and the publication of practical guidelines.
- Formulation of policy recommendations and direct assistance, such as advisory services and TCDC.
- Assistance with local authority capacity-building through workshops and seminars.

The following areas were identified in particular:

- Financial management and accountancy.
- Means of securing loans.
- Decentralisation of powers and finances.
- Guidelines on multi-sectoral investment programmes.
- Needs-based, feasible and affordable planning.
- Comparative study of private sector involvement in rehousing and upgrading of squatter settlements.
- Study of the viability of group holding of land tenure.
- New policy frameworks for genuine, bottom-up community initiatives.
- Ways to strengthen inter-sectoral co-ordination through integrated planning of individual infrastructure sectors.
- Leadership training for municipal government managers.

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PROGRAMME

Day 1, Thursday, 7 November 1996

INAUGURAL SESSION

Introductory comments by Dato' Lakhbir Singh Chahl, Secretary General, CityNet.

Address by Mr. Adrianus Mooy, Executive Secretary of ESCAP, delivered by Mr. Jens Qvergaard, Officer in Charge of Rural and Urban Development Division of ESCAP.

Welcome address by Mr. Huang Yue Jin, Deputy Secretary General, Shanghai Municipal Government.

Inauguration by Mr. Susumu Ogura, Vice Mayor of Yokohama.

SESSION 1

Chair: Dato' Lakhbir Singh Chahl.
Rapporteur: Mr. Uwe Lohse, Human Settlements Officer, ESCAP/UNCHS.

Objectives/Expected outcomes/Programme: *Ms. Mariko Sato, Programme Officer, CityNet.*

Overview Paper: Strategic Urban Management - Applying the Principles of Strategic Management to the Solution of Urban Problems: *Mr. Nathaniel von Einsiedel, Regional Co-ordinator, UMP-Asia.*

Presentations of Shanghai Papers:

1. Shanghai's Urban Construction and Management: *Mr. Tan Qi Kun, Deputy Director, Shanghai Municipal Construction Commission.*
2. Development, Construction and Management of Pudong New Area, Shanghai: *Mr. Li Jia Neng, Deputy Director, Shanghai Pudong New Area Administration.*
3. Shanghai's Urban Road Traffic Management: *Mr. Xu Pei Xing, Director, Shanghai Traffic Police Brigade.*
4. Construction and Management of Residential Buildings in Shanghai: *Mr. Mao Jia Liang, Deputy Director, and Mr. Wang Weng Zhong, Shanghai Municipal Housing Development Bureau.*

SESSION 2

Chair: Ms. Wu Sai Zheng, Deputy Director, Shanghai Municipal Real Estate and Land Administration Bureau.
Rapporteur: Mr. Shashi Kant Sharma, Principal Commissioner, DDA.

Presentations of Issue Papers:

1. Project Implementation and Financing: *Mr. K.K. Bhatnagar, Former Chair of HUDCO.*
2. Participatory Approaches to Municipal Finance: *Mr. Uwe Lohse, ESCAP/UNCHS.*
3. Integrated Urban Infrastructure Management: *Mr. Cor Dijkgraaf, Team Leader, IHS/URDI, Indonesia, delivered by Mr. Nathaniel von Einsiedel, UMP-Asia.*

Best Practices Presentations – Presentation of case studies from Muntinlupa (Philippines), UCDO (Thailand) and Tansen (Nepal).

Working groups:

1. Project Implementation and Financing/Participatory Approaches to Municipal Finance. Facilitator: *Mr. Uwe Lohse.*
2. Integrated Urban Infrastructure Management. Facilitator: *Mr. Nathaniel von Einsiedel.*

Day 2, Friday, 8 November 1996

TECHNICAL VISITS IN SHANGHAI

Pudong New Area (Jingqiao and Waigaoqiao), Orient Pearl TV Tower, Sanlin Yuan Residential Quarter, "Everbright City" site in Zhabei District.

Day 3, Saturday, 9 November 1996

SESSION 3

Chair: Mr. Nathaniel von Einsiedel.
Rapporteur: Ms. Orajitt Bumroongsakulsawat, Assistant Managing Director, UCDO.

Presentations of Issue Papers:

1. Integrated Action Planning: *Mr. Kumar P. Lohani, Chief, The Government of Nepal/ UDLE-GTZ Project.*
2. Involving Communities (CAP experiences): *Mr. Mitsuhiko Hosaka, Joint Co-ordinator, ACHR.*
3. Protection and Management of Urban Environment in Shanghai: *Ms. Lu Shu Ping, Director, Shanghai Municipal Environment Protection Bureau.*

Best Practices Presentations - Presentation of case studies from Kuala Lumpur (Malaysia), Guntur (India) and WHO/Shanghai (China).

Working Groups:

1. Integrated Action Planning. Facilitator: *Mr. Kumar P. Lohani.*
2. Involving Communities (CAP experiences). Facilitator: *Mr. Mitsuhiko Hosaka.*
3. Environmental Management. Facilitator: *Ms. Lu Shuping.*

SESSION 4

Chair: Mr. K. K. Bhatnagar.
Rapporteur: Mr. Mitsuhiko Hosaka.

Plenary - Presentation of results of working groups.

Brainstorming: "What is good and what is bad ?"

International agencies - outlook and offers.

Feedback and follow-up

CLOSING SESSION

Remarks by Dato' Lakhbir Singh Chahl.

Vote of thanks from participants, delivered by Mr. Bekha Ratna Sakya, Mayor of Lalitpur.

Closing address by Mr. Huang Yue Jin.

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STRATEGIC URBAN MANAGEMENT
Applying the Principles of Strategic Management to the Solution of Urban Problems

Nathaniel von Einsiedel[1]

During preparations for this Policy Seminar, CityNet Secretariat asked its members what specific topics the Seminar should focus on, and what kind of technical skills participants would like to gain from the Seminar.

The responses received cover a wide range of suggested topics and expectations, ranging from very specific issues such as housing for the poor and solid waste management, to broader concerns such as community participation, public-private partnerships and institutional inter-relationships. These responses indicate a common interest in learning about specific solutions to existing, as well as anticipated future urban problems.

It is based upon this common interest on specific solutions that I would like to share with you my ideas on how solutions may be formulated to address the challenges that you face in your cities.

Given the broad range of issues you have identified and the different circumstances and conditions specific to your respective cities, the most that I can do during this Seminar is not to tell you what solutions are appropriate to the problems you are faced with, but rather, how you can formulate by yourselves solutions that are effective, efficient and sustainable. After all, you know the problems much more intimately; you know what resources are available to you; you know what is possible and what is not possible. And besides, you are likely to be directly responsible for implementing these solutions.

I strongly believe that an effective way for you to develop the appropriate solutions to your respective problems is through a process I call Strategic Urban Management, or SUM.

THE CONCEPT OF STRATEGIC URBAN MANAGEMENT

Strategic Urban Management may be defined as the process by which top executives of an urban local authority, or any of its operating departments, decide on what actions to take in developing and sustaining a desirable living environment for its constituents or stakeholders.

The key elements of this definition are:

- **process** - strategic urban management must be on-going; it is a multi-sectoral management cycle consisting of strategic planning, tactical or operations planning, and implementation or operations; it should not be a once-a-year exercise that people are forced to endure.
- **top executives** - strategic planning and operations planning is done by top-level staff and line executives, not by a planning department; the city's vision and goals are entrusted to its top executives who have a duty to interpret and make these visions and goals a reality.
- **actions** - strategic urban management focuses on what needs to be done, not merely conceptual statements of aspirations; it is action and results-oriented, not wishful thinking.
- **desirable living environment for its stakeholders** - strategic urban management gives attention to important urban issues. In order to satisfy its stakeholders, urban authorities must know who their stakeholders are and what they expect of a desirable living environment.

ELEMENTS OF STRATEGIC URBAN MANAGEMENT

What differentiates strategic urban management from traditional municipal administration is strategy. A city government, or any of its operating departments, just like a business enterprise, needs a well-defined sense of its mission, its unique place in its environment and direction of growth.

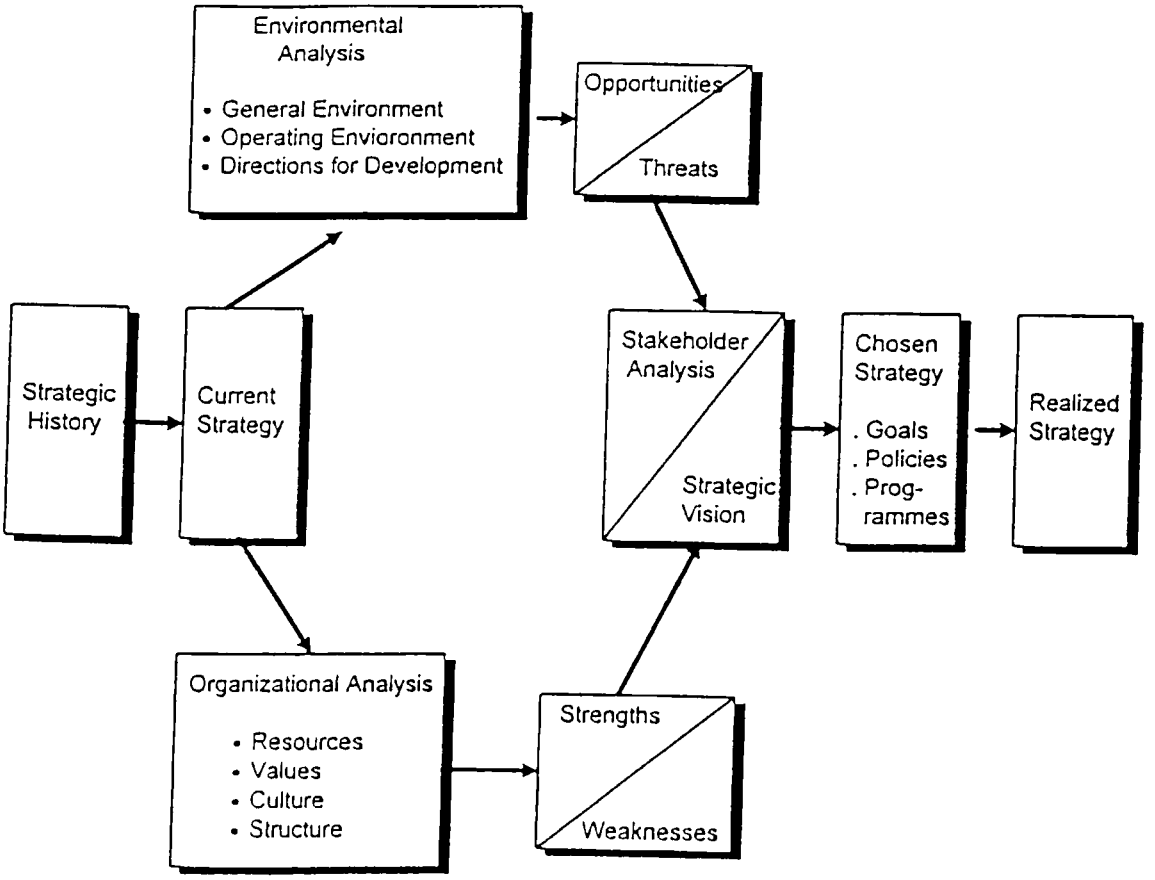
---

[1] Mr. Nathaniel von Einsiedel is Regional Co-ordinator, Urban Management Programme for Asia (UMP-Asia), Kuala Lumpur, Malaysia

Such a sense of mission defines the city government's strategy. It also needs an approach to management itself that harnesses the internal energies of its organisation to the realisation of its mission.

Figure 1 illustrates the elements of Strategic Urban Management. It provides a framework for thinking about strategy and for understanding the strategic issues facing city governments.

Figure 1. Elements of Strategic Urban Management



- **Current strategy** has its roots in the **strategic history** of the city government - the evolution of strategic decisions made by the city government's top executives and actually implemented by its employees. City managers can decide that they are happy with their current strategy. Or they can decide that change is necessary, in which case two issues need to be addressed: environmental (external) analysis and organisational (internal) analysis.
- **Environmental analysis** involves three interactive elements: the **general environment** comprising of a mix of general factors such as social and political issues; the **operating environment** which is more specific to the city government's scope of responsibilities; and the **directions for development** in carrying out change. This analysis leads to the identification of the **opportunities** and **threats** faced by the city government.
- **Organisational analysis** determines how the city government can approach the future, given its **resources** (i.e. people, capital, technology, etc.); its **values** - what they believe in, what motivates them, what they are trying to achieve; its **culture** - what their shared beliefs are on how to proceed and behave; and its **structure** - who reports to whom, how tasks are defined, divided and co-ordinated. This analysis then provides an insight to the city government's **strengths** and **weaknesses**.
- **Stakeholder analysis** bridges the internal and external analyses in trying to balance the city government's strengths and weaknesses in the light of environmental opportunities and threats.

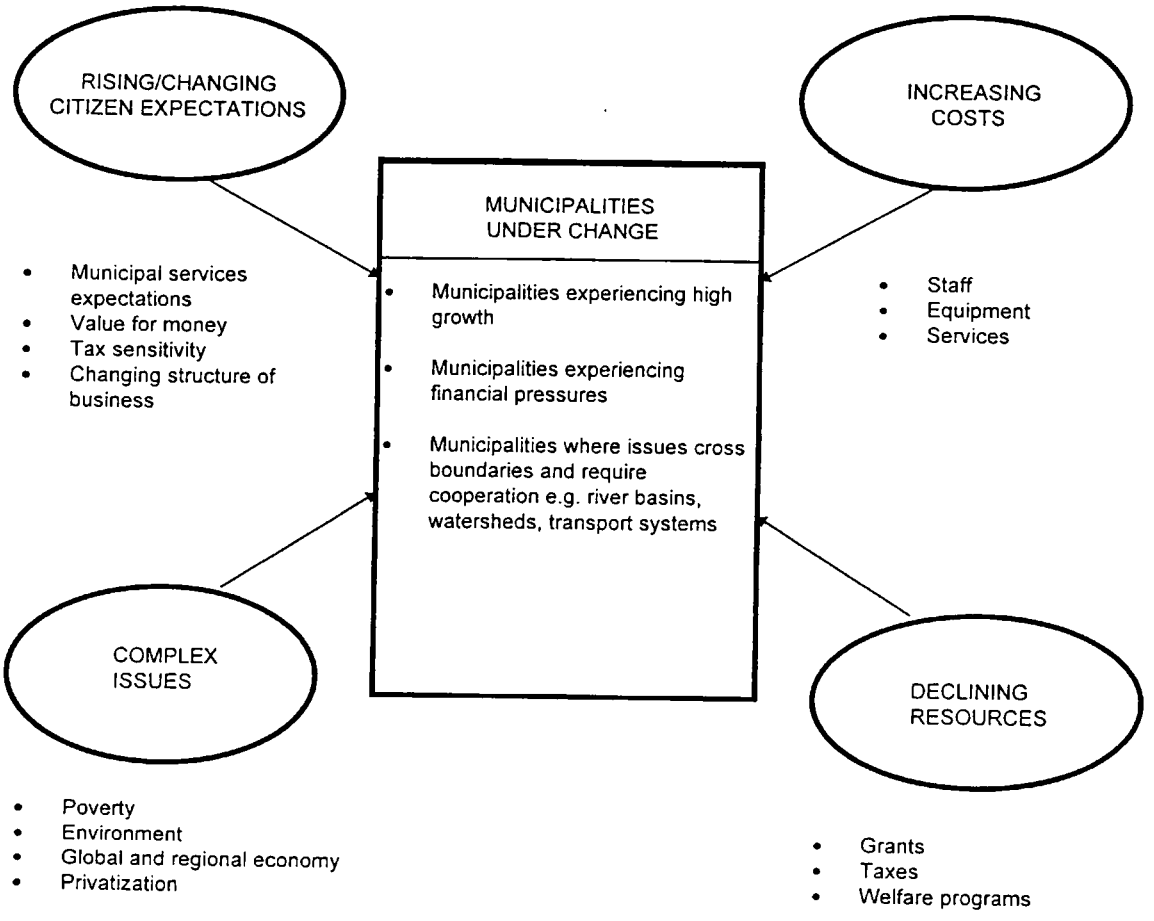
- **Strategic vision** stimulates an aspiration for the future of the city and a rallying philosophy for the city government's behaviour and action. A city's strategic vision must meet the needs of its stakeholders.
- **Chosen strategy** is the product of the earlier analyses and sets the agenda for future action. Its elements are **goals** which define what is to be achieved and when; **policies** set the guidelines for appropriate action; and **programmes** - the step-by-step sequence of actions necessary to achieve the goals.
- **Realised strategy** is the result of implementing the chosen strategy. Very few schemes go totally according to plan since the city government's external and internal environments are constantly changing and new issues emerge. The realised strategy will often be markedly different from the chosen/planned strategy. In time, the realised strategy becomes a part of the city's strategic history - and the strategy process continues.

WHY DO WE NEED TO BE STRATEGIC?

Our cities and towns are in the midst of rapid change, complexity and conflict. In many Asian countries, significant decision-making powers are being decentralised to the municipal level. This is occurring at a time of massive unprecedented change brought about by rapid urbanisation and globalization of the economy. In spite of impressive economic growth in the region, the gap between the rich and the poor is increasing; the environment is rapidly deteriorating; citizens are demanding governments to be more accessible, responsible and accountable; and financial and other resources are becoming more inadequate to meet the needs of increasing populations.

The globalization of the economy with the increasingly mobile nature of capital, as well as the advent of technological innovations and new markets, are also bringing about changes and new opportunities in the municipal environment. All these dictate that municipalities can no longer do "business as usual." They are being forced into an increasingly global context (see Figure 2).

Figure 2. Pressures Forcing Municipal Change



INADEQUACY OF CURRENT PRACTICES

These rapid changes in economic, environmental, social, political and technological circumstances in Asia are seriously outpacing the ability of municipalities to manage their affairs. Such changes are revealing the grave inadequacy of existing municipal management approaches to address the challenges of urbanisation in an efficient and equitable manner.

Existing urban management approaches in many Asian countries are often attempts to solve problems of the past. While these efforts were valid at one time, they are now not only outmoded but even contribute to the problems of the present. Most Asian municipal governments are predominantly based on hierarchical power structures. They are usually characterised by a high degree of segmentation in terms of various professions (e.g. urban planners, economists, engineers, social workers, etc.) and their respective departments. Buried under bureaucratic regulations, many Asian governments are slow to develop new approaches that can better respond to a rapidly changing situation. In many cases, urban policy is often formulated in isolation from most urban stakeholders, particularly citizens, who operate outside of the municipal government's administrative realm (see Box No.1).

Box No.1: Examples of Poor Municipal Planning

Master plans for cities in Thailand are prepared by the Department of Town and Country Planning (under the Ministry of the Interior), sometimes with assistance from city officials, but rarely with any input from local residents. While these plans are "approved" by the cities, they are not effectively implemented.

Land-use controls in Bangladesh have been enacted in cities such as Dhaka, Chittagong, Khulna and Rajshahi, based on the Town Planning Act of 1953. A study by A.I. Chowdhury in 1984 reported that these were failures, due to the fact that the cities grew much faster than the master plans foresaw.

In South Korea, restrictive zoning controls and building regulations have reduced the area of Seoul available for development by 40%, and thus, contributed to the rapid escalation of land prices, which increased at an annual rate of 24% between 1974 and 1989.

Site-planning and subdivision standards in Malaysia, while well-intentioned in terms of environmental quality, are adding considerably to housing costs and making it unaffordable to low-income families. The required area for roads, building set-backs, and community facilities per house is up to four times greater than international standards, resulting in about 25% of land being wasted.

In Quezon City, Philippines, an expensive garbage incinerator was installed without thoroughly analysing the characteristics of the city's garbage. Having a tropical climate with high humidity and long monsoon seasons, the city's garbage (with a high concentration of food wastes) needs to be dried out first before it can be incinerated, thereby requiring almost double the energy to operate the system. Not having been designed for this, the system broke down almost immediately and was never repaired due to the very high cost involved.

The consequences of poor urban planning and management go well beyond these examples to include such problems as:

- increased mortality rates due to poor environmental conditions, as well as increased cost of health care, not only to government but more importantly to urban residents;
- increased traffic and its effects on air pollution and higher energy consumption;
- increased incidence of crime and urban violence;
- unemployment and increased levels of poverty;
- deterioration of municipal infrastructure (roads, water, etc.);
- increased travel time and social stratification due to urban sprawl;

- increasing deterioration of the quality of life, especially of the urban poor and disadvantaged groups.

Correcting these and other social, environmental, economic, cultural and infrastructure problems will be increasingly difficult and costly, and even impossible in some cases, unless effective, coherent strategy development processes are established. The key is thinking, planning and managing strategically.

THINKING, PLANNING AND MANAGING STRATEGICALLY.

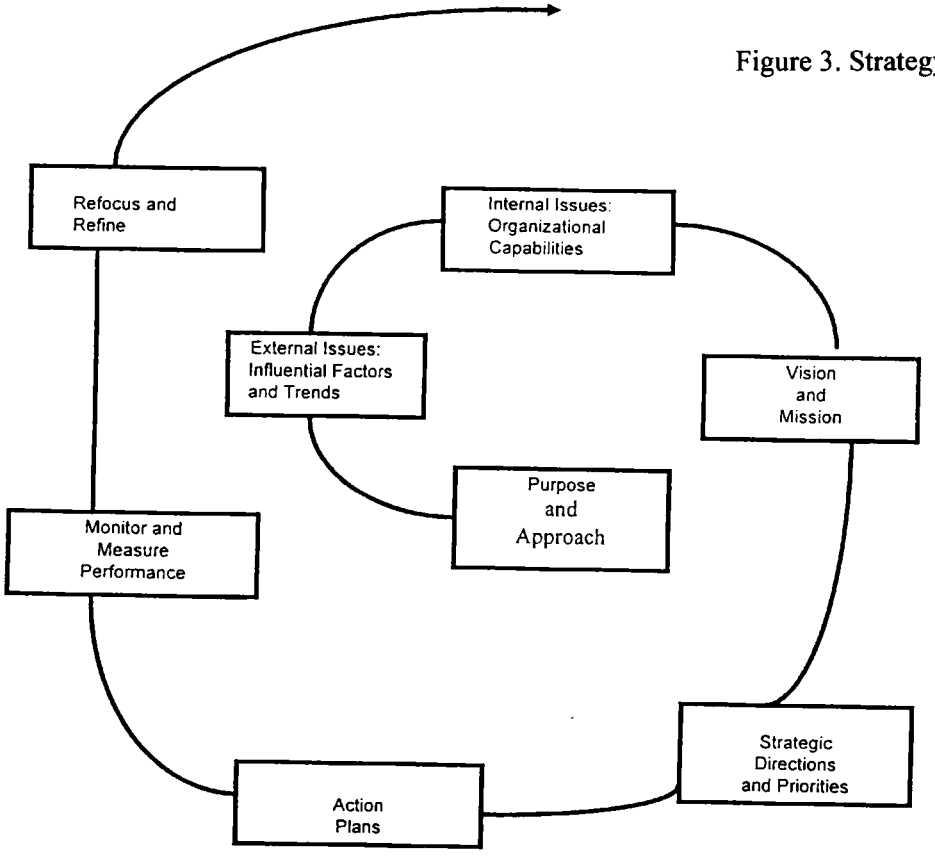
In order to effectively deal with the rapid and complex changes affecting towns and cities, municipal officials need to think, plan, and manage strategically. Strategic thinking requires an insight into the interrelationships of both internal and external conditions in which the municipality operates. Strategic planning is a systematic way of innovating and integrating priority actions in view of strengths and weaknesses (i.e. organisational capacities and resources) as well as opportunities and threats (i.e. external factors and trends affecting the municipality). Strategic management entails establishing and sustaining a framework for the continuous formulation and implementation of strategic actions, including the building of capacities for the tasks involved.

In other words, Strategic Urban Management involves an effective strategy development process that addresses change systematically by concentrating on critical issues, explicitly considering resource availability, and crafting innovative solutions based on commitment and capacity.

While different circumstances will require different methodologies, most strategy development processes are cyclical and involve a number of basic components:

- Definition of purpose and design of the approach;
- Analysis of the current situation and diagnosis of the key issues;
- Creation of a common vision of success and clarification of mission and mandates;
- Selection of strategic directions and priorities (goals and objectives);
- Development of a strategy (integrated set of action plans) to realise the vision;
- Measurement and evaluation of results; and
- Refocusing and refinement of efforts.

Figure 3. Strategy Development Cycle



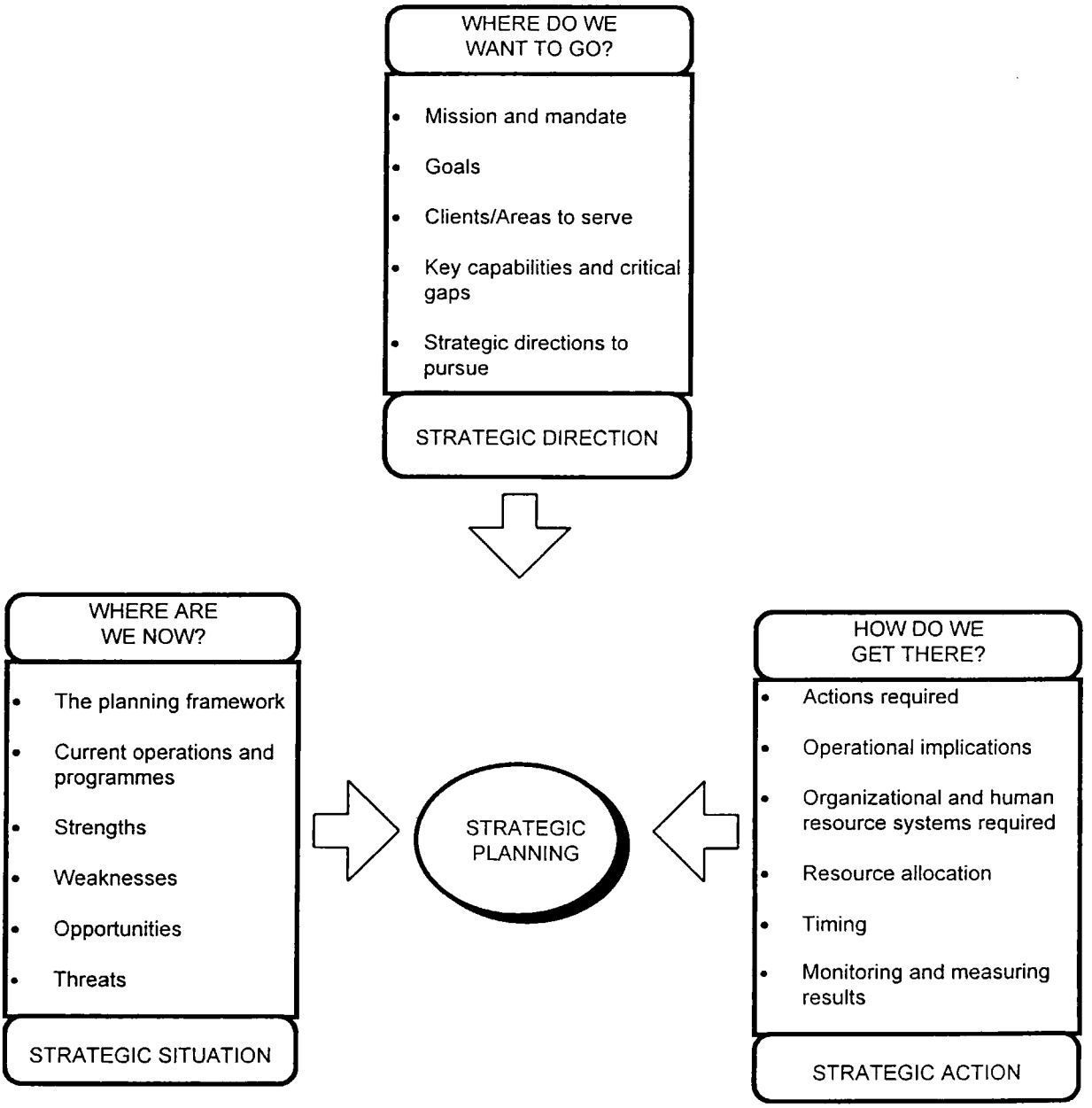
STRATEGIC PLANNING IN THE MUNICIPAL CONTEXT

Strategic planning has been widely employed by private companies since the 1960s to manage change and increase the effectiveness of decision-making in the business world. In recent years, many public sector agencies have initiated strategic planning exercises and, when properly applied, have found them to be effective in managing change.

Strategic planning involves seeking the answers to three fundamental questions (see Figure 4):

- Where are we now?
- Where do we want to go?
- How do we get there?

Figure 4. Strategic Planning

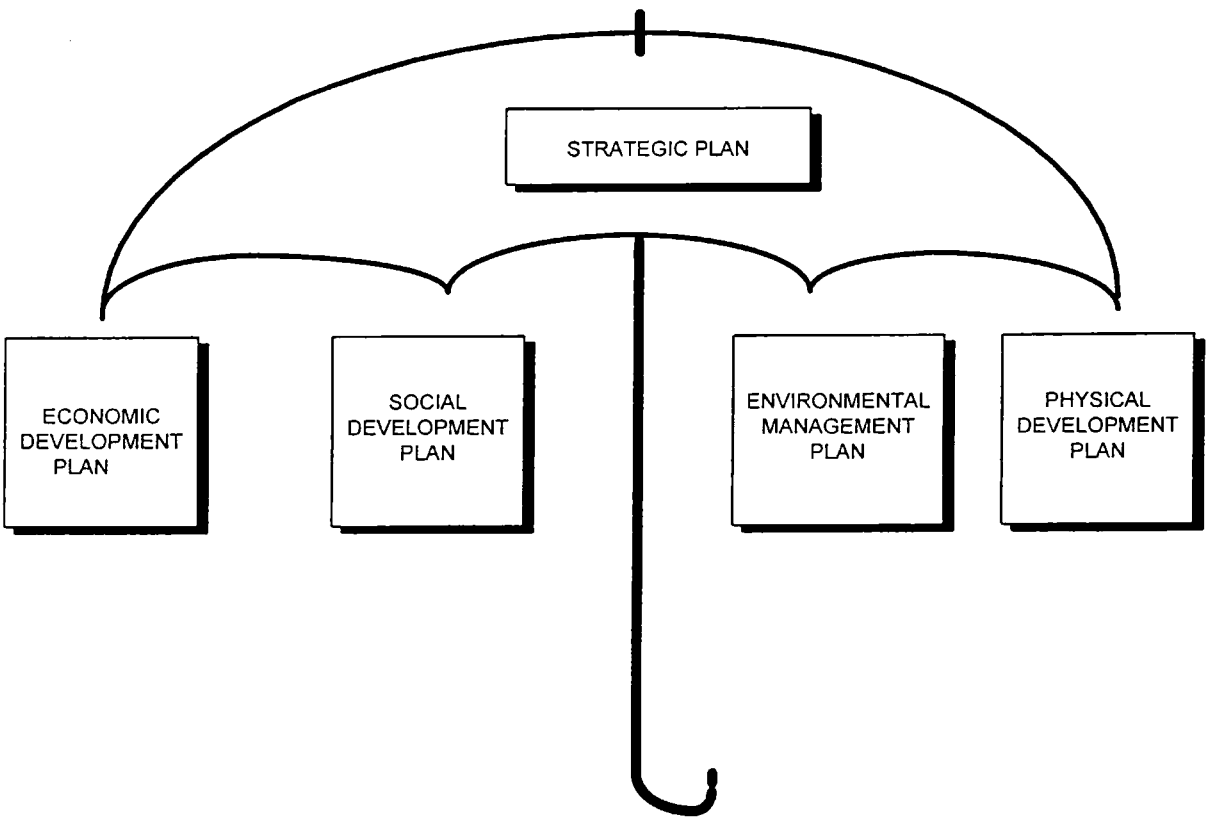


Without strategic planning, the possibility of endless debate, poor decisions and unrealised potential is very high. Strategic planning helps to answer questions like:

- Which urban issues should receive priority attention?
- Which areas should receive which type of growth?
- How can existing and emerging economic opportunities be maximised?
- How can the quality of life be protected and enhanced?

It is important to recognise that strategic planning is not a substitute for economic or physical planning, but rather an umbrella covering all types of planning such as housing, land use, transportation, as well as social issues, health, education, environmental management and economic development (see Figure 5).

Figure 5. Strategic Planning As A Tool for Municipal Integration



Strategic plans are different from official development plans, but they are complementary and supportive of each other. Official plans are usually reflected through development polices and programmes covering the social, economic environmental and physical aspects of community life. Strategic plans can provide a bridge from policy to operations and action. Moreover, strategic plans are more visionary in nature and help to establish community-based short- and long-term goals, as well as a coherent plan of action for accomplishing these goals (see Box No.2)

Municipal strategic planning can be used to address specific issues (i.e. solid waste) or a broad range of issues (e.g. poverty reduction, environmental management, economic development, etc.). Strategic planning is about co-operation at organisational, community and inter-community (regional) levels. It has the potential to mobilise resources and co-ordinate activities on a wide scale.

Box No. 2: Strategic Planning Versus Conventional Planning	
Strategic Planning	**Conventional Planning**
• Process- and action-oriented.	• Product-oriented (the plan).
• Starts with consensus on issues. Driven by purpose and environment; uses combination of deliberate and emergent strategies.	• Driven by goals; uses deliberate strategy. Starts with consensus on power to enforce.
• Proactive.	• Proactive and reactive.
• Values intuition and judgement highly; both quantitative and qualitative.	• Values analysis highly; predominately quantitative.
• Managers and implementers are the planners.	• Planning specialists do planning; a staff function.
• Focused and selective.	• Comprehensive.
• More action-oriented; unites planning and implementation.	• More action-oriented; planning separated from implementation.
• Addresses organisational values, strengths and weaknesses.	• Values, strengths and weaknesses not considered.
• Scans externals environment for opportunities and threats.	• Environmental scan rarely done.
• More interactive with range of stakeholders.	• Interaction limited to data.
• Political- and stakeholder-awareness and involvement.	• Administrative orientation and awareness.
• Commitment to vision developed through interaction.	• Vision (if included) is an idealised end-state.
• Full account taken of implementation capability throughout.	• Implementation capability is a later concern.
• Strongly oriented to allocation of organisational resources.	• Planning often separated from budgeting.
• Strategic approach integrated into subsystems and units.	• Integration not addressed as part of planning.
• Contingency planning included.	• Excludes contingency planning.
• Implementation by empowerment.	• Implementation by directive.
• Involves capacity-building for strategic thinking and organisational learning.	• Capacity-building not an explicit objective.

Benefits of Effective Strategy Development

An often-overlooked criterion for success is the opportunity that a community misses because it does not have a good strategic plan. The lack of good municipal planning of any type, especially strategic planning, can very easily be established as one of the main reasons for the persistence of the problems facing our communities today.

To be sure, there are several examples of successful initiatives in Asia which are the result of strategic thinking, planning, and management (see Box No. 3). What is needed, however, is to install this way of thinking and doing into municipal management culture.

Box No. 3: Examples of Strategic Actions

- In Shanghai, China, the Municipal Government under Mayor Huang Ju anticipated in the early 1990s that one of the major amenities that would attract investors to the Pudong New Area is telecommunications. They therefore invested a significant amount to install a state-of-the- art microwave and fiber optics communications system. Pudong now is one of the most, if not the most, successful urban development project of a local government in China.
- In Jakarta, Indonesia, the city government has taken a positive approach to harnessing the potential of sidewalk vending (or hawkers) as an important economic activity in the city. In 1990, about 15,000 hawkers were accommodated in specially-designated zones. This not only ensured the continued income of the hawkers, but also contributed to solving unsanitary conditions and traffic problems normally associated with sidewalk vending.
- In Naga City, Philippines, the city government solved congestion in its central business district (CBD) by rezoning two parcels of land in the outskirts for the construction of satellite markets and bus terminals. The city did not spend a single cent, since it only arranged a partnership between the owners of the land and private developers, (who subsequently constructed the markets), and passed a city ordinance directing buses to use the new terminals instead of the CBD streets.
- In Delhi, India, the Delhi Development Authority (DDA) launched in 1993 a shopping complex for the resettlement colony of Mangolpuri where residents are mostly low-income families and cannot afford the usual shopping space in commercial centres. Recognising that these residents rely on livelihood opportunities in the immediate vicinity of their residences, DDA incorporated low-cost small-sized shops in the resettlement complex which were sold to the residents at a reasonable cost. This has enabled the residents not only to earn a living next to their homes but also cater to the daily needs of the colony's population of about 200,000 persons.

Municipal strategic planning can be a powerful means for identifying and accomplishing significant actions because it concentrates on critical issues while considering capability and resource availability. However, strategic planning should by its very nature not be seen as an all-encompassing solution for all of a community's management-related problems. Nevertheless, if taken seriously and integrated into the whole community development process, strategic planning can be an effective tool for promoting a logical and feasible pattern of growth and development in many aspects of community life. Some of the benefits of effective municipal strategic planning are:

- **It provides for a comprehensive understanding of the municipal operating environment.** By holistically analysing issues, community needs and aspirations, organisational capabilities as well as mapping their inter-relationships, strategic planning provides for a better understanding of the environment that the municipality operates within. By clarifying its mission and mandates, the municipal government will be able to enhance its effectiveness in matching its own capacities with the demands of its operating environment.
- **Saves time, energy and money.** Most municipalities are faced with increasing demands for services and decreasing sources of revenues. This requires quality decision-making and action. Strategic planning enables an understanding and acceptance of resource requirements as well as a framework for co-ordination of efforts and systematic targeting of resources on priority issues. Furthermore, strategic planning enhances the effectiveness of actions through creative thinking and capacity-building.
- **Enhances leadership and provides for pro-active decision-making.** Strategic planning provides a framework for sound decision-making by evaluating the impact of alternative decisions. The development of a shared, long-term vision will allow for the creation of plans that are able to transcend changes in municipal administration and thus gives current officials a stronger mandate for action-oriented leadership. Furthermore, municipal staff will be provided

with a broader range of responsibilities, thereby allowing officials to focus on truly important and strategic issues.

- **Promotes consensus and shared commitment with regard to purpose and action.** Municipal governments do not operate in a vacuum. Their tasks require the co-operation of various agencies and organisations, but they are often faced with problems of co-ordination. Strategic planning provides the framework to accommodate varying interests, define a common purpose and make it a foundation for collaborative action. Individual stakeholders may have to relinquish some freedoms but they do so in order that together with others, they may co-produce results which no single stakeholder can produce alone.
- **Provides for stakeholder involvement, synergy and education.** Successful municipal strategic planning requires a continuous interactive process. By creating a forum where various community stakeholders can come together to discuss and resolve issues of concern, both formal and informal communication linkages and networks are created. This enhances community relations and co-ordinated action. This same forum also provides stakeholders with a greater understanding of issues affecting the community as well as the municipal decision-making process for addressing these issues.
- **Promotes sound investment and develops a competitive advantage.** As communities develop, they often require investment from outside their own funding base in order to be able to compete with other communities for limited investment capital. By considering global trends and impacts on the local economic situation, strategic planning can build the capacity to recognise, create and take advantage of opportunities which enhance the local economic base. Those communities with the best strategic plans have the best opportunity for such investments by using the strategic plan as a "sales tool". It provides potential investors, residents and donor organisations with a clear means to assess the community's competitive advantages. In addition, a well-constructed strategic plan often meets requirements for accountability through a rational distribution of resources and responsibilities.

BUILDING CAPACITY FOR STRATEGIC URBAN MANAGEMENT

In order to effectively carry out the tasks of Strategic Urban Management as well as of implementing urban programmes and/or projects, it will be necessary to strengthen urban management capacity in the public sector, especially at city or municipal level. Effective government performance is central to government's role in development and its ability to create as well as sustain a good living environment for its constituents.

In this context, capacity is defined as the ability to perform appropriate tasks effectively, efficiently, and sustainably. Capacity-building is defined as improvements in the ability of public sector organisations, either singly or in co-operation with other organisations, to perform appropriate tasks. Capacity-building to improve public sector performance is thus an important element of development initiatives.

Designing and implementing a capacity-building program, however, is more complex than it appears. A large number of countries which have undertaken various capacity-building initiatives have been unable to produce positive results. It appears that this lack of success is based in part on a set of assumptions that underlie such initiatives and are applied uniformly in spite of varying conditions and circumstances from country to country. Some of these assumptions are:

- that organisations or training activities are the logical means to develop capacity;
- that administrative structures and monetary rewards determine organisational and individual performance;
- that organisations work well when structures and control mechanisms are in place; and
- that individual performance improves as a result of skill and technology transfer through training activities.

Based on the experience of the Urban Management Programme(UMP), these assumptions need critical examination when designing a capacity programme. Capacity-building efforts focusing on organisations and training activities are typically based on the belief that constraints on performance can be effectively addressed by organisations or their employees. However, organisations and trained employees do not perform in a vacuum; their ability to carry out assigned responsibilities is deeply affected by the broader environment within which they operate. In some countries, performance problems at organisational or individual level may be deeply embedded in economic, social and political deficiencies.

Capacity-building efforts that focus on civil service and public employment reform often give particular attention to structures such as pay-scales and conditions of employment, based on the belief that performance will improve when public servants are well-paid, have well-defined responsibilities, and work within well-structured hierarchies, rules and procedures. However, experience shows that such reforms do not result in improved output unless they restructure public sector management systems to become performance- and results-oriented.

Typically, capacity-building efforts designed to raise organisational performance focus on improving systems for accomplishing particular tasks, introducing new technology, increasing monetary incentives for personnel, and strengthening accountability and control mechanisms. Here again, experience shows that organisational culture is more important as a determinant of performance than structures for remuneration and control. Most organisations that perform well are those that have cultures stressing problem-solving and flexibility, participation and teamwork, shared professional norms, and a strong sense of mission.

Training activities often focus largely on increasing skill levels, particularly those skills necessary for the adoption of new technologies, such as Geographic Information Systems (GIS). Yet, public servants in many countries and organisations complain that the skills they have are not effectively employed in their jobs and that the quality of their performance is irrelevant to their career development. These complaints suggest that human resource constraints are more likely due to the failure to provide people with meaningful jobs and utilise their skills effectively than from problems related to training. Again, the assumptions underlying many capacity-building initiatives appear to focus attention on actions that do not result in the positive improvement of performance.

In designing and implementing an effective capacity-building program, tasks must be specified and assessed for their appropriateness within a given country. Similarly, measures of effectiveness, efficiency and sustainability must be specified. Because many factors affecting the outcome of government activities are beyond the control of particular interventions, indicators of capacity need to be identified in terms of task-specific questions: Was the task effectively identified? Were appropriate actions put in place to achieve the task? Were skilled human resources assigned to accomplish the task? Were resources used efficiently to accomplish the task? Was the ability to accomplish the task sustained over time?

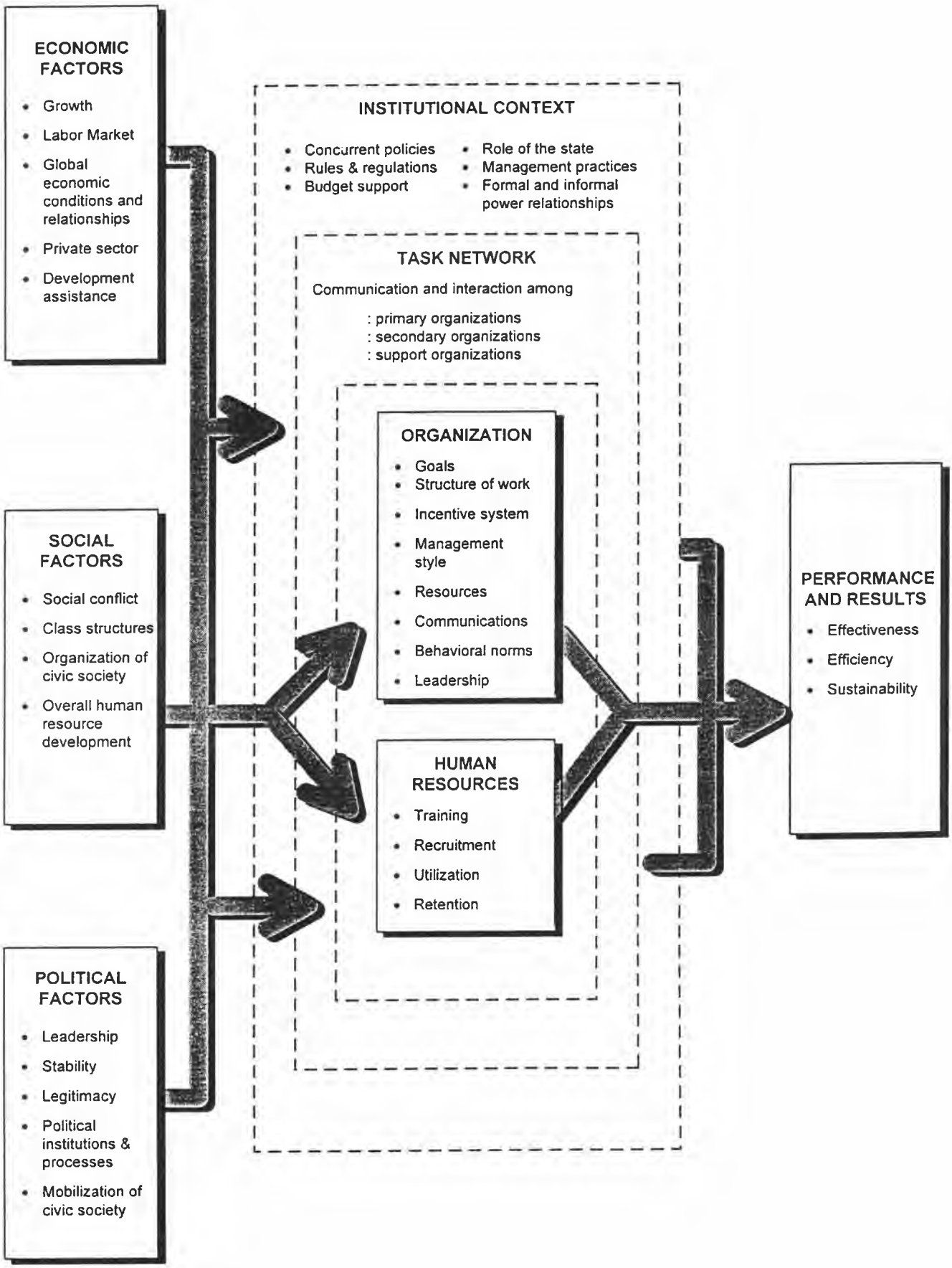
In urban development, many public sector tasks require the co-ordinated action of several organisations which together form a network. While tasks can be defined narrowly and involve the actions of one organisation, urban development tasks often involves a network of organisations.

Thus, the capacity to perform a particular urban development task requires translating the inter-relationships of the range of organisations involved into a task network.

The success of a capacity-building program for urban management, therefore, depends on an understanding of the interconnected factors that affect performance of particular tasks which in turn, affect the ability of organisations to achieve specified goals. Five sets of factors are shown schematically in Figure 6. These factors are:

1. The working environment - the economic, social and political milieux in which governments carry out their activities (e.g. rate and structure of economic growth, degree of political stability and legitimacy of government, human resource profile).

Figure 6. Factors Affecting Performance in the Public Sector



2. The institutional arrangements - includes the rules and procedures set for government operations and officials, the financial resources, the responsibilities government assumes for development initiatives, concurrent polices, and structures of formal and informal influence that affect how the public sector functions.
3. The task network - the set of organisations involved in accomplishing any given task, which may include organisations outside of government (e.g. NGOs, private business sector); the extent of communication and co-ordination among network members; the extent to which individual organisations within the network are able to carry out their responsibilities effectively.
4. Organisations - the building blocks of the task network; their structures, processes, resources, and management styles; how they establish goals, organise their work, define authority relations, and provide incentives.
5. Human resources - how they are educated and attracted to public sector careers; how they are utilised and retained as they pursue such careers; the managerial, professional and technical talent and the extent to which training and career development affect the overall performance of a given task.

CONCLUSIONS

In my introduction, I mentioned that I strongly believe Strategic Urban Management is an effective way to develop effective, efficient and sustainable solutions to many of the problems faced by our cities and towns. Strategic Urban Management can be one of the most fulfilling experiences that a community and municipality can engage in. It can help relate and integrate the many components of community life to achieve a coherent and synergistic whole. As proven by several existing examples where strategic actions have been taken by city governments, it is not unusual for communities to realise five or even ten times the benefits when they take strategic planning seriously and integrate it into the whole community development process. The key is thinking, planning, and managing strategically.

However, success will not be possible without the capacity to perform the tasks required effectively, efficiently and sustainably. Managing strategically involves implementing actions which, in turn, requires performing specific tasks. Thus, strengthening the capacity to improve actual performance of urban management tasks is critical.

Managing the affairs of a city effectively, efficiently and sustainably is basically a way of thinking and a way of doing. Ultimately, the realisation of development goals and objectives, whether they be city-wide or project-specific, depends on the capacity for effective urban management - the capacity to constantly think strategically, plan strategically, and always perform strategically.

Project Implementation and Financing

K. K. Bhatnagar[1]

1. INTRODUCTION

Participatory approaches and the evolution of strategies to ensure the participation of all concerned is becoming the main concern of development planners and policy makers. Hitherto, participation was perceived as an additional point to be considered after the initial decisions are made about projects. This has changed over time and it has come to be accepted that decisions with regard to project formulation should be preceded by an in-depth understanding of the felt needs of the users and furthermore, consulting them at each stage of project formulation and planning. This evolution has its roots in experience gained from government-sponsored projects, and remained as such, without willful utilization by the intended beneficiaries, resulting in misdirection of resources.

2. CONCEPTUAL FRAMEWORK

Of late, development planners are further realizing that it is not enough just to involve the beneficiaries at the planning and conceptualization stage alone. It is increasingly recognized that, for achieving the desired development goals and objectives, the entire process from conceptual stage to implementation and further post-project maintenance and upkeep should have a strong involvement and participation by the beneficiaries, as well as others concerned.

In the above process of development and further maintenance of projects, finance, which has a crucial role, can be visualized as a tool to articulate the process of development. Perhaps, utilizing finance as a tool can facilitate participation not only by the direct project beneficiaries concerned, but also by others who stand to gain or alternatively are affected by a particular project. Implicit in this process is not only the sharing of project costs, but possibly also comprehensive cover of indirect costs and benefits which are incidental to the project.

In the light of the above understanding, an attempt is made in this paper to discuss various issues of implementing and financing urban development and housing projects in the context of the Policy Seminar. Relevant experience of HUDCO gained over the two decades of its operation in the socio-economic and administrative context of India is referred to in this paper.

3. URBANIZATION CONTEXT

Asia is among the least urbanized of the seven global regions, containing about 34% of the world's total urban population. Urbanization of the region is marked by the growing importance of mega-cities and mega-regions. The urban pattern is extremely diverse in terms of growth. There is a great difference between rural and urban areas in terms of standard of living, access to basic infrastructure, education, health and communications and as a result, a lot of migration to urban areas is taking place. The positive features of urbanization have been overshadowed by shortages of land, shelter and infrastructure services, as well as poverty, deprivation and environmental deterioration. In most Asian countries, these inadequacies are not the only problems faced by people; rather, inequitable distribution and limited reach to the poor and disadvantaged groups are the issue of concern.

India has experienced a rapid growth of population in the last couple of decades. During 1981-91, on an average, the rural population of the country increased at the rate of about 19% whereas the growth rate for urban areas was about 36%. This indicates a massive movement of population from rural to urban areas due to pull and push factors. The number of urban settlements has also increased significantly: they were reported as 3768 in number in 1991. The growth pattern of urban settlements does not indicate significantly different growth rates of six categories of towns and cities. About 65% of the urban population is reported to be living in class I cities and nearly

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30% of new towns are reported in the metropolitan districts. This indicates the possible development of mega-cities and mega-regions in the country in the coming years.

4. INVESTMENTS IN HOUSING AND URBAN DEVELOPMENT

The entire structure of resource mobilization of the Government of India has undergone changes during the past few years. The composition of resource mobilization from the market, both internal and external, has gone up, while the share of grants and aid from outside world has declined. This has affected the mechanisms of resource allocation and brought changes in development approach and in particular, the component of subsidy and grants for various projects and schemes has declined. There has been a shift in approach from soft options and solutions to the market approach, thereby inducing pricing of goods and services and cost-recovery. This has also been translated into housing and urban infrastructure projects.

Regional Context: Data on central government expenditure to total expenditure on housing, amenities, social security and welfare in 1988 reveals that low-income countries make very low expenditure in this sector in comparison to high-income economies. The Asian region, particularly the countries which form a large proportion of the region's population, including China, India, Pakistan, Bangladesh and Indonesia are allocating less resources for the sector. Percentages of central government expenditure to total expenditure on housing, amenities, social security and welfare in 1988 are shown in Fig. 1.

Fig. 1. Percentage of central government expenditure to total expenditure on housing, amenities, social security and welfare in 1988

COUNTRY/GROUP	Expenditure on Housing, Amenities, Social Security and Welfare (Percent of Total)
LOW-INCOME ECONOMIES	6.2
China	NA
India	5.4
Pakistan	8.7
Bangladesh	NA
Indonesia	1.7
MIDDLE INCOME ECONOMIES	16.6
HIGH INCOME ECONOMIES	36.5

Source: World Development Report, 1990

In India, it is estimated that nearly one-fifth of resources for the housing sector are contributed by formal housing finance institutions and almost the entire urban infrastructure by the public sector.

5. HUDCO'S ROLE IN URBAN DEVELOPMENT

Housing and Urban Development Corporation (HUDCO) was established in 1970 as a public undertaking to undertake and finance urban development and housing (both in urban and rural areas). Though in the initial years the focus of activity was on housing, in recent years, urban development activity is getting equal attention and in terms of monetary allocations, it is likely to exceed investments in housing in the near future. The main focus of development activity funded by HUDCO involves infrastructure and other social facilities that support primary necessities. In essence, this implies that most investments of HUDCO go towards water supply, basic sanitation, health, education and to a certain extent, transport infrastructure. This is in keeping with the philosophy of HUDCO to fulfill its social obligations to the urban poor and to enable them to have access to these basic services besides the shelter component.

HUDCO has adopted a "project approach" in its lending operations and this gives full attention to ensure not only their economic viability, but at the same time there is scope for making the projects financially and technically feasible. Appraisal and monitoring mechanisms have been

evolved over time and there is a constant effort to streamline the procedures and also decentralize HUDCO activities.

Operational Profile: Of the total housing and urban infrastructure finances in the country, HUDCO contributes nearly half. In April 1996, at the commencement of the financial year 1996-1997, HUDCO's operational profile stood as follows:

No. of projects sanctioned	: 11.813
Project cost	: Rs. 201,140 million
Loan commitment	: Rs. 118,290 million
Loan released	: Rs. 80,580 million (as of 29.2.96)

On completion, the above projects will help to provide about 6 million residential units, over 0.41 million developed plots, 3.5 million sanitation units and 420 urban infrastructure projects. The loan commitment of HUDCO for infrastructure projects alone amounted to Rs. 28,379 million. HUDCO has successfully implemented the concept of cross-subsidy and as a result, benefits of the housing projects go in favor of the poor. Due to lower unit costs of EWS and LIG units, 55 percent of resource allocation for this category results in generation of 70-80 percent of the total units financed. Statistical information cited in this section is taken from HUDCO Management Information Sheet as of 31.7.96

Fig. 2. Resource Allocation by HUDCO

Category	Percentage of Funds Allocated
EWS LIG	30) 55 25)
MIG HIG and Others	25) 45 20
* Minimum 15% for EWS Rural and 10% for EWS Urban Housing	
Total	100

Notes: EWS refers to Economically Weaker Section Households with a monthly income less than Rs. 1,250/-; LIG refers to Low Income Group with a monthly income in the range Rs. 1,250/- to Rs. 2,650/-; MIG refers to Middle Income Group with a monthly income in the range Rs. 2,650/- to Rs. 4,450/-; and HIG refers to High Income Group with a monthly income above Rs. 4,450/-.

Similarly, in urban infrastructure projects, particularly water supply, an in-built subsidy mechanism has been propagated, water supply through kiosks is generally free or just recovering the kiosk operating cost is charged. HUDCO at its inception started with government equity and later mobilized resources largely from government-aided institutions. More recently, resources have been mobilized through public deposit schemes, bonds/debentures, banking sector funds, an Employee Providing Fund, deposits from borrowing agencies and also from other international bilateral funding agencies.

Resource Mobilization - Consortium Approach and Beneficiary Participation: Until very recently, HUDCO was mobilizing finances from the market on its own. However, with the increased demand and diversifying nature of projects, particularly in the infrastructure sector, HUDCO has involved various institutions for co-financing projects. This decision has been taken to consciously mobilize more finances as this brings many new agencies into the area of urban infrastructure financing, thus enlarging the resource base. Secondly, the risk involved in financing large projects is also spread among the financing agencies. Because of these two supporting parameters, HUDCO's area of operation has been enlarged to cover special projects such as an Airport Project. The agencies which have joined hands with HUDCO include Infrastructure Leasing and Financial Services (IL&FS), Shipping Credit & Investment Corporation of India Ltd. (SCICI), Asian Development Bank (ADB), Kreditanstalt fur Wiederaufbau (KfW) of Germany, the UK

Overseas Development Agency (ODA), the Japanese Overseas Economic Corporation Fund (OECF) and the United States Agency for International Development (USAID). In addition, an on-line credit system has also been evolved to raise finance quickly from the market to fund projects as and when demand comes. Sources of finance for HUDCO's operations have undergone a gradual change over the years, as can be seen from the resource composition for the last three years shown in the following table:

Fig. 3. Resource Composition of HUDCO

(Rs. in Millions)

	As of 31.3.94	As of 31.3.95	As of 31.3.96
Reserves	3,060	3,600	4,376
Equity	2,740	2,980	3,240
Sub-total of shareholder funds	5,800	6,580	7,616
Institutional borrowing	15,230	17,780	
Bonds & debentures	25,120	26,550	
Sub-total loan funds	40,350	44,330	47,814

Source: HUDCO Balance Sheet

From the very inception, in HUDCO's financing operations there has been an attempt to develop agency and beneficiary participation. The participation is in terms of pooling land for projects, raising its own resources for project components, and co-financing of project components by other financial intermediaries, as well as local and state governments. Participation is also extended to the ultimate project beneficiaries, through their contributions in the form of registration fees, security deposits and advance installments which are an integral part of the self-financing approach. In urban infrastructure projects, there is an increasing emphasis on raising the level of participation of project implementation agencies, pooling more resources and reducing dependence on lending agencies.

Institutional Appraisal and Rating of Agency: HUDCO has developed a methodology to undertake institutional appraisal and rating of borrowing agencies, taking into consideration various parameters: operational results, stock position, speed of compilation of documentation, recovery position, timely payment on borrowing, administrative and service charges, ability to mobilize funds and surplus/deficit in accounts. Based on these parameters, a 500-point grading is developed to classify the agencies into five categories given below:

i. 450 and above — A
ii. 400 - 449 or — B
iii. 300 - 399 — C
iv. 200 - 299 — D
v. Less than 200 — E

The agencies falling in category 'A' are given "green channel treatment," which means the immediate sanctioning of loans to such agencies; if the borrowing agency has submitted about 10 schemes or projects, only one project would be taken at random and evaluated. In the case that agencies are not doing well, D and E categories would undergo a "nursing" approach to bring them up to the level of better-rated agencies. Efforts are being made to promote agency performance of B and C categories to the level of A category through additional input and the removal of deficiencies.

The evaluation of borrowing agencies ensures the legal status of the institution, its organization, management, staffing policies and procedures and the whole environment in which it operates. The major questions are whether the management is capable of doing the job effectively, take new initiatives or make the required institutional changes to achieve project objectives, and so on.

Implementation mechanisms: The major problems in project implementation have been of time and cost over-run. HUDCO has developed a mechanism to ensure that this aspect is taken care of. The first step is to undertake a major exercise in the context of project formulation and ensure

that all critical parameters are satisfied and properly analysed. The second important aspect is in-built: projects completed well within schedule are granted a one percent discount on interest rates committed in the project agreement. In case of delay in project completion, HUDCO imposes penalties of one and half percent more interest on the advances released towards project financing. In addition, all projects are very closely monitored and problems in regard to project implementation are resolved rapidly in order to avoid unnecessary delays in completion.

Other important achievements in the area of project implementation include the keeping of a separate account of all projects and strict supervision of agencies to ensure funds are utilized for specific projects. Demand assessment, agency evaluation and also specific project content are looked into very thoroughly.

6. AGENDA FOR PARTICIPATORY MANAGEMENT

To evolve participatory mechanisms for project implementation and at the same time to strengthen and expand the resource base at each level of government, the following measures are suggested. It should be mentioned that although these points have particular reference to the Indian context, they may also apply to other developing countries.

Agenda for City Governments:

i. Capacity-building, both in terms of human-resource development and financial strengthening.
ii. Attitudinal change among functionaries to address issues of basic services in the interest of citizens.
iii. Making city governments transparent in all accounting and fixing of responsibilities.
iv. Creation of a data bank.
v. Regular training of officials and the promotion of research and development.
vi. Setting of minimum service norms and standards; access to basic services for all.
vii. Preparation of long-term and short-term development plans with the involvement of communities.
viii. Promotion of public-private partnership, involvement of the private sector and CBOs and NGOs in development activities.
ix. Fixing of community responsibility for helping city governments in the area of solid-waste management.

Agenda for State Governments: Smooth transfer of financial powers to city governments; regular revision of tariffs to improve recovery on service accounts; bringing all development agencies within the remit of city governments.

Agenda for Central Government: Amendments in legislation relating to land acquisition, urban land ceilings and regulation and rent control. This would help to promote developmental activities as well as improve the tax structure and mobilize resources.

7. CONCLUDING REMARKS

Participation of project beneficiaries in the implementation of projects, even though highly desirable, is seldom effectively achieved, due to very many constraints. A principal limiting factor is the lack of well developed institutional mechanisms. Capacity-building within institutions, with well-oriented and compact teams of professionals, could perhaps make a dent in this situation. The other highly effective way of increasing beneficiary participation in the implementation of projects, as well as in financing them may be through privatized and decentralized modes of working, with the participation of NGOs and CBOs. In either case, transparent functioning at each stage of project conception, formulation, implementation and subsequent maintenance would go a long way towards ensuring the achievement of set goals and project objectives.

Participatory Approaches to Municipal Finance[1]

Uwe H. Lohse[2]

INTRODUCTION

Rapid urbanisation poses serious challenges to the viability and productivity of cities in the Asia-Pacific region. In fact, a large number of cities in the region are struggling to maintain an already inadequate level of urban services. In many cases, the quality of urban services and urban infrastructure has declined over time, damaging urban productivity and the quality of the urban environment. Since inadequate services tend to burden the urban poor most seriously, they exacerbate the problem of urban poverty. In short, lack of adequate urban services jeopardises the major mandates of urban management.

To tackle the problems of urbanisation, ESCAP adopted a Regional Action Plan on Urbanisation, with the goal of improving the quality of life in urban areas and promoting and facilitating economically efficient, environmentally sustainable, socially just, politically participatory and culturally vibrant urbanisation in the region.

Regarding the strengthening of local authorities, the Plan states: "The provision of urban infrastructure and services should mainly be the responsibility of urban local governments, as this level of government is more intimately linked to urban life than government at the subnational and national levels".[3] This statement arose from a situation experienced in many countries, where too many agencies were involved in regulating, developing and providing services to citizens. Therefore, governments needed to strengthen the capacity and capability of local governments to interact effectively with all urban partners and meet the needs of business and citizens.

The Second United Nations Conference on Human Settlements in June 1996 adopted the Global Plan of Action, the Habitat Agenda, to cope with the challenges of an urbanising world. The Conference recommended that local governments, in conjunction with the entire strata of civil society, non-governmental organisations (NGOs), community organisations and other groups, to assume new responsibilities as ***partners*** in resolving problems of urbanisation.

The Habitat Agenda advocates the concept of partnership. Many governments are now working hand-in-hand with local authorities, the private sector, NGOs and other members of civil society. The results of this work are beginning to show in many areas, particularly in the shelter sector. However, the Agenda proposes that partnerships could also contribute to strengthening the management of urban development in other important areas, including municipal finance. This paper will discuss partnerships in urban financial management.

I. THE FISCAL GAP

The fundamental problem of municipal finance is the large and growing gap between municipal financial resources and municipal expenditure. The gap often widens because inadequate and inelastic revenue bases of cities do not increase in tandem with their growing expenditure needs. Rapid increases in urban population and increased demand for urban infrastructure and services cause a mismatch between municipal functions and revenue-generating capacity. However, an absolute deficiency in revenue potential is not the only obstacle for strengthening local government finances; legal, administrative and political constraints prove equally important.

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[1] This paper is based on Uwe H. Lohse, Municipal Finance - Overview, in CityNet, Report and Proceedings of the Bandung Regional Policy Workshop on Municipal Revenues Enhancing Strategies, Bangkok, 1996

[2] Uwe Lohse is Human Settlements Officer for ESCAP/UNCHS Joint Section on Human Settlements Economic and Social Commission for Asia and the Pacific, Bangkok, Thailand

[3] ESCAP, Urbanisation in Asia and the Pacific, Proceedings of the Ministerial Conference on Urbanisation in Asia and the Pacific. UN ESCAP, Bangkok, 27 October to 2 November 1993, pp. 43ff.

1. Rising expenditure needs - Effects of rapid urbanisation

According to United Nations estimates, at least 600 million people in urban areas of developing countries (nearly every second person) were living under life- and health-threatening settlement conditions in 1990. With rapid urban population increases, the pressure on urban areas is tremendous and causes considerable strain, not only on urban infrastructure, housing and on the urban environment, but also on urban finances.

In most cities and towns, the shelter and service delivery system is unable to keep pace with staggering urban population growth rates. Empirical evidence from India shows that in almost every city, "the availability of municipal services has either declined or remained inadequate and sizeable populations in them are without access to such services" [4]:

- Access to in-house municipal water supply is confined to only 35% of urban households.
- Only 35% of urban populations have access to sewerage systems.
- Almost 30-50% of garbage in urban areas remains uncollected.
- Access to municipal services is particularly inadequate among low-income households in slum/squatter settlements.
- The provision of such services in small and medium-size towns is equally inadequate.

On the expenditure side, population growth affects the demand for current and investment expenditure on urban services, maintenance and upkeep of facilities and on investment in infrastructure expansion and development. Traditionally, both are viewed as public responsibilities, since many urban services cannot be bought and sold by individuals on the private market. This defines the public nature of the provision of urban services and infrastructure, including network systems, such as roads, water supply, sanitation, electricity and facilities required for social services.

The public nature of some of these might, however, deserve closer consideration. Most urban service functions involve a number of fundamentally different tasks. Traditionally, these have frequently been bundled together into a single, publicly-provided service, but the justification for public intervention and the type of intervention called for, can be quite different, depending upon the task to be performed. This will be discussed below, under the heading "privatisation".

(a) Current expenditure

Rising costs of service provision to increasing numbers of households and ferquently stagnant revenues are creating a growing gap between income and expenditure needs. Prices of inputs (goods and services a city has to procure) continue to rise. For instance, electricity prices, which are the basic expenditure element for street lighting and an important cost factor for water supply and sanitation, personnel costs and so on, often increase faster than revenues.

(b) Infrastructure investment

The urbanisation process requires heavy capital investment in infrastructure such as transport, water supply, sanitation and other network systems, as well as in housing, industrial and commercial facilities. Efficiency in allocating capital for urban investment, and the efficient operation of these systems once installed, are important elements in national productivity. Moreover, the way in which urban investment is financed will influence the efficiency of market allocations of capital throughout the economy.

Demands for infrastructure investment have mostly been tackled by central government intervention. However, financial constraints at national level have led to shortfalls in financing urban infrastructure development.

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[4] Kulwant Singh, Mobilisation of Municipal Finance in India: Status and Strategy, in CITYNET, Report and Proceedings of the Bandung Regional Policy Workshop on Municipal Revenue Enhancing Strategies, Bangkok, 1996. p. A 100

2. Rising municipal responsibilities: effects of decentralisation

While the region is experiencing a general trend toward decentralisation, its pace and extent are difficult to assess. Decentralisation is promoted as a policy goal for two reasons. Firstly, there is a trend towards democratisation at local level (India, the Philippines and Thailand are good examples), and secondly, it is expected to thereby improve the efficiency and responsiveness of urban service delivery.

With the exception of the Philippines and some recent efforts in India, there is much more talk than action in the region. Governments readily increase the expenditure responsibilities of local governments, but often fail to grant them commensurate revenue authority. Central government political will to support decentralisation by modifying tax laws and granting formula-based tax allocations or sharing taxes is lacking in many countries. Central governments, having for a long time neglected local governments, fear that these lack the necessary expertise and accountability to effectively make use of increased autonomy. Decentralisation therefore often results in greater responsibilities without commensurate increases in revenues.

Institutional arrangements for intergovernmental fiscal relations need to allow local autonomy over financial matters and to share revenue bases adequately between central and local governments. Also involved is the question of how much autonomy local government will be given in determining taxable objects, setting the level of taxes and user charges, raising capital from financial and capital markets, use of funds transferred from the centre, and in annual and longer-term budget planning.

3. Stagnant Revenues

The failure of municipal finances to grow in line with population growth and the economy has four principal causes: lack of income elasticity, lack of buoyancy, control by higher-level government and inefficient financial management, caused by municipal revenue sources which are designed in ways that prevent revenues from growing in line with income growth.

(a) Lack of income elasticity

Municipal revenues are not growing in line with rising incomes or increased economic activity. Few municipalities are levying income taxes, or surcharges on income-related taxes. Similarly, value-added tax revenues accrue exclusively to central governments.

(b) Lack of buoyancy

This occurs in cases where tax revenues fall behind the growth of the tax base. For example, in the case of property taxation, rising property values are not captured in tax demands because, in most cases, properties are only revalued every five years. The assessed base for property tax in India is tied to controlled rents under the Rent Control Act. A Supreme Court decision interprets taxable rent as confined to the "reasonable annual gross value" and not the market value.[5]

In the Philippines, business taxes, the most important source of revenue, have been found to be regressive, in that as gross receipts increase, taxes as a percentage of the tax base decline[6]. Where local taxes are intrinsically linked to the economy, tax yields are sensitive to growth and decline in economic activities. Thus, the difficulties of cities in dealing with cyclical fluctuations in the level of their revenues become a problem.

(c) Control by higher level government

One exogenous problem of municipal finance in both developing and developed countries is the lack of autonomy of municipalities in fixing tax bases, rate structures and enforcement procedures. This not only affects property taxation, but also the non-land component in the sampled

[5] Kulwant Singh, op. cit., p. A 102.

[6] Om Prakash Mathur, An Exploration into the Non-Land Component of Municipal Revenues, in CITYNET, Report and Proceedings of the Bandung Regional Policy Workshop on Municipal Revenue Enhancing Strategies, Bangkok, 1996. p. A 33f.

countries, which is severely constrained in many ways. As far as taxes are concerned, in most countries, definitions of tax bases, tax rates and the frequency of revisions to tax bases are all set by the government.

For example, in the Philippines, the Local Government Code of 1991 placed limitations on the use of property taxes by introducing the following three provisions:

- Grant of a de-facto exemption of residential buildings with a market value of 175,000 pesos or less by giving them a zero-rating;
- Decrease in the assessment level, i.e., from 30% to 20% in the case of residential land, and from a maximum of 80% to 60% in the case of buildings;
- Options to cities for granting tax exemption, tax relief and other tax-reducing measures.

In Thailand,[6] the central government specifies rates and bases at which local governments can tax properties and even charge users for local services. No incentives exist for local governments to experiment with price adjustments on fees and charges, as permitted by the local government code. Thus, they cannot conceive, construct, and operate a service project by themselves or charge appropriate user fees that would recover costs.

In the Republic of Korea,[7] which has a well-established local government finance system, the declining share of user charges in total revenues is attributable to non-application of the principle of cost recovery, because local governments have not enough flexibility to adjust user charges.

(d) Inefficient financial management

The capacity of local government and its technical expertise to handle existing expenditure responsibilities and revenue-generating authority is a critical factor. An oft-cited example for this is inadequate administration of local property taxation. Studies in many cities have shown that urban financial administrations are often not able to update property valuation for tax purposes, mainly due to lack of qualified staff and insufficient records.

Studies in a number of cities have shown that there is also a deficiency in financial planning, control and monitoring. Inability to manage services in a cost-effective manner is another frequent criticism of local government performance. Water charges, for example, fall behind the general cost-of-living index, partly because of insufficient cost accounting or inability to adjust rates. Indian cities are characterised by a narrow revenue base, high tax-collection costs and charges relative to returns, low coverage of costs, and the absence of mechanisms to inflation-index revenue yields. According to studies, these problems have affected the revenue yields of municipal governments in India, resulting in a serious deterioration in municipal service levels. Somewhat similar problems exist in Malaysia. Apart from Malaysian cities' heavy dependence on property taxes and lack of access to other tax sources, they have encountered a lack of proper financial and management techniques and financial procedures in determining, implementing, and collecting fees, charges and rates.[8]

4. The gap

All these factors lead to a widening of the fiscal gap of local authorities. However, urbanisation also offers opportunities to tap both economic and human resources with which cities can tackle their various problems. This potential can be realised only when cities are managed by effective local administrations. However, these require not only the capacity to mobilise financial resources, but also adequate institutional arrangements and incentives to manage their finances.

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[6] Ibid.

[7] Om Prakash Mathur, op. cit., p. A 34.

[8] Ibid.

II. Local Government Revenues

The financial framework within which local governments operate has remained essentially unchanged. As the table below shows, there are three main sources of internal revenues that are under the control of local governments, namely, land-based revenues (mainly local property-related taxes), non-land-based revenues (taxes on households, vehicles, etc. and license fees for various businesses and occupations) and user charges.

As far as external sources of local government revenues are concerned, local governments do not have very much influence. Financial transfers are often not provided in a transparent and predictable manner, since central governments at times fail to notify the amount of grants allocated to local governments until well into the fiscal year. Formula-driven grants would be preferable to ad-hoc grants for better long-term capital planning and budgeting by local governments. In recent years, the inclusion of explicit measures for local governments to mobilise revenue from their own sources in determining government grants has become a means to stimulate local revenue efforts.

Regarding borrowing long-term capital for urban development, local governments are often not independent enough to borrow from the general capital markets, since private capital markets appear to be developing at a fast pace. However, they may be tapped by local governments in the future.

Local government revenues				
Internal sources			**External sources**	
Land-based revenues	**Non-land-based revenues**	**User charges**	**Inter-governmental transfers**	**Borrowing**
Property taxes	Taxes on households, vehicles, animals etc.	Service charges (water, parking sewerage, etc.)	General purpose grants	From governmental sources
Land development fees	License fees for various businesses and occupations	Administrative fees, such as registration etc.	Grants for specified purposes	From private capital markets (including international markets)
Rental income			Others	

1. Land-based revenues

Property tax is one of the most common taxes levied at the local level, but its potential is seldom fully exploited. Property taxation is levied, because the benefits of infrastructure and services provided by municipalities accrue foremost to the owners of property or their tenants. To raise more revenue from property taxes, both technical expertise and institutional arrangements in tax administration must be improved. Accurate and up-to-date records of land title registration and cadastral base maps, regular revaluation of taxable properties, and computerised billing systems help in upgrading tax administration. Institutional arrangements should allow local governments to adjust nominal tax rates and valuation, at least within some limits. Some mechanisms for penalising tax delinquencies, such as foreclosure, should be used. It is also necessary to remove legal constraints such as rent controls in cases where a tax is based on assessed rent.

Box 1: Mobilisation of Property Tax in Delhi

The Municipal Corporation of Delhi (MCD) has shown a remarkable increase in the collection of Property Tax (PT). In 1983-84, MCD collected Rs.180 million in PT, whereas collections during 1994-95 were as high as Rs.2400 million. MCD has adopted a variety of innovative methods that have made it possible to enhance PT proceeds. These include:

- a system of self-assessment, linking timely payment with rebates.
- imposition of PT on Government properties and property owned by public undertakings.
- attachment of bank accounts.
- computerisation of high-income properties, and
- liquidation of arrears through mutual understanding and special courts.

These efforts have made Delhi the top city in the collection of proceeds through PT.

See Kulwant Singh, op. cit., p. A 106

Land development fees or betterment levies can recoup capital outlays for development work. For equity and distributive reasons, it is logical that landowners should return the land-value windfall profit resulting from public investment. Betterment levies are charges imposed on landowners specifically to finance infrastructure development. Customarily, they are designed to cover the costs of public investment, but are allocated in proportion to the land-value increases that owners are expected to enjoy as a result of an investment. To the extent that benefits will exceed investment costs, landowners are usually left with a private surplus, even after they pay their betterment levies.

Another process is **land readjustment**. Local governments, acting as developers, assemble public and privately-held land for infrastructure provision. This is an in-kind system of betterment levies, appropriate for land development on a large scale. In its basic form, land readjustment has the following steps: a plan is devised for the development of raw land in an urban area that is ready for development, acceptable to both the regulating local government and the owners. Areas required for public use, such as streets, parks and schools are set aside, leaving lots for private development. The cost of providing infrastructure for the entire area is then calculated, as is the estimated market value of the improved land. A portion of the land, the estimated market value of which equals the cost of development, is then transferred to the local government in return for carrying out the investment. An advantage of land readjustment is that lay-out and reblocking is effected on a large piece of land on which to place infrastructure, without the need to acquire individual pieces of land. At the same time, it provides an early return on public investment through the sale of land ceded to the local government.[9]

2. Non-land-based revenues

Both between and within countries of the Asia-Pacific region, there are large differences in the fiscal jurisdiction of municipal bodies. These are a reflection of the degree of fiscal decentralisation and explain the state of finances in a municipality. The assignment of taxes to municipal governments does not mean that they themselves necessarily levy and collect the taxes.

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[9] U.H. Lohse, Municipal Finance - Overview, in CITYNET, Report and Proceedings of the Bandung Regional Policy Workshop on Municipal Revenue Enhancing Strategies, Bangkok, 1996, p. 11

Box 2: Inventory of Non-Land Based Sources of Revenues (Illustrative)

Category	Examples
Entry or exit of goods and services	Octroi, road cess, terminal tax, tax on pilgrims.
Business and profession	Tax on professions, trade and callings; business office and premises license fee or tax; occupation tax, franchise tax; business permits and licenses.
Individuals	Inhabitant tax; and residence tax.
Automobile	Automobile tax; tax on vehicles; yacht and motor boat tax; registration fee on fishing boats; and permit fee for bicycles, pedicabs, and motor cabs.
Entertainment	Tax or license fees on entertainment, cinemas, theatres, shows and amusement; and tax on betting and gambling.
Advertisement	Advertisement tax or fees; billboard advertisement tax; and sign board tax.
Markets	Weekly market tax; license fee on markets; and hawkers and market state license fees.
Planning and building control	Fees for processing of development plans; building permit fees; fines for violating building regulations; and removal charges of encroachments.
Charges for services	Charges for use of water, sewerage and conservancy, sanitary inspection fee, tax on electricity, parking fees.
Miscellaneous taxes, fees, permits and licenses	Permit fees for firearms, gun license; radio license; fees and license for issue of certificates; permit fee for excavation; permit fees for licensing of weights and measures.

Om Prakash Mathur, op. cit., p. A 28.

The non-land component of municipal revenues is a heterogeneous mix of taxes on various activities and non-tax sources comprising a number of fees and fines. Significant differences in the revenue importance of the non-land component of municipal revenues exist across cities and local governments. India is a good example for this: Bombay Municipal Corporation, for instance, derived over 94% of its total revenues in 1992-93 from non-land sources; similarly, over 75% of the total revenues of Ahmedabad Corporation were derived from such sources. Land- and property-related taxes in these two cities where land and real estate prices are among the highest in the world, contributed a bare 6% in the case of Bombay and 25% in Ahmedabad, underscoring the need for reform of the property tax system. Bombay is able to derive a significant share of its revenue from "*octroi*" (a tax on goods moved into a city), sale of energy, bus tariffs and other commercial activities. Ahmedabad was dependent almost solely on *octroi* income in so far as the non-land component was concerned. In the case of Bangalore and Bhopal, the non-land component was depressed, nor were they able to effectively use any of the other taxes assigned.[10]

[10] Om Prakash Mathur, op. cit., p. A 28.

Non-land sources of revenues are uniformly important in Korean cities, contributing between 40% and 72% of the total local revenues. An important feature of the Korean situation is the widespread use of taxes, such as a tobacco tax, inhabitant tax, automobile tax and the like.[11] In Seoul, the main sources of revenue are inhabitant tax, a tax on tobacco and taxes on automobiles. In most countries, such taxes are in the hands of central government.

License fees for various businesses and occupations are another, if limited, source of revenue. A link to turn-over, or the income derived from the licensed activity would be more equitable and probably generate more buoyant revenues.

3. Self-financing through user charges[12]

Service charges and fees are today a much-discussed source of municipal revenues in developing countries. Charging the immediate users of infrastructure and services has become widespread and user charges are of growing importance. Service charges and regulatory fees are a reflection of the "finance-it-yourself" environment that currently pervades discussion of municipal finance.

User charges are designed to generate revenues to cover operating and financing costs, as well as to contribute to investment budgets. For conformity with market principles, they allocate infrastructure and services efficiently, when rates can be set and adjusted at levels which reflect real capital cost finance charges and inflation. Where independent institutions, such as independent (public or private) water, sewerage and electricity companies, establish fee levels and handle revenues, financial self-sufficiency can be achieved, because they have the flexibility to adjust user charges in line with cost changes, and have the power to retain earnings to finance investment.

Capital costs of connecting additional users to an infrastructure network have to be fully charged to individual users. Expanding the capacity of the whole system often requires large investments, such as new waterworks, main sewers and power plants. The capital costs cannot be attributed to a single group of users, but should be incorporated into the overall tariff structure. The successful application of user fees also requires a convenient way to measure individual consumption. The first priority of an infrastructure-financing strategy should be to increase user fees to economically efficient levels, that is, to full cost-recovery.

In reality, however, many public utilities are still running at deficits. Instead of being a source of local revenue, they remain a drain on municipal finances. This is principally due to the methods of fixing prices or charges for the various services, which remain loaded with subsidies, frequently imposed by higher-level government. For essential utilities, such as drinking water, user fees can be adjusted to take account of the ability to pay through the use of "lifeline" rates, which are set below costs for a minimum level of consumption regarded as basic, then rise with further discretionary use. One way that governments can effectively target their infrastructure assistance to the poor is by contributing a fixed amount per household from general resources, to cover the off-site infrastructure costs of shelter development.

III. Strategic Approaches to Municipal Finance: Partnerships

This chapter deals with the question of how to apply the principles of strategic urban management to municipal finance. Strategic urban management needs to be initiated and guided by the top executives of municipal administrations. It is action-oriented, which means that action plans should be developed for each component. Several elements make up the strategy. The first section below looks at the partners within a local authority: the organisational units, departments, which are usually organised along sectoral divisions. These need to be drawn together to work for the common goal of making a city more liveable for its citizens and business community. The next two sections deal with public-private partnerships and the role of non-governmental and community organisa-

[11] Ibid. p. A 29.

[12] This section is based on U.H. Lohse, Municipal Finance - Overview, in CITYNET, Report and Proceedings of the Bandung Regional Policy Workshop on Municipal Revenue Enhancing Strategies, Bangkok, 1996. p. A 10f.

tions.

The following section will look at an approach to integrate civic society into the process of developing a **vision for the city - where do we stand and where do we want to go?** This is basically entrusted to the executives of a municipality: the Mayor, the council and top managers. However, there is also a need to hear the voice of civic society at large: all the actors who have a stake in the development of their city. Finally, relationships with higher-level government are discussed.

1. The local government: Partnership for better management[13]

Local governments tend to work within sectoral divisions, looking after their respective areas of responsibility. Experience in Islamabad and Bandung with a process of introducing a highly participatory and process-oriented methodology showed that the heads of departments had never previously sat down together to discuss the financial problems of the city. A fully participatory methodology for the development of a municipal government strategic financial plan requires the following steps:

- Identification of issues (brainstorming).
- Agreement on financial objectives.
- Identification of ideas (brainstorming).
- Sorting and evaluation of ideas and identifying further research needs.
- Deciding on main components of a plan.
- Setting up a monitoring framework for implementation.

The key questions that need to be asked in financial planning are:

- What are the key financial issues facing the city over the next three years?
- Is a strategy in place that can adequately address these issues?
- Have all the options for improving municipal finance been examined?
- What is the existing process for financial planning?
- Who is responsible for the implementation and monitoring of plans?

At the first stage, a brainstorming exercise could be used as a creative process to identify issues and to generate new ideas. The process could be structured by setting a number of tasks which would fit into the financial planning framework. These may look at ways and means to improve revenue collection and reduce the cost of delivering services, as follows:

- Identify ways of getting private-sector enterprises involved in developing local infrastructure.
- Think of ways to increase local government's bargaining power in relation to central government, so that it can obtain a greater share of national resources.
- Come up with ideas for how a municipal government can generate income from its population: its human resources are a city's most significant resources.
- Come up with ideas as to how a municipal government can raise revenue from the informal sector without killing it.
- Identify ideas on how a municipal authority can generate revenues from the large number of small plots of undeveloped land which it owns around the city.
- Identify other possible sources of external funds which are available to municipal govern-

[13] This section relies on Colin Risner, Financial management: Enhancing revenue generation - a brainstorming approach, in CityNet, Report and Proceedings of the Bandung Regional Policy Workshop on Municipal Revenue Enhancing Strategies, Bangkok, 1996,p. 19ff.

ments, apart from grants from national or provincial government.

The following generic methods for enhancing municipal revenue could be considered; however, each municipality may have its own set of possible measures which depend on its current legal and administrative set-up.

- **Internal administrative and management measures:**
- Control of current expenditure and investment.
- Improvement of tax recovery.
- Better cash-flow management.
- Combating fraud.

- **Other internal measures:**
- Change of tax rates and service charges.
- Imposition of new taxes and charges.
- Provision of new services (value-added).
- Privatization of services.
- Purchase/sale of assets.
- Income through investment.

- **External actions:**
- Requests for higher state grants.
- Securing grants from new sources.
- Borrowing from public and/or private lending institutions.

The next step in medium-term financial planning is to subject the output of such brainstorming sessions to feasibility and effectiveness tests. The catalogue of criteria in the table below could be used.

The first, and perhaps most important, criterion is the potential financial gain from the proposed measure. However, this also needs to take into account the expected implementation costs, since municipalities are concerned with net gain in revenue. A further question is whether the financial gain would be sustained in the long term; a single income from the sale of an asset, for instance, does not improve the revenue situation in a sustainable way. At the same time, there is a need to assess the financial risks involved, in particular with commercial ventures.

A major problem is the political acceptability of the measure; imposing new taxes, charges or fees will certainly be unpopular with the constituents of local politicians. However, local authorities need to operate in a more transparent environment and should explain to the public why and for what purposes more funding is required. More open local administration can also mitigate the negative public relations impact of new charges. In the United Kingdom, local authorities have to publish their budget and send this to all taxpayers, together with the tax demand. With a better-informed public, it is easier to argue for higher taxes and fees, in particular if local authorities improve service provision.

Evaluation form for possible measures				
Option:	*(Specific measure to be taken)*			
Criteria	high	medium	low	Comments, quantification, etc.
Potential financial gain				
Costs of implementation				
Sustainability of financial gain				
Political acceptability				
Financial risk assessment				
Conflict with other objectives				
Non-financial benefits				
Speed of pay-out	high <1 year	medium 2-3 years	slow >3 years	
Legal power of municipality	yes	no		
Public relations impact	positive	negative	neutral	
Other criteria				

Still, new revenue-generating measures would have to be checked for possible conflict with other objectives, such as public health and other social goals. A further criterion is the speed of pay-back, which is affected by factors such as measures concerning the collection process, whether tariffs and rates have to be changed, whether new taxes need approval by higher-level authorities, or in cases of commercial ventures, whether they require prior investment. Finally, the question of whether local authorities have the legal powers to implement the proposed measures of revenue enhancement is raised. Here, the legal framework in many countries often provides more freedom than is in fact actually exercised by local authorities.

Prioritisation of the components of a revenue-enhancing strategy is the next step in financial planning. Obviously, internal administrative and management measures have top priority, since these can be implemented without the need for approval by the council or higher authorities. An internal tightening of administrative and management procedures can then pave the way to argue for other measures, such as increases in rates and service charges. After all, expenditure control is one of the most highly-ranked items. In all local authorities, the potential for internal rationalization of work and service provision can be identified.

The outcome should be a hierarchical structure for a medium-term financial plan, with subsections of the plan and individual revenue-enhancing or expenditure control measures. This will define a set of action plans that can contribute to the achievement of overall financial objectives. The subsections may cover:

- Improvements in collection system for property tax.
- Improvements in collection of user charges.
- New taxes.
- New fees.
- Savings in procurement.
- Income-generation through economic ventures.

For each of the sub-sections of the action plan, the final step is to assign responsibility for the implementation to a specific head of department. Implementation plans will set out targets for revenue generation or cost reduction, target dates for their achievement, key milestones for tasks, dates for reporting back, and so on. The form on the following page may illustrate part of an action plan.

Monitoring the implementation of the plan, coupled with feedback to senior staff meetings, should lead to new efforts to enhance revenue generation.

Since feedback at the Bandung workshop was overwhelmingly positive, CityNet and ESCAP have prepared a project to offer a similar service to other cities within the Network and to produce materials that seek to distil some methodologies so that they can be used by a broader range of municipalities. A training materials package would be produced, focusing on specific financial issues.

Municipal Revenue-Enhancement Action Plan:			
Sub-section:	*(type of measure to be taken)*		
Lead officer:	*(Chief of Department)*		
Team members	*(Section chief)*		
	Others		
Key milestones:	Description	Planned date	Date of completion
	Feasibility study		
	Report to committee		
	Agreement to proceed		
	Approval from central government (where required)		
	Operational plan		
	Task 1		
	Task 2, etc.		
	Publicity		

2. Private-public partnerships in infrastructure provision

Much attention is currently being given to public-private partnerships and formal privatisation, including the sale or transfer of public sector enterprises to private owners, contracting private operators to provide services and joint ventures. This is partly fuelled by an ideology that government should be as limited in scope as possible, partly by the belief that public service delivery is inefficient. For local government finance, this means that expenditures for infrastructure provision, as well as income streams of corresponding user charges are taken out of the budget. Privatisation is therefore most interesting for municipal- run services that are making a deficit. Private enterprises can potentially be more efficient, and could charge for services at rates which cover costs, something public sector enterprises seem incapable of doing.

Private enterprises already play a large role in the provision of infrastructure when they develop land for housing and commercial purposes. They are usually required by national development regulations to install, at their own expense and meeting certain standards, internal roads, water distribution lines and on-site local sewage removal facilities. The cost of this infrastructure provision is passed on in the purchase price of a developed plot.

The private sector may take over selected urban services which have identifiable beneficiaries and can be operated on a commercial basis. Some other services can be contracted out to private suppliers or jointly provided by public and private sectors. By providing the right regulatory framework and by ensuring fair competition among potential private suppliers, local governments can reap efficiency gains.

As there are various arrangements for engaging the private sector in urban financial matters, actual practice varies from country to country and city to city. The main forms of privatisation are shown in box 4.

Box 4: Main forms of privatisation:

Sale of public sector companies, where assets needed and developed by the public sector and service operation are sold to private investors;
Build - Operate - Transfer (BOT), where private firms invest in large-scale projects and will have a period to operate and make a profit from user charges before transfer of the installation;
Build - Operate - Own (BOO), very similar to BOT, where private firms invest in long-term and large-scale projects for a profit; a long-term option for the public to buy out the installations is often retained by the public sector;
Franchise system, where private firms collect user charges from each household and establishment that receive private service;
Contracting out, where private firms operate the service against payment by the public authority; however the public sector remains in charge of fee collection.

In order to benefit from engaging the private sector, various constraints and problems need to be overcome:

- Inadequate competition among potential bidders.
- Sufficiently-long contract periods need to be offered to bidders to enable them to commit the necessary capital.
- The need to maintain enough leverage to rectify non-performance during the contract period.
- The political problem of dealing with surplus labour arising from increased participation of the private sector in municipal service delivery.
- The need to identify and unbundle various risks associated with private sector financing.
- Specific legal and regulatory issues.

Provision of infrastructure and services by the private sector presupposes that competition among firms results in accountability to consumers for the type of product delivered and prices charged, and forces efficiency in production upon those firms that survive in the marketplace. The scope for private-sector for-profit activity, therefore, is greatest when the scale and character of service delivery permits competition. These conditions are best met when services can be provided efficiently by relatively small firms, without large amounts of capital investment, employing an unskilled or semi-skilled workforce, and when entry into a service function is open to a large number of actual or potential competitors.

Privatisation requires new forms of control to substitute market competition. Different models have been developed, such as retaining ownership of the basic capital investment and then letting enterprises bid for the right to operate the infrastructure network for a limited period of time. However, if governments wish to transfer the burden of infrastructure financing to the private sector, the entire process, including construction and operation, has to be privatised. This has to be done through a bidding process, which prescribes not only the service to be provided but also sets out clear conditions for pricing. Balancing public control of standards of infrastructure service with the private profit motive is a difficult task which still requires further research and experience.

A Seminar on Privatisation of Urban Environmental Infrastructure and Services, held in Dhaka from 12-14 June 1995, discussed problems and options for the privatisation of urban infrastructure and services, such as waste water and solid waste management. It provided an opportunity to exchange experiences and views on how to overcome negative effects of privatisation, in particular on low-income groups. The proceedings have now been published.[14]

3. Communities and non-governmental organisations as partners

The mobilisation of local communities and self-help measures for the improvement of low-income settlements, in partnership with local authorities and non-governmental organisations, has been contributing considerably to directing local-level resources towards the effective development of communities. Examples of such partnerships were discussed at the Bandung workshop[15] .

Public authorities often fail to provide infrastructure services. People have to rely on private suppliers, such as expensive water vendors, and provide their own sanitation. Self-help in communities often alleviates the worst problems. A sensible public policy should make use of the activities of local communities and promote minimal standards of health and safety. Collective decisions about infrastructure provision and financing can often be made without government intervention. Community-based organisations (CBOs), for example, can act on behalf of local authorities, by taking on responsibility for infrastructure maintenance and even construction, and raising user charges from individual member households. Official recognition of these organisations could at least support their activities and provide the poor with access to infrastructure and services. CBOs and NGOs directly approach communities and provide services according to community needs. Their involvement has had a degree of success; however, there is still little co-ordination with local government organisations involved in community-development activities.

In Dhaka, the role of the non-governmental and community sectors in urban services, particularly health and education, is of growing importance. NGOs are also involved in the provision of credit for self-employment and housing, particularly for women. Several larger Indian cities are seeing NGOs and CBOs involved in the provision of essential services such as resettlement, slum improvement, water and sanitation provision. Individual analysis suggests that these initiatives, though on a limited scale, have increased the supply of such services with a relative degree of efficiency. For the public exchequer, this results in an increased availability of funds for social sector commitments. These efforts are city-specific and large-scale replication remains problematic.

An ESCAP study[16] concluded that given a chance, people are capable of solving their own problems, or at least of contributing substantial resources to doing so. If the objectives of a development program coincide with those of the people, they will be motivated to organise themselves and play a central role in implementation. When people's participation has been raised to the level of declared government policy and all agencies involved are committed to its realisation, people and people's organisations can contribute considerable resources to the achievement of their goals. It is up to governments to create such an environment.

The ESCAP study cited the Million Houses Program of the Government of Sri Lanka, which relied largely on community participation and support from NGOs for its implementation. One of its principles was community empowerment: communities were involved in all stages of the planning process and could even propose to take over the construction of the planned infrastructure project (see box below).

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[14] CityNet, Report and Proceedings of the Dhaka Regional Policy Seminar on Privatisation of Urban Environmental Infrastructure and Services, Bangkok, 1996.

[15] CityNet, Report and Proceedings of the Bandung Regional Policy Workshop on Municipal Revenue Enhancing Strategies, Bangkok, 1996, p.30.

[16] ESCAP, Community-based approaches to promoting people's participation in poverty alleviation, presented to the first session of the Committee on Poverty Alleviation through Economic Growth and Social Development, held in Bangkok from 20-24 September, 1993, Bangkok, E/ESCAP/CPA/4.

Box 5: Community contract system in Sri Lanka

In line with the principle of giving opportunities for people to decide on and act for their own development, the Urban Housing Sub-programme of the Million Houses Programme developed a method called the ***Community Contract system.*** In this process, a community has an opportunity to make a basic design, to which engineers add the technical details. A contract is awarded to the CDC on the basis of estimates prepared by the engineers. A contract between the NHDA and the CDC is signed, and an advance paid out to start work.

This system has enabled communities to generate employment and to learn construction skills. Since the whole community is involved in the job, they have a sense that the output belongs to them, and they therefore look after it well. Guidelines have been developed for the awarding of these contracts, covering procedures for keeping accounts, purchasing and storing materials and payment of labour. The system is open and transparent and subject to the scrutiny of all community members. The profits that CDCs make from these contracts are placed in a community fund and are used for maintenance work and other community welfare activities. This system has also been effective in getting infrastructural work done very fast, since it places the community in command of the development of its own settlement.

See ESCAP, op. cit.

4. Urban forums: Urban partnerships

A major recommendation of the Regional Action Plan, adopted by the Ministerial Conference on Urbanisation in Asia and the Pacific in 1993, is to establish and institutionalise local, subnational, national and regional urban forums. Urban forums serve as platforms for all urban actors, local governments, non-governmental organisations, research and training institutions, the private sector (organisations of the business community and even individual corporations), community-based organisations and the media.

The purpose of these forums is to exchange ideas and concerns, discuss policy approaches and options, develop modalities of collaborative action and enhance the co-ordination of activities among urban actors. Such forums can play an important role in planning municipal finance. They can be an avenue to get broader public support for measures needed to raise the financial resources for development.

Urban forums should include all stakeholders, such as business groups and associations, communities, people, research and training institutes, NGOs, construction firms and so on, as well as various government agencies. Issues of municipal finance should be linked to other ones, such as the provision of water supply in unserved areas, environmental deterioration and the need to expand the services of city cleaning departments. It is important to create public awareness by providing the forum results and other information to the print and electronic media.

To promote the idea of urban forums, ESCAP prepared a brochure on the concept of urban forums and distributed it extensively to national and local governments, non-governmental organisations, research and training institutes and individual experts in the region. It also supported a number of urban forums in cities and countries of the region. Important issues of shelter and urban management were addressed at the second Asia-Pacific Urban in March 1996, attended by the vari-

ous actors: national governments, local authorities, research and training institutions, the private sector, non-governmental organisations, community organisations and the media.

Box 6: BANGKOK FORUM

The main objective of Bangkok Forum is to provide a venue for Bangkok's citizens to discuss and exchange different perspectives on issues affecting the city as a whole. The Forum actively encourages public involvement in decision-making that has a direct impact on the social, cultural and environmental conditions of Bangkok. The forum creates an atmosphere for an intelligent process, in which Bangkok is envisioned as a humane and environmentally-friendly city of the future. Based on this vision, Bangkok Forum was among various organisations which helped raise political awareness among Bangkokians during the recent gubernatorial election.

Bangkok Forum presently consists of 16 core members and 200 regular participants in its activities. The Forum's democratic approach to solving urban problems appeals particularly to the middle class, which faces relatively few economic constraints and is politically well-informed. Members of this rising sector of Bangkokians answer the Forum's call because they wish to have a say in decisions which affect their lives. Three goals of the Forum are:

- decentralisation of political and administrative power.
- public participation.
- the restoration of a sense of community.

Seminars and discussion groups are regularly organised to stimulate citizens' involvement in public policy-making and the rethinking of lifestyles and value systems, as well as collaboration with and monitoring of government performance. Various media, such as art, entertainment, and cultural events, are used to attract public attention. To promote its goals, Bangkok Forum is planning a long-term project called "Humanising Bangkok", which focuses on issues of:

- urban planning.
- reform of bureaucratic systems.
- aesthetics of the city.

These are matters directly affecting the livelihood of Bangkokians, and the keys to the success of the project are active citizen participation and collaboration with government administrative bodies. A first major success can be seen from the action plan of the recently-elected administration, which has incorporated some of the ideas of the Forum.

5. Central-local relations

Local government revenues constitute only a small proportion of the total generated by developing countries of the region. A recent study of local government finance in Thailand confirmed that local government revenues represented only 0.9% of gross domestic product (GDP), while central government-collected revenues constituted 16.7%. This differs considerably from the situation in Japan and the Republic of Korea, where local authorities account for two thirds and one half respectively, of all public spending.[17] However, it should be noted that in the case of Japan, education (up to high-school level), the healthcare and social welfare systems, public housing and road construction and maintenance (except for national roads and highways) are all decentralized[18]. This is

[17] Om Prakash Mathur, op. cit., p.

[18] The Japanese Bond Association, Local Bond System in Japan, Tokyo 1994, p. 3.

obviously a case of decentralisation accompanied by the provision of the necessary financial resources.

While paying lip-service to the idea of decentralisation, central governments control the majority of revenues and are reluctant to relax control over the use of those funds. Local authorities, therefore, need good arguments to influence their financial relationships with central and state governments. Only when they are well managed, can they begin lobbying the central/provincial governments for changes in the framework for more financial resources for local development. Today, most countries have associations of local authorities which could act as a counterpart to central governments.

Many studies of central government performance in the delivery of local services have demonstrated that urban development fails to meet the needs of the people when financed principally by central-government, a clear argument for a greater role for local government. These studies, including the Global Report on Human Settlements 1996[19] concluded that urban development should be financed by local governments, since they are closer to the problem and are more concerned with local development and therefore in a better position than central government to decide on priority areas of investment. However, the decentralisation of planning and investment responsibilities that has been widely pursued in the region has not been followed by revenue-generation powers.

To expand local resource bases, certain taxation powers should be shifted from central (or state) to local governments. Such a transfer of taxation powers would make urban local bodies better off, but the expansion of local resource base would take place at the expense of central government. Such measures and their consequences would have to be considered carefully, , and would have to be viewed in the context of a realignment of the responsibilities of different levels of government.

IV. CONCLUSION

It has been stated that the future of Asia will be urban, and economic growth in the region will ultimately depend on how well urban productivity can be sustained. This will only occur if resources can be mobilised and directed towards urban infrastructure. It is essential that urbanisation be seen not as an optional matter to be addressed at some time in the future, but as an urgent priority for development that must be immediately dealt with, an issue that is shaping the very pattern of national economic growth, the settlement of vast populations, and social and political stability.

Currently observable trends indicate that the demand of urban populations for services and infrastructure will increase. The reasons include:

- Rapid urban growth.
- Economic growth of countries in the region.
- Rising living standards.
- A growing need for environmental considerations in urban development.
- A need for rapid mass-transit systems.

These will lead to a rise in the responsibilities of city administrations and their financial requirements in order to provide investment-intensive infrastructure and services. While public-private partnerships may be a way for cash-strapped cities to solve some problems, they will still need to increase their financial resources. Even if today, many are not fully realising the potential of existing sources or leaving them totally untapped, local authorities will continue to grow in importance.

To meet this challenge, political and administrative will is needed at local and central levels to improve the distribution and effective use of taxes, non-tax revenues, fiscal transfers and loan fi-

[19] UNCHS (Habitat) Global Report on Human Settlements 1996, An Urbanising World, Oxford University Press, London 1996

nance operations. Last year's workshop in Bandung emphasised that the non-land component of revenues is an insufficiently-utilised source of funding. The success of realising revenue potential depends on commitment from the central government, the capacity of local authorities and the degree of autonomy with which they can operate. Rigorous financial management procedures need to form an important part of strategies for developing non-land components and integrating them into overall municipal revenue structures.

As far as property taxes are concerned, annual rental values could be standardised on the basis of location of holdings, type of building, type of use and services rendered, and industrial and commercial property should obviously be valued higher than residential properties.

Revenue-enhancement action planning in India and Indonesia follows the principle that municipal finance policies must have the overall objective of creating self-sustaining systems which can deal with the main issues of delivering land, infrastructure and services at the required and affordable level. They require the selective application of options that suit the economic and social conditions of countries, as well as their specific development context at a given time.

A significant world-wide trend in dealing with urban problems, including urban finance, was recognised at Habitat II, the Second United Nations Conference on Human Settlements in June 1996. The Conference recommended that local governments, in conjunction with all strata of civic society, NGOs, community organisations, the private sector and so on, assume new responsibilities as ***partners*** in resolving the problems of urbanisation. The theme of that year's World Habitat Day, "Urbanisation, Citizenship and Human Solidarity", recognised the need to bring all actors into partnership to cope with the process of urbanisation. The active participation of all is needed to make our cities economically productive, environmentally sound, socially just, politically participatory and culturally vibrant.

Integrated Urban Infrastructure Management

Cor Dijkgraaf[1]

I. INTRODUCTION: THE IUIDP IN INDONESIA

The Integrated Urban Infrastructure Development Programme (IUIDP) was started by the Government of Indonesia (GOI) in April 1985 and has been detailed in a number of publications.[2]

In this Chapter I will only highlight a number of key elements from ten years of experience in decentralised and integrated urban infrastructure management in Indonesia.

1.1 Decentralisation

The IUIDP aimed to increase the role of local authorities by providing extensive support programmes and training both in Indonesia and abroad to improve the knowledge of the local staff. During these ten years, the GOI has had mixed feelings about decentralising urban development due to heavy financial dependence upon the central government (directly or through foreign donor subsidies). Donors, as well, have not always been the best supporters of decentralisation, since most of their programmes operate via the central government.

The whole programme was still a heavily centralised investment programme managed by the public sector. Still, the results obtained in cities as Yogyakarta and others can definitely be seen as good practices.

Recent legal revisions grant more responsibilities to local governments. The decentralisation process might take more than just ten years.

1.2 An integrated approach

A serious effort was made to plan urban infrastructure in a more integrated way, both in terms of physical co-ordination of various sectors and of financial resources.

The more important issue of closer co-operation between private and public sectors has not yet been fully developed. The private sector has in the recent years developed large urban projects, satellite towns and new towns (see map of Jabotabek).

1.3 Increasing planning and programming effectiveness

The IUIDP process can be seen as the only forum in which decision-makers can meet and plan for local level development.

1.4 Capacity building

Right from the beginning, programmes were designed to build capacity at the local level. Training in Indonesia and overseas both closely followed the implementation programme. New training programmes have since been developed by the Ministry of Public Works.

These programmes are still active (please see above-mentioned publications). But did this ambitious programme meet its targets? Is the infrastructure in 1996 in better shape than in 1985? Despite efforts in Indonesia and in many other countries, prospects for urban infrastructures are

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[2] An excellent overview is given in *Van der Hoff and Steinberg, eds, Innovative Approaches to Urban Management, Aldershot Avebury Gates, 1992.*

A second publication worth reading is by Hendropranoto Suselo, John L. Tailor and Emiel A. Wegelin, entitled *Indonesia's Urban Infrastructure Development Experience: Critical Lessons of Good Practice*, United Nations Centre for Human Settlements (Habitat), 1995.

alarming. Since 1985, Indonesia and the world have changed; increasing decentralisation, globalisation and privatisation have had tremendous consequences for government, private sector and the community and a tremendous influence on urban infrastructure development and management. In the second part of this paper, I will describe these changes and their consequences for urban management.

II. RAPID GLOBAL CHANGE AND WHAT IT MEANS FOR URBAN MANAGEMENT

During the past twenty years, the world population has increased from about 4.2 billion to about 5.7 billion; one-third of this is under 15 years of age and an increasing number are living in cities. In the next two decades, nearly two billion people will need not only shelter but also infrastructure, health services, jobs, food and water.

More and more people in cities live without shelter and in absolute poverty. Meanwhile, governments continue to focus on economic development and growth, which recent history has shown will not automatically improve the situation of the poor. In the North, as well as in countries with emerging markets (the so-called "Tigers"), the gap between the rich and the poor continues to grow. The slum populations of Bangkok and Jakarta and street dwellers in Delhi and Bombay have not seen much improvement in their living environment. On the contrary, they are threatened in the name of economic development with relocation to city fringes and loss of both their shelter and their already meagre sources of income. The water they use is heavily polluted with industrial waste; the air polluted by ever-increasing numbers of cars stuck in traffic jams. The benefits of economic development and growth go to the rich and to the fast-growing middle class.

Today, cities are thought of as engines of progress; but if these engines are not properly built and maintained, they will only hamper, rather than promote, further economic growth. Unemployment, spreading homelessness, increasing numbers of squatter settlements and pavement dwellers, a deteriorating urban environment, increased poverty, a widening gap between rich and poor and conflicts about land use and water distribution all bear predictions of a doomsday scenario in which we have nightmarish cities containing well-protected enclaves for the rich. We should not let it come to that.

2.1 Urban convergence

When I started my work abroad in 1960 for the Economic Commission for Africa, in Addis Ababa, there was a clear difference between *first-, second-* and *third-*world cities. During my first visit to Shanghai and other Chinese cities in 1982, I wrote to my wife, "I have arrived not only in a different country but at a different planet". Nowadays, on the other hand, urban problems everywhere are becoming ever-more similar to each other in appearance and nature.

2.1.1 Urban unemployment

Urban unemployment has become a political priority, and not just in developing countries. Although the causes of urban unemployment may vary, its consequences are similar in many parts of the world.

Urban redevelopment can create a large amount of employment. Infrastructure investment counts for between 7% and 11% of GDP in developing countries, and constitutes 20% of total investments (37% of public ones) in low income countries. Among medium-income countries, infrastructure is even more important, constituting 22% of all investments and 58% of public sector ones.[3]

[3] World Bank, 1994. World Development Report 1994, New York: Oxford University Press

2.1.2 Access to housing for low income groups

The gap between the rich and the poor is increasing quickly, not only in income distribution but also in access to housing. Access to shelter is a much greater problem for the lower 30% of the population than it was ten years ago. This holds true for nearly all countries in the world. Community participation in housing and infrastructure development may not create employment, but can at least ensure effective planning which meets the needs of the people.

Slums are not just being reconstructed in developing countries. Rod Hackney[4], a British architect, successfully renovated old Victorian houses from the last century, with the assistance of families in the community, thus providing decent housing for low-income families in Britain.

In cities with emerging markets, low income settlements are pushed away from the city centre towards the fringe. The resulting long commutes in overcrowded buses use up not only time but also a large part of family incomes. There is no more room in overcrowded city-centre slums. Yet, cities need these low-income groups to maintain the drive for economic progress.

2.1.3 The deteriorating environment; sick cities

Cities are the main consumers of energy, including:

Gasoline consumption. Many large cities such as Jakarta and Bangkok do not yet have public transport systems. Toll roads have been added at high cost. Despite efforts to promote public transport, the number of private cars is still increasing. Liberalisation of trade in Europe has led to increasing long-distance lorry transport between urban centres, leading the European Commission's Task Force on the Environment to state that transport is the biggest single cause of environmental damage. Noise pollution, demand for road and parking space, accidents and air pollution form a serious threat to human health and the environment in mega-cities such as Shanghai, Jakarta and Bangkok. Despite all this evidence, city life still centres around the car and not on the environment or the poor. In many cities around the world, there are no pedestrian areas, bicycle lanes, or public transport systems.

Timber products. Cities are the main consumers of timber, charcoal and pulp. Deforestation is not only a rural but also an urban problem. While cities in the South may use more charcoal for cooking and consume little paper (2kg per capita annually), developed cities use enormous quantities of paper (200kg per capita annually)

Water contamination. The lack of any real water pollution standards in most cities of the world continues to lead to further industrial pollution and urban decline. Cities like Warsaw, Bombay and Lagos have no sewage treatment of any kind and raw sewage flows into in the ocean. The absence of environmental infrastructure such as water and sewage treatment facilities leads to serious pollution. Again, it is the poor who suffer most: they are dependent on surface water for drinking and washing.

Air pollution contributes to 25% of all deaths in China (compared to 2-3% in the USA).[5]

2.2. Globalisation and decentralisation, the changing role of cities

More than ever before, capital and services transcend national boundaries. Immigrants now thrive in a "transnational space"[6] which is a product of the information age. Low-income families can watch television (if not in their homes, then around the corner), read the newspaper and the advertisements they contain, visit expensive shopping malls with brand names from all over the world. As they observe how the rest of the world lives, their demand for proper housing increases.

Financial globalisation is another important aspect. International banks and pension funds make investments all over the world. Clothing, computers and shoes are produced in one country and

[4] Hackney, Rod. The Good, the Bad and the Ugly. Frederick Muller, London 1988.
[5] George Wehrfritz, Green Heat, Newsweek October 7, 1996.
[6] H. V. Savitch, Cities in a Global Era, Urban Future (The Woodrow Wilson Centre Press, Washington, 1996)

assembled in another. Production processes and money have become borderless.

The national government, in other words, is no longer the most logical place for cities to ask for funding for large infrastructure or housing projects.

Access to international sources, whether they be the ING bank or overseas funds, requires a new approach and a flexible policy. In the *Jakarta Post* of 31 July 1996, I read that foreign investment projects cancelled by the Investment Co-ordinating Board in the first six months of this year increased by 212.5% in terms of projects and by almost 1,500% in terms of money compared to the same period last year (see Annex 1). The government can offset this trend by promoting more flexible regulations, by-laws, competition, tax systems and better urban management in order to attract more private investors, who usually limit their risks as much as possible by investing in only the most prosperous cities—cities which already attract investment through good management. As a consequence, the gap between rich and poor cities is growing very rapidly. One can only draw the conclusion that most private investment will flow to well-organised cities with flexible policies.

Whether this development will mean the end of the nation-states, as recently forecast by Kenichi Ohmae[7], remains a question. The role of central government may change and diminish; however, bureaucrats will act to try and prevent this. It is clear, however, that there have been many historical examples of trade between autonomous city-states including Carthage at the time of the Roman Empire, the Hansa cities at the end of the Middle Ages, Venice in the sixteenth and seventeenth centuries and Singapore and Hong Kong today.

2.3 Decentralisation

The empowerment of local authorities through decentralisation is still very limited in practice and places great demands on these authorities, particularly in developing countries and in those with economies in transition.

Decentralisation, globalisation and access to international resources: all these require new roles, both for local authorities and central governments.

2.4 Sustainable Urban Development

Cities are the future for human society. In a couple of years' time, more than half of the world's population will live in urban areas. Yet, many cities witness horrible patterns of growth, marked by cultural and environmental degradation. During my almost thirty years of visiting and revisiting cities around the world, I have often asked myself the question, "How much longer will homeless and slum dwellers accept this growing inequity in income and fast deteriorating urban environment? How can these cities possibly attract investment or tourism successfully?"

A largely urbanised world can only survive if human settlements are viable and sustainable, in use of land, in housing and in greater respect for their natural and urban heritage.

III. CONCLUSION

- Cities in the North and the South are converging. There are areas in Europe which have more in common with neighbourhoods in the South; conversely, there are neighbourhoods in Jakarta and Kuala Lumpur which would not be out of place in Northern cities.
- The present trend of globalisation and decentralisation has considerably changed the role of key players in urban development. The task of obtaining private, as well as public financing has to be tackled in order to fund large infrastructure and housing programmes.
- Flexibility is important in obtaining funding. A city's future may be determined by the skills and training of its citizens in both public and private sectors, as well as in the community.
- Public-Private Community Participation (PPCP) is becoming more and more necessary.

[7] Kenichi Ohmae, The end of the Nation State, the rise of regional economies, Harper Collins publishers.

- The concept of sustainable urban development is not new; but with today's society of consumers, we ignore the lessons of the past, both in terms of construction and town planning.

IV. LOOKING TO THE FUTURE

It is apparent that future prospects for infrastructure and urban development in general are bleak. Rapid urbanisation has completely changed large areas all over the world, and particularly in south-east Asia. Key figures in the public sector have not yet woken up to the fact that globalisation and decentralisation have completely changed their roles. The private sector makes use of all available opportunities, regardless of borders, and the Nike shoes that say "made in China" are actually produced in twenty different sites spread between five different countries.

Clearly, central governments in developing and developed countries do not have the resources to finance and maintain a complete infrastructure network. The private sector and the community, however, expect the government to do so. Therefore, the public sector will continue to subsidise construction, operation and maintenance. This will lead to urban deterioration, decreased productivity and slower economic growth. Mega- and mid-sized cities in the region can only keep up with international competition if they can provide good urban development for all income groups.

Improvements can only come through competition and more effective use of national and international options (as in the example of Nike). The subsequent question of who to train for what roles should be addressed as follows:

4.1 Local authorities (politicians and professionals)

Their new roles in housing and urban development should be:

- Promoting a good international network for a city, through improved infrastructure (including housing, roads, inner city revitalisation, public transport and healthy environments) and better service packages (including flexible regulation and procedures).
- Stimulating co-operation with citizens, local institutions and the local private sector.
- Political initiatives to promote joint planning and co-operation between international, national and local private sectors.
- Tenant rights laws and equal access to housing for all.
- Co-operation with the central government to obtain political and financial support in planning housing and urban development and social programmes; promoting the city at the international level and in legal and financial matters.
- Exercising authority to ensure that integrated policies are implemented at local level.

4.2 Central government (politicians and professionals)

Central governments should:

- Assist local authorities in international promotion.
- Help local authorities in rapidly-growing cities adapt to form city regions (Jakarta, Hong Kong, Rotterdam, etc.).

4.3 The private sector (management and professionals)

In many countries, particularly in South East Asia, the national private sector (real estate developers, banks, industries, pension funds and so on.) and the international private sector (international banks, multinational firms and foreign pension funds) play a dominant role in housing and urban development, not only through their considerable finances, but also through their power to initiate or decline to take on the planning, realisation and management of new towns, satellite cities and large infrastructure works.

Their new roles should be:

- Planning and construction of large housing estates, new towns, or satellite towns.
- Organising the necessary finances from domestic or international private sources.
- Organising access to land for their projects.
- Project management according to the Build, Organise and Transfer (BOT) method.
- Promoting these projects locally and nationally.
- Co-operation with local authorities (building permits and other approvals).
- Developing new products according to demand.
- Keeping informed about what is happening in the international market.

4.4 Communities and NGOs

Communities and NGOs were and still are the main providers of shelter in many countries. More that half of the building stock has been built by owner-occupiers themselves, who consist mainly of low-income groups. These kinds of efforts are supported in many countries. In the North, however, this is still *terra incognito*. Facilitating community-based housing production is an important task for governments. The roles of communities and supporting NGOs have not changed since 1976.

They should:

- Assist individuals to get access to land, finances and building materials.
- Organise appropriate land registration.
- Organise the community into a co-operative or other form of organisation.
- Develop methods and assist individuals to improve the standard of self-built houses.
- Co-operate with the private sector.

V. IUIDP in Indonesia

Even given the above background, a number of questions still remain for further evaluation of IUIDP from the standpoint of the present. In the past five years, from 1991, a large number of new residential developments of over 200ha^2 have been constructed around Jakarta and Surabaya. None of these are linked with an IUIDP programme.

Public sector industrial settlements seldom follow private developments. Most of the programme was managed by the public sector.

Foreign capital under IUIDP remained limited to that brought in by donors. Private foreign capital was provided for new town development. The role of communities within IUIDP was limited. 70% of the housing stock and infrastructure was built by the private sector and the community outside the IUIDP.

When IUIDP was started in 1985, no one could foresee the pace of development in information technology and globalisation. The programme, no doubt, has contributed to the process of decentralisation and improved understanding at the local level. It has been a unique, large operation for a developing country. But today, at the threshold of the 21st century, we have greater access to information and to finance than in 1985. With this knowledge we should be able to do better.

Integrated Action Planning in Nepal

Kumar P. Lohani[1]

1. **Programme Title:** Integrated Action Planning, IAP (with complementary components MODA, FiMa, TDFB and UDTC)

2. **Names of Key Organisations:**
   - Municipalities
   - Department of Housing and Urban Development
   - Urban Development through Local Efforts Project, UDLE
   - Ministry of Local Development
   - Ministry of Housing and Physical Planning

3. **Partnerships:**
   - Municipalities
   - Ward Communities
   - Department of Housing and Urban Development
   - Urban Development through Local Efforts Project, UDLE

4. **Key Dates:**
   - 1987 UDLE Established
   - 1989 First IAP Training conducted
   - 1992 Municipality enacted
   - 1993 First cycle of operation of IAP

5. **Impact Assessment:**

5.1 Situation before the best practice:

After the advent of democracy and enactment of Municipal Act in 1992, municipalities in Nepal were entrusted with responsibility for managing their urban affairs, at a time when:

- Municipalities were growing fast, but did not have plans for orderly development.
- Organisations of municipalities were weakly structured to take any planning responsibility.
- Municipalities often planned on an ad-hoc basis, with no clear vision for the future.
- The works of different development agencies (both public and private) were seldom co-ordinated at the municipal level.
- Municipal resources were scarce, and yet distribution of investment was not made on a rational and scientific basis.
- Performance of municipalities in revenue-collection needed improvement.

5.2 Situation after the best practice

It is observed that:

- Municipalities have an improved organisational structure and working procedures.

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- Municipalities have improved their financial performance through computerisation and systematic allocation of house numbers.
- Municipalities have become the owners of integrated action planning, which has helped determine a planning framework and form a basis for proper investment.
- Preparation of the annual development plan of municipalities no longer stems from ad-hoc decisions but forms a part of 5-yearly vision.
- Municipalities have multi-sectoral investment programmes which provide a foundation for fostering co-ordination between municipality and line agencies.
- Municipalities have PEDP, to guide planned development of the town.

6. **Strategy:**

One of the best practices presented at Habitat II Conference in 1996 was that of a component of UDLE, a joint project of His Majesty's Government of Nepal and the Government of the Federal Republic of Germany. All components and corresponding activities are included within a support programme to deliver an effective and integrated package of services to improve the capability of municipalities.

- The Municipal Organisational Development and Administration (MODA) component helps establish an appropriate organisational structure as a foundation for the support programme;
- Financial Management (FIMA) helps to introduce effective financial systems within the established structure;
- Urban Planning helps determine a planning framework and a basis for proper investment;
- Training improves the knowledge and skills required for better performance and institutional development;
- Financial assistance through TDFB helps in the implementation of appropriate projects.

The following table shows the UDLE components and the objectives, clients and partners of each component:

Component	Objective	Client	Partner
Municipal Organisation Development and Administration (MODA)	Improved management and organisation	Municipalities	Ministry of Local Development, MLD
Financial Management	Improved Financial Management	Municipalities	Ministry of Local Development, MLD
Urban Planning Support through Integrated Action Planning, IAP	The introduction of Town Planning, investment programming and planned land development	Municipalities	Department of Housing and Urban Development, DHUD
Training	Training for urban management	Municipalities	Urban Development Training Centre, UDTC

Financial Assistance	Grant and Loan Assistance for implementation of appropriate projects	Municipalities	Town Development Fund Board (TDFB)

The concepts of client ownership and involvement are critical to the planning and implementation of the programme, and to sustain the benefits after external assistance comes to an end. All the programmes described above are executed by Nepalese organisations with limited technical support from UDLE, GTZ.

Programmes are conducted with the municipality, for the municipality and in the municipality, in order to support capacity-building of municipalities for sustainability and self-reliance.

The following sections of the paper describe the Integrated Action Planning (IAP) process, which is executed by Department of Housing and Urban Development, with support for municipalities from UDLE.

INTEGRATED ACTION PLANNING IN NEPAL

1. BACKGROUND AND INTRODUCTION:

Nepal, a landlocked country bordering Tibet, an autonomous region of the People's Republic of China to the north and India to the east, west and south, has an area of 147,181 square kilometres. Administratively, the country is divided into five development regions and 75 districts, which are further divided into approximately 4000 village development committees and 36 officially designated municipalities.

The present population of Nepal is estimated to be 21 million, out of which about 2.3 million people live in urban areas. The proportion of the urban population was only about 4% of the total population in 1974 and 6.4% in 1981. Nepal is still predominantly rural, with only about 9.11% urban population. The rate of urbanisation is considerably high at 6.7% per annum (between 1971-1991 period) which is 3 times the national growth rate (Table 1). Urban areas of Nepal have acute deficiencies in infrastructure and service provision, and there are severe financial resource constraints to resolve these problems.

Lack of co-ordination in the implementation of urban projects, both between the private and the public sector, and among the sectoral line agencies is a major problem. Technical competence for implementing the municipal projects is also severely lacking.

In this context, planning in Nepal needs to provide an appropriate framework for programming development activities, annual budgeting and ensuring planned and orderly development. This actually did not occur effectively until 1993. Prior to this, a master planning approach was tried, but was seldom implemented at the municipal level, mainly because future events and circumstances could not be accurately predicted and plans became obsolete when situations changed rapidly. Moreover, the majority of urban development activities were undertaken by institutions not under the control of the municipality. Similarly, the majority of land within the municipality belonged to private landholders and enforcement mechanisms on land-use became passive, due to questions arising from legal rights.

As an alternative to master planning, between 1988 and 1991, structure plans for all the municipalities were prepared by the Department of Housing and Urban Development (DHUD), with the support of a UNDP/World Bank project. However, structure plans were also not altogether adequate, as their content was limited to general policy statements, and details were not worked out. Moreover, they were conceived as physical plans that did not take into account financial, institutional and other dimensions that in practice limited the scope of municipal activity, although it should be noted that these shortcomings could have been overcome as the part of the implementing strategy.

Figure 1: Population and Growth Rate of Mu

SN	Municipality	Population Census				Annual Pop Growth Rate			
		1971	1981	1991		71-81	81-91	Project (91-01)	
		Total	Total	TotCensus	Urban	(%)	(%)	Total(%)	Urban(%
Nepal Country Total		11,555,983	15,022,839	18,491,097		27	21	20	
1	Kathmandu	150,402	235,160	421,258	418,309	4.6	6.0	6.0	6.0
2	Biratnagar	45,100	93,544	129,388	123,436	7.6	3.3	3.5	3.7
3	Lalitpur	59,049	79,875	115,865	114,590	3.1	3.8	4.0	4.0
4	Pokhara	20,611	46,642	95,286	78,611	8.5	7.4	7.5	7.5
5	Birgunj	12,999	43,642	69,005	58,930	12.9	4.7	5.0	5.0
6	Dharan	20,503	42,146	66,457	66,457	7.5	4.7	5.0	5.0
7	Mahendranagar		43,834	62,050	9,183		3.5	4.0	5.5
8	Bhaktapur	40,112	48,472	61,405	58,151	1.9	2.4	2.5	2.6
9	Janakpur	14,294	34,840	54,710	48,254	9.3	4.6	5.0	5.7
10	Bharatpur		27,602	54,670	36,356		7.1	7.0	7.0
11	Hetauda	16,194	34,792	53,836	37,901	7.9	4.5	4.5	4.5
12	Nepalgunj	23,523	34,015	47,819	47,819	3.8	3.5	4.0	4.0
13	Dhangadhi		27,274	44,753	16,111		5.1	5.0	6.0
14	Damak*			41,321	13,595			7.5	11.5
15	Siddharthnagar	17,272	31,119	39,473	33,513	6.1	2.4	2.5	2.9
16	Butwal	12,815	22,583	44,272	44,272	5.8	7.0	4.5	4.5
17	Tribhuvannagar		20,608	29,050	7,292		3.5	3.5	5.3
18	Rajbiraj	7,832	16,444	24,227	19,600	7.7	4.0	4.0	4.2
19	Birendranagar		13,859	22,973	12,865		5.2	5.0	7.1
20	Lahan		13,775	19,018	8,140		3.3	3.5	3.5
21	Bidur**			18,694	8,917			1.0	2.1
22	Inaruwa**			18,547	9,348			5.0	5.0
23	Jaleswor*			18,088	11,576			1.5	2.3
24	Kalaiya*			18,498	16,260			5.5	6.3
25	Dhankuta		13,836	17,073	9,254		2.1	2.0	2.9
26	Kapilvastu*			17,126	11,286			7.0	7.0
27	Bhadrapur	7,499	9,761	15,210	15,210	2.7	4.5	4.5	4.5
28	Malangawa**			14,142	13,124			3.0	3.2
29	Tansen	6,434	13,125	13,599	10,730	7.4	0.4	2.5	2.5
30	Ilam	7,299	9,773	13,197	3,233	3.0	3.0	3.0	3.7
31	Banepa*			12,537	10,656			2.0	2.4
32	Dipayal*			12,360	5,129			3.0	3.6
33	Dhulikhel**			9,812	4,729			1.5	3.1
Total		461,938	956,721	1,695,719	1,382,836	7.6	5.9	6.0	6.1
34	Gaur*			20,434	15,326			3.0	3.5
35	Byas*			20,124	12,074			3.5	4.0
36	Tulsipur*			22,654	13,592			4.0	4.5
Grand Total				1,758,931	1,423,828				

Source: Human Settlements Sector Review and Programme Preparation based on
- Population Census (1971, 1981 & 1991-Final results), Kathmandu: Central Bureau of Statistics
- Statistical year Book of Nepal, 1991, Kathmandu: Central Bureau of Statistics
- Respective Plan for Agriculture (1985-2005), Kathmandu: Agricultural Projects Service Centre (APROSC)

Number of Municipalities in different censuses is as follows:

1971 - 16 municipalities
1981 - 23 municipalities
1984 - 29 municipalities (* new municipalities - 6 nos.)
1987 - 33 municipalities (** new municipalities - 4 nos.)
April 92 - 36 municipalities (* new municipalities - 3 nos., but no complete information available: urban pop. assumed: Gaur - 75%, E

It should be noted that there may have been revision in the geographical boundaries of some municipalities.

As an alternative to either of these conventional approaches, Integrated Action Planning (IAP) is gaining much popularity in Nepal. Although IAP is an action-oriented approach, it can still include strategic elements. In a realistic way, IAP attempts to translate and then implement the goals of strategic planning within a shorter time-frame. As such, it provides a general planning and budgeting framework for making detailed local area plans or even ward-level plans.

In IAP, the word "integrated" is used to denote incorporation of all the relevant sectors and combinations of physical elements within financial and management planning. It also:

- utilises the collaborative participation of public, private, household and informal sectors in an attempt to better understand and exploit the complex linkages among all the various interests operating within the municipality, building thereby a healthy decision-making process;
- encompasses vertical integration, fostering a healthy partnership between the national and municipal governments;
- covers spatial integration, establishing viable urban-rural linkages, and enabling a favourable environmental impact on the urban settlement.

"Action" in IAP refers to an early implementation of projects which:

- have strong support;
- require comparatively fewer resources for identification and design, and form an overall plan based on promotion and facilitation, rather than control of development.

2. INTEGRATED ACTION PLANNING (IAP) IN NEPAL

What is Integrated Action Planning ?

> *IAP as practised in Nepal may be defined as "a community-driven, participatory planning process to facilitate development through the identification of realistic and affordable projects, integrated within a Multi-Sector Investment Programme and supporting the goals of a Physical and Environmental Development Plan ".*

2.1 Application and Characteristics of IAP:

IAP is appropriate where:

- urban centres are undergoing rapid growth and change;
- there are severe resource limitations and inadequate institutional capacities;
- the planning process needs to be simplified, speeded up and focused on actual development opportunities rather than on a long-term vision.

In relative terms, the IAP takes less time. Data collection and analysis is done rapidly as a flexible and dynamic exercise. The emphasis is on realism and a coverage of all developmental aspects, not just those that correspond to physical planning. The main characteristics of IAP may be summarised as follows:

- IAP can be easily understood and used by municipalities;
- Emphasis is on actions (projects) to tackle urgently-felt problems;
- Projects are identified and planned in consultation with the community;
- Early implementation of projects with assured resource commitment.

2.2 Major Outputs of IAP

The outputs of IAP at the current stage in its development in Nepal are:

- A package of mutually supportive projects, with preliminary designs and cost estimates.

- A Multi-Sector Investment Programme (MSIP) for a period of up to five years, incorporating detailed formulation on financial management and organisational development provisions that will support projects, MSIP and PEDP, and improve the general administration of the municipality.
- A Physical and Environmental Development Plan (PEDP) laid out in the form of maps with explanatory notes, and supported by recommendations for the introduction of planning by-laws and regulations. These will enable the PEDP to be implemented and enforced.

The IAP process is shown in the flow chart presented as Figure 2. The process is interactive; the main steps are described below.

Major Outputs of IAP
• A package of mutually-supportive projects
• A 5-year multi-sector investment programme (MSIP)
• A physical and environmental development plan (PEDP)

3. IAP STEPS:

3.1 Community Consultation:

The objective of consultation is to identify problems through:

- A series of meetings at ward level and further consultation;
- A Steering Committee;
- Contact groups elected by communities;
- Meetings held with the municipality, line agencies, other concerned government and non-government organisations, the private sector and local intellectuals in the municipality, to identify their problems.

3.2 Assessment and Analysis:

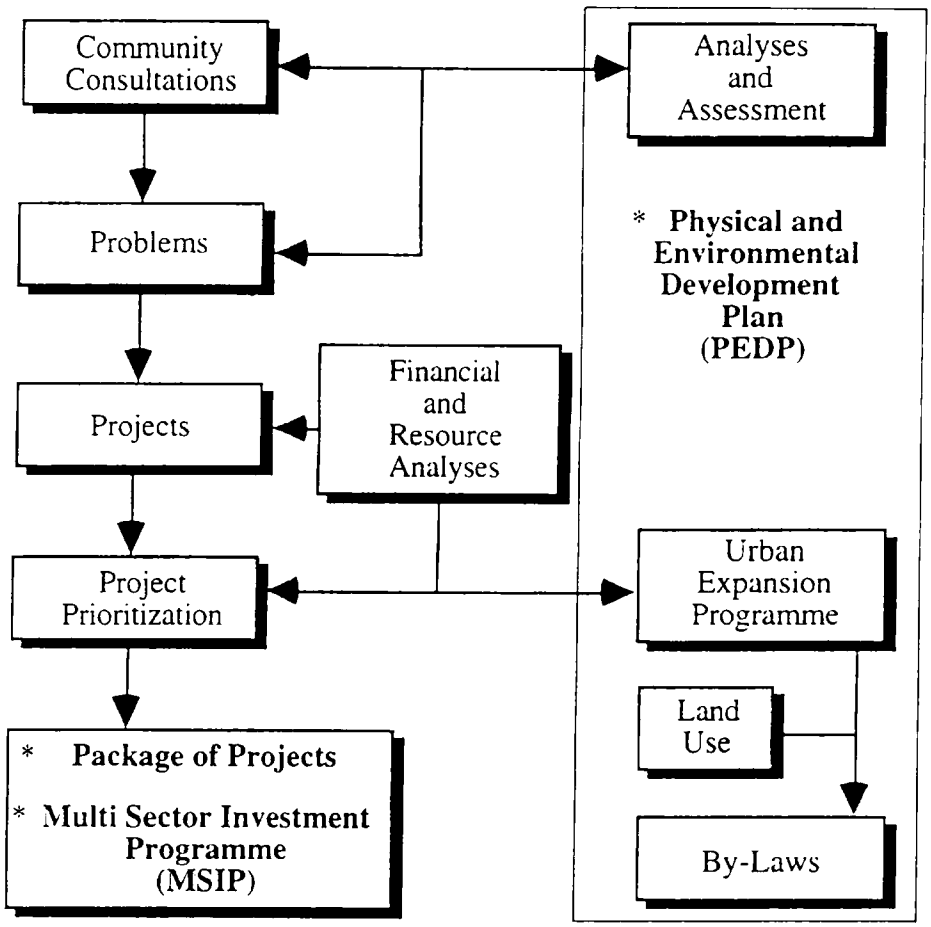
In parallel with community participation, various assessments are conducted to determine and evaluate the opportunities and constraints that may exist within the municipality, with particular focus on:

- Observing and understanding the situation prevailing in the municipality by frequent site visits;
- Collecting and analysing available data;
- Discussions with relevant persons and institutions;
- Assessing the financial status of the municipality, based on current performance, to determine existing and future funds available for development;
- Identifying ways and means of increasing funds and revenue collection;
- Projecting future development funds for the next five years.

Constraints may occur in a variety of forms, but typically include:

- Land unsuitable for built development, for reasons such as steep slope, flooding, inadequate infrastructure (especially water supply) and proximity to unpleasant/hazardous activities etc.
- Land potentially has better alternative uses, such as agriculture, forestry, nature reserves, etc.

Figure 2: Flow Chart of Principal IAP Steps



* Major outputs of IAP

Opportunities may also vary, but typically include:

- Gently sloping, well drained land that is easily accessed by existing infrastructure (especially roads and water) or by simple extension of existing infrastructure. Such land is ideal for urban development providing it is not better suited for some other activity (e.g. irrigated agricultural land).
- Land which by virtue of its scenic, environmental or ecological value, should be promoted as a national/international place of scientific, recreational or tourist interest.

3.4 Identification and Prioritisation of Problems:

The process of problem identification involves surveys, investigations and inquiries in following the steps recommended above in sections 3.1 to 3.3. The above analyses facilitate identification of problems that affect the whole municipality. The identified problems are considered together and rationalised to avoid duplication and contradictions.

The criteria by which problems may be assessed and prioritised are determined, using the following checklist:

- The problem should be solvable.
- How critical is the problem?
- Problems may overlap within one area/ward, or reoccur in a number of adjacent areas/wards. In such cases the problems can be analysed to determine whether they can be considered as a single problem, or whether they involve other problems.
- The geographic distribution of problems is identified and compared against the socio-economic characteristics of the community.
- Responsibility for solving problems needs to be determined. Those which are beyond the responsibility of the municipality should be identified and discussed with the relevant agency/authority.

It should be stressed that in many cases, problems or their solutions have a bearing on the physical/spatial planning of a municipal area. The outcome of analyses conducted into physical and environmental characteristics, in particular existing and future opportunities and constraints, should be used to prioritise problems. More specifically, any problem, the resolution of which enhances opportunities, should be given a higher priority than one that does not. This kind of judgement needs to be taken from a town-wide perspective, rather than a ward-level perspective.

3.5 Project Formulation:

Projects assume a critical position in the IAP process. They are identified considering all the steps mentioned above, and their implementation leads to the realisation of the PEDP.

Projects are to be formulated to solve only those problems which meet the criteria discussed above, and with special attention to high priority problems.

As a first step, a quick formulation of projects at an approximate level of detail (tentative design) should be first made, in order to identify their broad parameters, especially of cost. This is important, in order to assess whether or not the project is within the financial capacity of the municipality. It will also enable an approximate assessment of whether the project is technically feasible and effective for solving the problem in question.

3.6 Project Feasibility:

In the examination of technical feasibility, the project must be able to solve the problem within the limits imposed by existing levels of available technology, technical know-how, equipment and management capability.

In the examination of financial feasibility, cost estimates, affordability and cost recovery need to be examined, to ensure that the project is not beyond the financial capability of the municipality.

In the examination of socio-economic feasibility, questions such as the following must be answered:

- Does the project help disadvantaged sections of the community ?
- Is the benefit cost analysis of the project favourable and are the need and affordability criteria satisfied ?
- Does the project have benefits in terms of health and welfare of the community?
- Does it generate employment?

In the examination of environmental feasibility, especially relevant in the present context of Nepal's deteriorating urban environment, projects are examined for any negative consequences or impact. In other words, the impact on the environment needs to be assessed.

Finally, projects have to be sustainable in terms of their maintenance requirement, a factor which is often neglected in Nepal.

3.7 Project Prioritisation:

Considering forecasted development funds, the projects defined earlier are prioritised to determine which of them should be implemented within the next five years. Prioritisation is made on the basis of the needs expressed by wards, the views of the municipality and other agencies and the inferences drawn from the Physical and Environmental Development Plan (PEDP) which attempt to encourage urban development in certain areas and discourage it in other areas. Projects that match or reinforce PEDP proposals are given higher priority than those that do not. For example, a project which involves the construction of a new road into an area where urban development or expansion is identified is given higher priority.

3.8 Multi-Sector Investment Programme (MSIP):

As the name suggests, programmes of all organisations and agencies involved in development within the municipal area are consolidated into a single programme covering all sectors. This is necessary to ensure that projects planned by others do not conflict with those of the municipality, or with each other. Moreover, the concept of integration inherent in the overall programme interrelates projects of different agencies in such a way that individual projects can complement each other and thereby be more effective.

The selected projects described above are assembled as an investment programme for five years. As the programme incorporates projects from different sectors, it is called a multi-sector investment programme (MSIP).

The executing agency for each project is identified, together with the source and amount of funds required. This may include grant or loan funding.

For each year of the investment programme, the overall cost of the projects to be implemented by each executing agency is reconciled with their forecast development budget.

The multi-sector investment programme (MSIP) is one of the major outputs of IAP. It is the consolidated programme of projects to be implemented by all agencies active in the municipality. Normally covering 5 years, the first year includes the annual development programme of the municipality. MSIP also provides basis for co-ordination between municipality and other agencies.

3.9 Physical and Environmental Development Plan (PEDP):

An important component of the IAP process is the resulting physical and environmental development plan, where the conclusions of the earlier analyses of physical and environmental problems are considered in conjunction with the projects identified above. These form a plan to guide future urban development and to protect the environment. The physical components of the plan may include:

- all existing features, natural and manmade,
- designation of areas where no development should occur due to physical or land-use constraints/considerations,

- a simple land-use zoning system, based on predominant (primary) land-use, together with a range of permitted secondary land-uses,
- areas where urban expansion is to be encouraged (or discouraged),
- a simple phased programme for the urban expansion of the town that relates to realistic and logical programmes for the extension and improvement of infrastructure services (especially roads, water, electricity and telephone),
- areas where policies for controlling the nature of activity or type/scale of buildings are to be applied,
- proposed projects.

The environmental component of the plan may include:

- designation of areas with special environmental characteristics, the conservation or enhancement of which requires special policies/regulation to restrict or control land-use and development. These may include areas of special ecological value, wildlife reserves, areas prone to environmental damage or soil erosion (steep slopes), forest resources, etc. Such areas may be termed conservation areas.
- designation of special areas where land-use or built development should be controlled for reasons of health, safety or resource conservation. These might include buffer areas adjacent to sewage treatment works or solid waste disposal sites. Another example is watershed management areas, where the continued supply of surface water for portable purposes is dependent upon protecting vegetation and restricting development. Such areas may be termed protection areas.
- policies to enhance the environment, some of which may have a spatial dimension. These may include a range of intentions such as green belts, park land, etc. Such areas may be termed green areas.

When designating conservation, protection or environmental policy areas, it must be borne in mind that the rights of affected land-owners may be infringed, and in most cases denied. For this to be accepted, the justification must be understood and reasonable. If not, the municipality will have difficulty in enforcing policies, and ultimately may have to consider compensation payments to land owners.

One way of resolving this difficulty is to introduce a policy that the entire cost of providing infrastructure to any new building or house must be paid by the owner of the building or house. Exceptions to this policy would only be granted where the building or house is within an area that is already deemed urban, or is identified for urban expansion.

This policy can be linked with efforts to plan urban expansion areas. For example, until an appropriate plan is prepared (Guided Land Development or Land Pooling), exceptions to the policy will not be granted.

For such a policy to operate, care must be exercised when selecting/prioritising projects, especially those which involve the extension of infrastructure, in particular roads and water pipelines. In this regard, any extension of infrastructure networks should be within designated urban expansion areas.

PEDP provides a spatial reference for the future development of the municipality, taking account of environmental issues and concerns. It includes physical recommendations concerning land-use zones, urban expansion and areas where no urban development is permitted. In addition, environmental policies are stated, including the designation of conservation areas, protection areas and environmental policy areas.

PEDP recommendations need to be simple and realistic. Zoning and policies should relate to infrastructure upgrading and extension programmes, and these programmes in turn should be supported by the projects which comprise the MSIP.

4. MONITORING:

The strength of IAP is to facilitate and promote an ongoing development process. To this end, the process must involve a continual review of the success or otherwise of projects, both individually and as an overall programme. Particular attention should be given to the success of projects that support the PEDP.

If it is recognised that policies in the PEDP are not satisfactory, corrective action should immediately be sought. It is possible that enforcement of planning by-laws and related policies is not effective, due to lack of understanding or to undesirable practices. This can be remedied by appropriate actions. On the other hand, by-laws and policies that do not have majority public acceptance will be difficult to implement, even with very strong enforcement. In such cases it may be prudent to revise the PEDP.

5. IAP PRACTICE IN NEPAL:

5.1 Achievements:

The method of IAP, as described above and currently practised in Nepal, has evolved through continuous application and by a process of learning by doing. The method has been continuously refined since its first application in 1989.

At the outset, a product-oriented training workshop was held in Dhading, a small urban centre about 130 km. from Kathmandu. After running three workshops between 1989 and 1992, IAP was applied at an operational level in two municipalities, Banepa, Vyas and later in two further municipalities. Recently IAP has become operational in a further 14 municipalities. The location of the municipalities and small towns covered to date is indicated in Figure 3.

5.2 Operational Procedure:

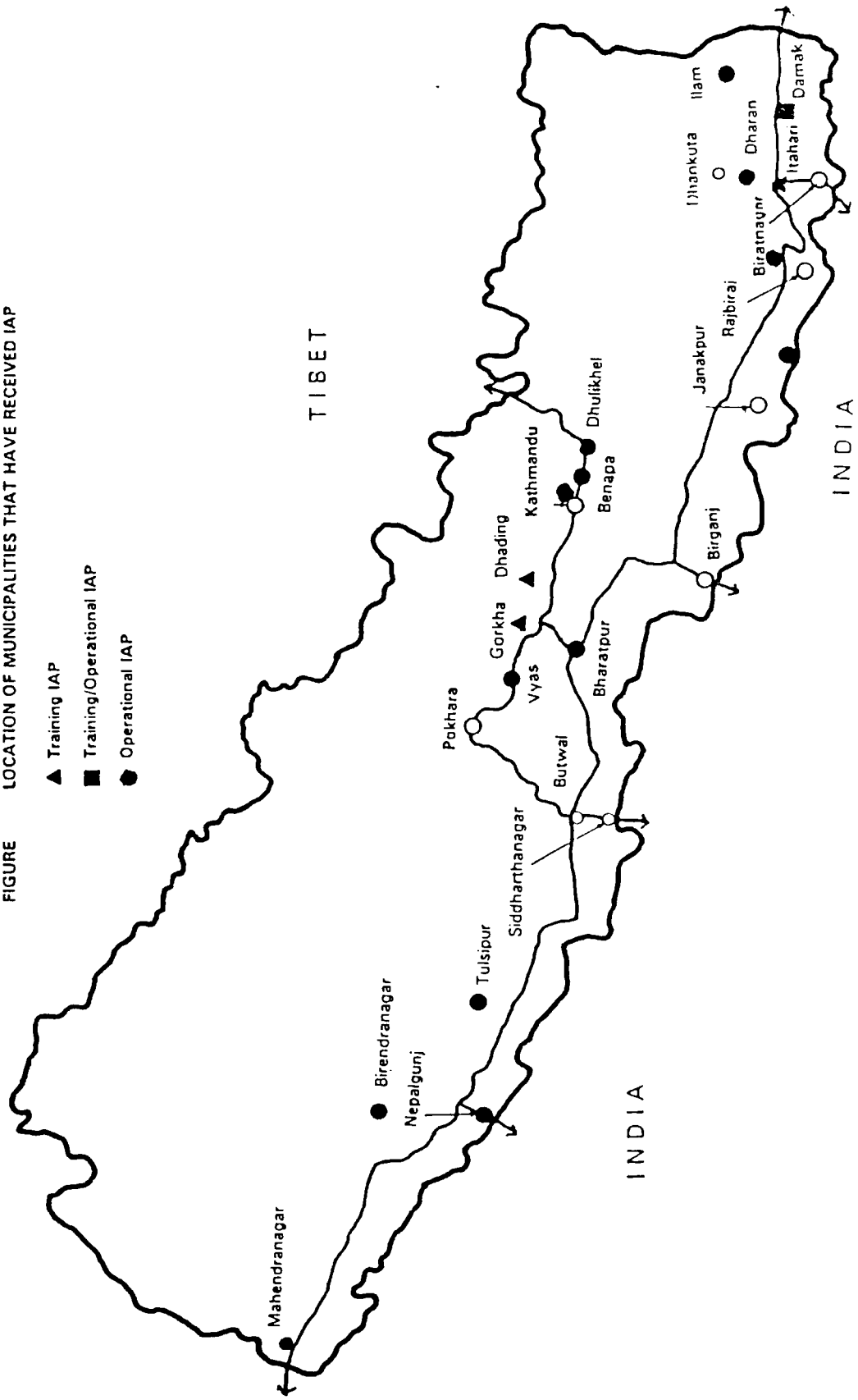
- The operational procedure starts after municipalities make a request for IAP to the Department of Housing and Urban Development.
- Two or three teams work more or less simultaneously on two or three IAPs, although their programme maybe staggered by a week or so for logistical reasons.

Reconnaissance:

There is a separate reconnaissance visit of 3 or 4 days to each town, during which:

- the reconnaissance team rapidly assesses the scope and complexity of the situation facing the municipality,
- officials are provided detailed briefings about the nature, scope and procedure of IAP,
- questionnaires are distributed to line agencies, NGOs and ward members,
- additional specific requests for advance data-collection are made, and

FIGURE LOCATION OF MUNICIPALITIES THAT HAVE RECEIVED IAP



- arrangements are confirmed about the timing of activities, logistics, staff accommodation, work space, etc.

Orientation, Preparation and Training:

Reconnaissance is immediately followed by a joint training period for all teams. This comprises:

- lectures and presentations about IAP,
- familiarisation with the IAP Training Manual and IAP Operational Guidelines.

The outcome of this activity is a detailed work plan with individual task assignments. The workplan is prepared in consultation with key agencies, for example elected municipal representatives, line agency officials, NGOs and community groups, who are requested to attend one day of training.

Field Study:

The teams then depart to their respective towns to conduct an eight-week intensive programme, which may be summarised as follows:

Two-and-a-half weeks for:

- initial structured community consultations,
- rapid data collection and analysis,
- assessment of present conditions and issues, leading to
- a broad multi-sectoral overview, concentrating on comprehensive coverage, rather than in-depth statistical analysis, and
- making a preliminary conceptual framework for the PEDP.

Towards the end of this period, there is sufficient information assembled and synthesised to allow problems to be identified, diagnosed and prioritised by all those involved.

Three-and-a-half weeks are devoted to:

- translation of problems into action projects,
- completion of selected detailed surveys in response to the specific requirements of priority projects,
- the development of identified projects into a prioritised 3-5 year programme (MSIP), commencing with a reliable first year budget, and
- refinement of the PEDP.

This package of action projects is then assessed to determine the requirements and feasibility of regulatory provisions.

A final two weeks are allocated for consolidation into the plan components including;

- problem overview, project description,
- MSIP, financial management,
- a broad institutional framework, and the
- PEDP and related regulations.

Presentations:

Teams present the draft conclusion of the study to the steering committee, and modify the recommendations as necessary, prior to a final presentation to the municipal board.

Reporting:

The teams return to Kathmandu after getting the board's approval in principle to write detailed reports. These comprise:

- Report A - the recommended IAP
- Report B - project details

The draft reports are submitted for board approval and comment. Revisions are made as necessary, prior to publication of the final report.

Follow-up:

Key members of the planning teams continue to take an interest in the IAP for at least one year following submission of the final report. They are available to assist the municipality in the interpretation and implementation of the IAP, and in making any revisions. Follow-up teams generally visit the municipality at least twice a year.

5.3 Commitment:

The government of Nepal is committed to local enablement, decentralised government action and institutional strengthening of municipalities. The major problems for implementing this strategy are resource constraints and the very weak institutional base of elected municipalities (only four years old). Most municipalities find it difficult to implement urban projects, as there is a severe lack of manpower, resources and urban awareness.

The principal outputs of the IAP are tools for municipalities to implement decentralised government actions, and strengthen their technical competence. These outputs are the minimum required for any municipality to implement their own projects. IAP is highly responsive to local needs. Results so far have shown that IAP has a good chance of success. Hence, IAP is highly recommended for municipalities in Nepal and perhaps elsewhere. It is planned to improve the methodology as a part of a programme to cover all 36 municipalities within the next four years, after which the programme will be continued by municipalities, but with reduced support from DHUD.

6. LESSONS LEARNT:

IAPs, together with complementary components of UDLE, have helped bring changes to institutional arrangements and management systems, and increased awareness of better urban management within municipalities. Lessons learnt from the execution of the programme are:

6.1 Demand driven approach

The conventional top-down, and supply-led approaches of planning have been unsuccessful in addressing the felt needs of the people. Such approaches are not accountable and responsive to local conditions and concerns. IAP has demonstrated a demand-driven approach, which results in the efficient use of scarce resources and addresses the real needs of the people, and thereby offers better chances of success.

6.2 Ownership

A characteristic of IAP practice is its participatory approach to planning. The beneficiaries for whom the development is targeted are closely and meaningfully involved in the decision-making process (the community in ward-level consultation,

contact groups elected by the ward's community, steering committees of town-level bodies and the municipality itself) as a result of which a sense of ownership exists within the municipality. The willingness of municipalities to share the costs of realising IAP is a demonstration of this reality.

6.3 Integrated Approach

There should be an integrated and co-ordinated approach to service delivery. Many best practices have stressed the need for convergence in development activities. When government sectoral agencies co-ordinate both internally and with municipalities, there is efficiency and effectiveness in the provision of services. In other words, partnership should be built upon and strengthened between agencies, and thereby avoid duplication and maximise synergy. This task is more easily said than done, but nevertheless efforts should continue.

6.4 Capacity-Building

A lesson learnt from experience of IAP is that development project donors must take the role of facilitator rather than that of implementor. They should provide technical and other support for planning and implementation of the programme in a consolidated way, and should assist local institutions in building their capacity in this regard. The approach demands considerable time and devotion, but in Nepal's case, has proven to be both successful and sustainable.

Involving Communities: the CAP Experience in Sri Lanka and its Lessons[1]

Mitsuhiko Hosaka[2]

WHAT IS "CAP"?

Under the consecutive national housing programmes since the 1980s, the Government of Sri Lanka has been making massive efforts for shanty upgrading and house improvement in urban low-income communities. The approach was characterised by community participation through enabling strategies. The tool to implement this approach has been called Community Action Planning (CAP).

The CAP method consists of a structured series of workshops organised for community members. In the past, the workshops were developed and conducted totally by urban housing staff of National Housing Development Authority (NHDA). But more recently these have often been practised by local government staff, NGOs and sometimes, even by community leaders themselves.

A CAP CYCLE

Normally, an initial two-day workshop is held at a community centre within a settlement (or at a temple or sometimes under trees), for about 30 representatives of the community to identify their socio-economic and physical issues and plan strategies to tackle them. This is followed by a variety of one- or half-day issue-specific workshops, depending upon the needs of the community and the stage of implementation: a workshop to strengthen the function of Community Development Councils (CDCs); a land regularisation workshop for people to layout a blocking-out plan; a building guidelines workshop to formulate community-specific building codes; a housing information workshop for the introduction of NHDA house loan packages; a community contract workshop to familiarise the community group with procedures to receive contract awards for minor infrastructure works; a women's enterprise support workshop to initiate group credit programmes for income generating activities; etc.

There are some ten types of such workshop modules practised. With assistance from UNCHS/DANIDA, a series of training videos were developed: five films highlighting various aspects of a participatory settlement development cycle, two describing the procedural steps of selected workshop modules, and one documenting the operation of the "Women's Bank." Written guidelines for workshop conductors on main modules are also available. (These may be obtained from UNCHS/DANIDA, P.O. Box 30030 Nairobi, Kenya)

TECHNIQUES AND SYSTEMS

Some innovative elements developed in connection with the CAP approach attracted world-wide attention. They include a "Householder File" (an information package assisting each family to prepare a house plan), Community Contract System (contract award to CDC members for construction of basic amenities in their own community), Praja Sahayaka Sewaya (a group of community leaders committed to and mobilised for sharing their development experiences with other communities), the "Women's Bank" (self-reliant, women group savings & credit system), the Housing and Community Development Committee (an ad-hoc inter-departmental co-ordinating arrangement within a local council to oversee the urban housing programme), and Colombo City Habitat Units (decentralised service offices where municipal health and engineering officers and NHDA staff regularly join and extend consultation to people in the area).

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[1] This paper is a brief version of "Community action planning in Sri Lanka: lessons for the region" which appeared in Urban Voices, no.15 (an UMPAP publication, April 1996).

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IMPLEMENTATION

During the 3-year period 1988-1990, some 160 CAP workshops were conducted by NHDA's Urban Housing Division covering 55 shanty areas, mostly in the Colombo area. The CAP methodology was consolidated during that period. Since 1992, the emphasis has been on dissemination and transfer of CAP organisational skills to urban local authorities (ULAs), particularly in districts outside Colombo. From 1992 to 1994, 14 selected ULAs organised altogether 670 workshops of various types. In addition, NHDA district offices and some NGOs also conducted workshops for social mobilisation and housing improvement. It is estimated that the CAP activities have reached a total of 50,000 families in 450 urban low-income settlements in Sri Lanka for the last 7 years, 1988-94.

Meanwhile, the CAP approach became gradually weakened within NHDA Head Office, in terms of both quantity and quality. Several experienced staff left NHDA, while some others failed to internalise the approach. The reasons for the weakened quality in NHDA head office appeared to be (i) less opportunities for the head office staff to be involved in field work, (ii) CAP programme became marginalized due to weak management leadership, (iii) failure to catch up with the newly-emerging community initiatives such as Praja Sahayaka Sewaya. But their role as a team of CAP trainers for outside agencies in the past cannot be dismissed. It is apparent that trained CAP resource persons have increased within ULAs, NGOs and communities through on-the-job and off-the-job training activities conducted over a period of years.

Yet, there has not been "a critical mass" of resource persons sufficient to sustain CAP programmes in Sri Lanka. A new initiative in this connection was the creation of an Association of experienced CAP resource persons ("CAPRES"), providing a network among those currently scattered in several ULAs, agencies, NGOs and communities. It will function as a core team for further development and dissemination of CAP, mobilising experts and community leaders from relevant organisations through networking. NHDA Urban Housing staff are expected to perform a core function in this network.

There are some active NGOs such as SEVANATHA that encourage local communities to adopt the CAP methodology and elicit support from local authorities for physical and social development. SEVANATHA has also been instrumental in supporting and networking urban-based small NGOs.

POLICY ENVIRONMENT

In order for a fieldwork methodology to be effective and really lead to project implementation, there must be an integrated, supportive policy environment. Under the consecutive housing strategies in Sri Lanka, various policy measures have been available to and supportive of the urban poor. The Government maintains fairly large amount of lands to be quite favourably allotted to shanty citizens for regularisation. Building standards and regulations can be liberalised for "low-income projects," so as to allow the people to agree on their own "community building guidelines." Sketchy house plans drawn by people, based on community building guidelines, have been considered practical enough for building permits, without going through technically sophisticated procedures. House loans can be provided, once provisional land reblocking is over (before professional surveyors come and new plots are officially registered). Community contracts may be awarded to Community Development Councils (CDCs) without tendering processes, as supported by an official resolution. These pro-poor environments provided an framework wherein the CAP approach could be meaningful.

Debate does take place on each of these aspects, not only at the decision-making level, but also during the day-to-day operation in the field: Should some price mechanism be introduced to land allocation, so as not to "distort" the land market, and to ensure fair distribution of government subsidies? Are stricter building controls required for "environmentally-sound" development? Should the house loan and building system be more "de-politicised" and technically controlled? Should we have more accountable, technically and legally, CBOs (than CDCs) for community contracts?

The Million Houses Programme that initiated the CAP process tried to de-mystify the professional and bureaucratic processes of housing and make it a people's process. The issue now is how to protect the pro-poor orientation while ensuring physically sound and economically efficient development. While policy consistency is called for, there certainly is a need to improve and standardise the development procedures for the purpose of institutionalisation.

POLITICAL DIMENSION

Unreserved political commitment accorded to housing the poor in Sri Lanka has been lauded world-wide. It, however, had several implications. The strong political commitment and the politicisation of housing processes seem to be two sides of the same coin. Political considerations were often an intervening factor down to the grassroots. Perhaps in many cases, healthy relations were maintained between politicians and community members in the democratically representative system as in Sri Lanka, and politicisation enhanced the people's bargaining power vis-à-vis bureaucrats and conventional professionals. But there have also been cases where politically-motivated mobilisation of people spoiled and dissolved the self-organised communities and led to excess dependency on particular political directives. The issue here is how the urban poor could collectively acquire their own resilient political power, which would enable them to carry out settlement activities, becoming less vulnerable to political patronage and alignment from above.

PEOPLE-CENTRED APPROACH

It was often pointed out that some government agencies such as NHDA worked very efficiently and conscientiously with people in the grassroots in areas where NGOs would normally have played a major role, leaving little room for urban-based NGOs in Sri Lanka in the past. Hence, while CBOs were well-mobilised for housing delivery, developmental NGOs were relatively less visible in urban settlement improvement. This is perhaps correct; and this point appears to be a limitation of past national housing policies. Under strong political commitment, many housing officers worked in the field devotedly; and housing service delivery tended to become a "good government programme," strongly- and well-guided from above; but not operated as a "people-initiated process." Once a major political change took place, such as the assassination of the top political leadership in 1992, the whole policy structure was affected and government staff lost confidence. Vulnerability became evident in the "top-down participatory" methods.

There seem to be two distinct approaches to community-based development. One is to enable people, help them to have better access to existing institutions, and integrate them into an established society and formal processes. The other approach may be to empower people for them to create their own space and build the processes of their own, here and now within the existing society. Sri Lanka has demonstrated both approaches. On one hand, the Government intensified its efforts in organising workshops for and on behalf of people in low-income settlements. On the other hand, several community-based groups established their own systems, for example, the "Women's Bank" (Note 1) and disseminated the activities through community experience-sharing. Both approaches are equality important and complementary, but in the past it was bound to be a two-pronged strategy. It remains a critical task to combine the top-down, social integration approach on the one hand and horizontal networking between communities on the other.

Perhaps the roles of various actors should be recognised: NGOs, professionals, media, religious leaders, as well as politicians, each having specific strengths and functions to play. All of them should be considered to assume the role of enabler, in motivating and supporting people.

REGIONALISING THE CAP

The CAP and related activities seem to have considerable potential for dissemination in other countries in the Asian region. A few regional networks promoting community initiatives are now available in Asia: CITYNET, ACHR, Asia-Pacific 2000, as well as UNCHS/DANIDA Regional Programme for Community Development in Asia, a direct follow-up to UNCHS involvement in the CAP programme in Sri Lanka. It would be useful for the CAP approach, as an operational method, to link up and collaborate with these networks.

But the CAP approach should be addressed to various (national, local and grassroots) levels in the countries, so that participatory methods can really be institutionalised in the local context. Regional experience-sharing among community leaders, city executives and national policy makers would be an essential modality for networking. Indeed, in this manner, the CAP methodology was in part adapted to the first-ever community-managed low-income settlement improvement project in Ho-Chi-Minh City, Vietnam (Note 2).

The workshop approach is, of course, not unique to the CAP in Sri Lanka. Community workshops are, in various ways, practised in the "LINK" project in Ahmedabad, India, the Kampung Improvement Programme (KIP) in urban Indonesia, and urban environment improvement programmes in Japan, to name a few. A specific character of CAP in Sri Lanka is, however, that it is not only a technical tool, but also an approach which is an integral component of an overall policy framework supportive of the urban poor. Here lies great potential, as well as difficult challenges, for CAP regionalization.

Note 1: Women's Bank

The Praja Sahayaka Sevaya (PSS) consisted of several women and men community leaders in Colombo shanties. They were originally recruited by NHDA and assigned to work at the grassroots for community organisation and poor women's mutual help activities. They however soon became independent, and contributed to organising women's groups. Their approach was to share and disseminate experiences to other communities. The groups started savings and credit activities, based on self-imposed rules and regulations.

The majority of the loans were used for relief measures and consumption items. But soon income-generating loans became the group's main focus and the fund became self-revolving. After successful pilot projects, channelling of housing loans through these women's groups is now in great demand. They charge 4% per month as interest for normal loans, and 2% for housing loans.

In 1992, the federation of the groups was registered as a Thrift and Credit Co-operative Society which named itself as "Women's Bank." As of August 1996, the members and associate members of the Bank amounted to 5,100, covering both urban and rural settlements all over the country.

The management of the Bank is radically decentralised and always evolving. Currently 28 bank branches are operating on a self-reliant basis. Only at the initial stage, the small monthly allowance for PSS members (all shanty dwellers) was supported by UNCHS Programme. But now their allowance is covered by the interest that accrues from PSS's bank accounts opened in several branch offices. The activities are characterised by mutual trust between women, non-dependence on government, regular monitoring, decentralised decision-making, and members' interest in project expansion.

Note 2: The Case of Hiep Thanh Project in Vietnam

As a follow-up to a CITYNET seminar hosted by Ho-Chi-Minh City, ACHR in May 1990 started a field project to assist people and local authorities of the City in undertaking a community-managed settlement improvement, financed by MISEREOR and SELAVIP, with the objective of instituting participatory planning processes. The initial step of the project was a four-day community-level workshop attended by several overseas participants including community leaders from low-income settlements in Bangkok and Colombo. A low-income community in Ho-Chi-Minh City, newly named Hiep Thanh ("combined strengths") by the people, was identified as the project area, and the workshop was conducted in that community.

Among the participants, a woman community leader from Bangkok told, in her language, how people in her community had organised to secure land and services. This had a profound impact on the perceptions of her counterparts in Ho-Chi-Minh City, who had never been exposed to the concept of self-reliant, community-based approach, distinct from government-provided, top-down housing and settlement schemes, and who had never imagined that there were people in a

neighbouring country living in disadvantaged conditions very similar to theirs and yet striving for something better.

The workshop was followed by a series of advisory missions and exchange visits by community leaders on various types of community initiatives, particularly in Sri Lanka and Thailand. As a result, community action planning (CAP) methodology in Sri Lanka and the concept of women's income-generation activities in Bangkok were transferred to Ho-Chi-Minh City. People in Hiep Thanh were encouraged to analyse problems and prioritise issues.

In February-March 1991, a community piped-water supply project was carried out in accordance with priorities set by the people. Partly financed by ACHR, it turned out to be more than just a physical amelioration of water access. People worked out an institutional mechanism for community management, and they themselves set a water charge which was one-third of the current informal water-vending price but still sustainable for generating a Community Fund. New community leadership, capable of negotiating with the authorities, emerged through exchange visits and standpipe construction management. People then proceeded on to house improvement and income-generating loan programmes, based on the Community Fund.

Consequently, some city officials became highly committed to assisting the community, and several independent community workers and young volunteers showed interest and initiated such activities as evening classes for working children in Hiep Thanh. Meanwhile, some other local communities became aware of the "Hiep Thanh model" and keen to adopt the community-managed approach.

The city government is now moving ahead to adopt a city-wide comprehensive loan package programme for low-income settlement improvement. In early 1995, an agreement was reached among the Vietnamese Ministry of Construction, the Urban Community Development Office of Thailand (UCDO), the United Nations ESCAP and ACHR, concerning their joint efforts to create and disseminate a UCDO-type credit fund for the urban poor in Ho-Chi-Minh City.

Protection and Management of the Urban Management in Shanghai

Lu Shu Ping[1]

1. SHANGHAI: GENERAL INFORMATION

Shanghai is located at 31°34' North Latitude and 121°29" East Longitude, with the Yangtze River to the North, the Hangzhuo bay to the south, the East China sea to the East, and the Jiagsu and Zhejiang Provinces to the West. The city is on the Eastern fringe of the Yangtze River Delta, which is in the centre of China's eastern coastline.

It is situated at coastal area of the Northern edge of the North subtropics Zone, which has many monsoons. The climate is maritime with four distinct seasons and abundant precipitation and sunshine. The mean annual temperature is about 16°C; there is no frost 230 days out of the year, and annual precipitation of about 1,200mm falls heaviest between May and September.

Shanghai covers an area of 6,340.5 km^2 (0.06% of the whole national area), 6,219 km^2 of which is land and 122 km^2 is water. The urban area occupies 2,057 km^2 and contains the alluvial fan of the Yangtze river. Shanghai averages about 4 metres above sea level; it is flat, with few hills in the Southwest. The area has abundant rivers and water resources. Shanghai's Chongming Island is the third largest island in China with an area of 1,041 km^2.

By the end of 1995, Shanghai's population was 13.04 million, or 1.1% of the whole national population. Average city population density was 2,052 persons per km^2, with 4,651 persons per km^2 in the urban area and over 60,000 persons per km^2 in the core area.

Shanghai has experienced sustainable and rapid economic, societal, and urban development since the implementation of reform and open policies ten years ago. The period from 1991 to 1995 witnessed some of the greatest developments since the founding of the People's Republic of China. Particularly in the last three years, remarkable success was achieved in restructuring industrial sectors, stabilizing the economy at the macro level while promoting growth in general, promoting continuous achievements in infrastructure and environmental construction, improving the environment, and comprehensively improving social institutions such as science, technology, education, and culture.

In 1995, Shanghai's Gross Domestic Product was 246.277 billion Yuan RMB, which was a four-fold increase than that in 1978 on a comparable price basis. The annual growth rate from 1978 to 1995 was 9.1%, in which it reached 14.5% since 1992. In 1995, the average GDP for per capita in the municipality exceeded 18,000 Yuan, five times higher than the national average. Total industrial output was 525.4 billion Yuan, 11.9% of the national industrial output. Financial revenues were 70.2 billion Yuan, 11.4% of the national financial revenue.

Investments in urban infrastructure construction greatly increased with the expansion of the economy in the 1990's. From 1978 to 1995, 106.853 billion Yuan was invested in urban infrastructure at an annual growth rate of 30.8%; 81.0 billion of this total was invested between 1991 and 1995 at an annual growth rate of 40.5%, making up 75.8% of all investments since the policy's initial implementation.

During recent years, many large-scale investments have been made in urban infrastructure and environmental construction as part of a plan to improve city roads, complete urban infrastructure facilities, and rehabilitate older residential areas. A number of major projects were completed and put into operation, including Nanpu Bridge, Yangpu Bridge, East Yan'an Road Tunnel, the Elevated Ring Road, Metro Line No.1, the North-south Crossing Elevated Road, Fengpu Bridge and the Hu-Ning (Shanghai—Nanjing) Motorway. The second East Yan'an Road Tunnel, Xupu Bridge and East Elevated Yan'an Road are under construction. A new multi-level urban traffic framework has been built in Shanghai to connect Pudong (in eastern Shanghai) and Puxi (western Shanghai).

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Shanghai , a commercial center and port city, is one of the largest industrial bases and has recently gone through great economic and social changes. Shanghai's urban environment is among the top ten cities out of 37 cities in 1994, according to a public study done by the National Environmental Protection Agency. This achievement, which was required by the municipal government, was gained one year ahead of schedule.

2. CURRENT STATUS OF THE ENVIRONMENT

Shanghai's municipal government has paid a great deal of attention to environmental protection, which is an official state policy in China. Under the reform and open policy, the economy has been nurtured in the last ten years with sustainable development in mind. District restructuring has been expedited, and the proportion of tertiary industries has grown to 40.1%. Industries have adopted newer technologies and discarded outdated ones; the layout of industries was regulated by resettling 757 polluting enterprises and treating industrial pollution through the implementation of 8,000 projects, which represented a 6 billion Yuan investment devoted to pollution control. 3,000 of these projects have been completed. With support from various levels within Shanghai government and from the public, major producers of industrial pollution has been controlled to a level below that of the early 1980's. In recent years, pollution has even decreased, despite Shanghai's rapid and sustainable growth in the economy. Shanghai has achieved basic control over damage to urban and rural environments, and environmental quality has even improved in some areas. Shanghai's urban development boasts a harmony between economic development and environmental protection.

Air quality, which was characterized mainly by smoke pollution, has been dramatically improved in recent years. Main pollutants include dust, suspended particulate (TSP), and sulphur dioxide. In 1995, the annual average concentrations of these three were 14.31%t/mon/km^2, 0.237mg/m^3 and 0.032mg/ m^3, respectively—lower than 1994 levels. The pH value of precipitation was 5.69, 0.27 higher than 1994's. The frequency of acid rain was 13.3%, 2.6% lower than that in 1994.

Surface water pollution in Shanghai is mostly organic, including mainly chemical oxygen demand (COD), unionised ammonia, total phosphorus, and petroleum. These pollutants have decreased in the past five years, and the water quality in Shanghai's major waterways has remained unchanged.

13.68 million tons of urban solid waste was generated in 1995, 9.9% more than in 1994. Shanghai reused 11.50 million tons of this waste, 8.5% more than in 1994.

Noise levels along major roads was reduced by the recently implemented *"No Honking"* rule. Monitoring results showed that the ambient noise levels during normal times of the year were 60.1 dB(A) during the day and 52.2 dB(A) at night.

Shanghai, a metropolis with a high population and dense large-scale industry, continues to consume energy and resources at a high level and discharge pollutants into the environment. The city consumes 2.5 billion cubic metres of water per year, 1.161 billion of which is discharged as trade effluent and 1.084 billion of which is domestic waste water. Shanghai discharges 2.245 billion cubic metres of urban waste water a year, equivalent to 6.15 million cubic metres a day.

Shanghai consumes 35.23 million tons of coal a year, producing 509.52 billion cubic metres of waste gas annually, equal to 1.696 billion cubic metres every day. COD, petroleum, volatile phenols, cyanides, and hexavalent chromium levels in industrial waste water are very high, as are the levels of sulfur dioxide, smoke, and dust in industrial waste gas. Pollution from Shanghai's dense domestic population, coupled with pollution from the city's rapidly growing economy, have become a big challenge to environmental protection by the city administration.

At present, Shanghai faces the following environmental problems:

Heavy surface water pollution. Pollution has reached critical levels in areas such as the downstream regions along the Suzhou Creek and its tributaries, as well as the rural irrigation network. Wastewater treatment is still limited to only 40%, clearly indicating the amount of work still to be done in water quality improvement.

Threats to air quality. Sulphur dioxide from coal burning and vehicle emissions are two major sources of air pollutants.

Noise pollution. This is a result of heavier traffic produced by increased urban construction and rehabilitation activity.

Urgent sanitation issues. The city must decide how to treat and dispose of industrial solid and hazardous wastes.

Shanghai has set second-stage objectives for environmental protection based on its experience in the last five years. These objectives call for further reduction of pollution in the next five years between 1996 to 2000, through continued restructuring of industrial sectors, optimization of city layouts, and strengthening infrastructure and pollution treatment. These measures will control pollution at the basic level and lay a solid foundation from which the city can comply with international environmental protection protocols.

3. Environmental Management Measures

Shanghai will take the following measures to protect the environment:

a. Control over the total pollution load in the entire city

The City of Shanghai plans to reduce the total discharge of major pollutants by 10% (based on 1995 figures) by the year 2000. The Municipal Environment Protection Bureau has drafted an action plan according to the quotas required by the state, and has further broken down and assigned smaller quotas to various organizations and districts. A full-scale dumping permit system will also be implemented.

All polluters in Shanghai should meet basic discharge standards by the year 1998; by the year 2000 these standards will be mandatory.

The following two pollution reduction strategies are currently under progress:

Popularizing clean production. At present, the four sectors of chemical, metallurgical, textile, and pharmaceutical industries and six factories have been selected as pilot studies for clean production through energy-saving and waste-minimization and recycling strategies.

ISO 14000. Technical training and the cooperation of some enterprises will be organized to implement ISO. 14000.

b. Promotion of green engineering projects

A *Shanghai Centurial Green Engineering Plan* has been drafted and will implement the following projects:

Water pollution control projects: Shanghai sewerage Project phase II, the Suzhou Creek Comprehensive Improvement Project, Pollution Control Project for the Huangpu River Catchment, Phase II Construction for Water Intake Relocation to the upper Reaches of the Huangpu River, Yangtze River Diversion Works, and the Water Source Protection Project in Rural Counties.

Air pollution control projects: smoke desulphurizing and sulphur dioxide control, heating networks, urban gas popularization, industrial dust control, and CFC substitution.

Solid waste pollution control projects: comprehensive reutilization of solid waste, non-hazardous materials disposal and sanitary disposal of hazardous waste.

23 Ecological protection projects: construction of pilot villages for ecological protection, conservation activities in Dajingshan and Xiaojingshan islands, bird protection in Chongming Island, and the construction of a green belt around the city.

c. Increasing investment in environment protection and expediting industrial pollution control, urban environmental construction

The city government has gradually increased its investments in the environment each year. In 1991, it was 3.213 billion Yuan; in 1994, 3.909 billion; and in 1995, it reached 4.649 billion Yuan, about 2% of GDP. During the next five years, it will increase to 3% of GDP, thereby ensuring further construction of pollution-control engineering.

d. Comprehensive pollution control in Suzhou Creek

Suzhou Creek is an ideal example of comprehensive pollution control in Shanghai. The project will be implemented in three stages. The first stage will outline the plan, establish management, build green areas along the creek, and improve water quality. The second stage will stop all sources of pollution and clean up the creek by 2000. The third stage will complete all comprehensive measures by 2010. The project group in charge, led by the mayor, has been decided; initial planning studies and pollution surveys have already been completed. Following the strengthening of creek navigation, water surface, and environmental management, feasibility studies for digging, dredging, and disposal of creek deposits will be carried out to assess their impact on the environment.

e. Highlighting key problems and implementing comprehensive urban environment measures

The sewage system will be improved to increase treatment capacity and control pollution from industries, stock farms, and *"non points"* in the upper catchment of the Huangpu River to improve drinking water quality. Drinking water should never fall below 90% of quality standards. 100% control over smoke is absolutely necessary. Dust from construction sites around the city will be strictly controlled, heating networks will be popularized, and the 100,000 vehicles violating emissions standards will be corrected in 1996. Lead-free gasoline will be put into popular use and scrutinized through cost-benefit analysis. A new 42 km^2 "quiet zone" will be designated, and night-time construction will be strictly controlled. The hazardous waste permit system and fine system will be expanded, along with increased construction of hazardous waste incinerators and sanitary landfills. Green spaces will be built to improve the urban environment.

f. Enforcing environmental legislation

Environmental legislation obviously needs enforcement in order to be effective. An environmental legal framework will be set up as a normal part of management, pollution prevention, resource protection, and procedure regulation as well as technical standards. Legislative study, approval and implementation of Shanghai Air Pollution Prevention Regulations, Shanghai Solid Waste Management Regulations, Measures for Suzhou Creek Pollution Prevention, Measures for Vehicle Emissions in Shanghai and Measures for Noise Pollution Control in Shanghai will be completed in the near future. Key areas to be enforced include protecting drinking water sources, the Shanghai Sewerage Project II in the catchment area, and construction sites.

g. Promoting technology, environment industry and international cooperation

Technology and education play important roles in protecting the environment. New technology, low- or non-pollution processes, alternative materials, and facilities are the major components related to developing environmental research. Advanced technology is adopted in some key pollution control projects and environmental industry development.

In its implementation of a sustainable development strategy, the Shanghai EPB has received cooperation from the United Kingdom, Australia, Japan, Norway, Denmark, and Netherlands. Shanghai plans to continue international cooperation, especially in the areas of sulfur dioxide prevention, regional noise pollution control, surface water pollution control and hazardous waste disposal.

h. Environment awareness and education, promoting public participation

Government environment protection policies, environmental law and regulation has raised the public's awareness of the need to protect the environment. A *"China Centurial Tour for*

Environmental Protection" was carried out to protect water resources and prevent water pollution. Newspapers, television, and broadcasting are used to report positive and negative cases in environmental law enforcement. Environmental awareness is encouraged in many schools. In some major projects, environment groups, experts, and public representatives are invited to participate in project-planning and decision-making.

Shanghai's Urban Construction and Management

Tan Qi Kun[1]

After initial planning, comprehensive input, rapid advances, and careful construction over a long period of time, Shanghai's urban construction has come of age in 1995. In 1995 sixteen key projects were completed, including 10.15 million m^2 of residential areas and the renovating and widening of roads such as Xujiahui Road, Sichuan Road (N). Water, gas, and power supplies, as well as public transportation, telecommunications, and postal services were improved. The environment and the overall quality of living also saw improvements. The completion of the North-South Elevated Road crossing Luwan, Huangpu, Jingan and ZhaBei Districts in downtown on December 10^{th} as well as other underground pipeline projects made the goals of the 8^{th} Plan for urban construction of Shanghai into reality, laying a solid foundation for further development in the 9^{th} Five-Year Plan.

Urban construction developed the quickest from 1991 to 1995 and has brought the most change to the City of Shanghai since its founding 150 years ago.

These five years of urban construction were led by the opening and development of Pudong, focusing on road construction and its various problems, such as traffic and the effects of pollution created by the more than 60 construction-related projects on residential areas and the environment. The Nanpu, Yangpu, and Fengpu bridges crossing the Huangpu river and ten interchanges, including Guangxin Road and Jinqiao, were successfully completed, as well as large-scale multilevel transportation facilities such as the Metro Line 1, Inner Ring Road, and the North-South Elevated Road. The Bund and People's Square also underwent comprehensive renovation. The Yanggao, Jiangsu, and Wusong Roads, as well as over ten district roads including the Wuning (Shanghai), Changning, and Xizang Roads were successfully renovated and extended.

The number of newly-built residences reached 35.26 million m^2, and more than 11 million m^2 of condemned buildings were demolished. Ten residential areas and 85 integral residential blocks were established. About 600,000 households with nearly 2 million residents moved into these new areas.

The first phases of both the Yuepu Waterworks project and the Yangtze River Diversion project were accomplished, renovating and extending old waterways in order to increase the daily water supply capacity by one million tons. The Wusong and Pudong Gas extension projects were completed, as well as the first phase of the Shidongkou Gas project to integrate gas, heat, and power supplies in the Shanghai Coking Plant, bringing in 1.1 million new gas consumers and pushing the rate of gas use in Shanghai up to 85.98%. Basic urban gas supply became a reality.

Strides were also made in sewage management and environment protection, thanks to the removal of more than 100 contaminating plants and 200 industrial polluters downtown. Major polluted areas, such as Xinhua Road and Hetian Road, were renovated. Urban pollution treatment ranked number one in the nation twice. Shanghai ranked in the top three in the field of comprehensive environmental assessment.

At the same time, many new buildings were built, including the 468 meter tall Orient TV Tower, the Shanghai Museum, Friendship Business Center, New Century Plaza, New World Building, and the Shanghai Business Center. Many business centers, such as Xujiahui, Yu Yuan, Shanghai Railway Station, Zhangyang Road in Pudong, were completed, as was the renovation of the famous Nanjing, Huaihai and Sichuan roads (N). This type of large-scale construction has brought rapid changes to Shanghai's once backward urban infrastructure, which suffered from traffic, overcrowding, pollution, and deterioration.

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Along with the addition of many new roads and transportation projects, a newly-created transportation system now runs between the east and west sides, combining grade transport and multi-level transport; two major ring roads have initially formed, with the Inner-Ring Elevated Road and the North-South Elevated Road as the core. The city also built a large three-by-three road grid downtown, laying a solid foundation for the construction of a radial road network consisting of three rings and ten radial zones outside the Zhingshan Ring Road. This road system not only provides swift transport but will also be able to adapt as Shanghai grows further.

The construction of many new water, gas, power, postal, and telecommunications facilities has modernized Shanghai's facilities, as well as creating an attractive regional investment environment, making possible continuous and sustainable economic development.

Residential construction increased at an annual rate of one million m^2 and topped ten million m^2 in 1995, resulting in many new planned neighborhoods, featuring greenery, convenience, integrated functions, and comfort for many residents. In addition, the city's appearance has also changed rapidly every three years through city reorganization due to large scale construction, the renovation of older areas, the removal of factories, and increased approvals for land leases.

The reasons behind all of these rapid achievements, which have attracted attention worldwide, are:

1. Grasping opportunities and insisting on reform and development. The Municipal Committee of the Party as well as the government of Shanghai insist on a three-part solution including development through reform, raising urban construction capital through multiple channels, and continually pushing infrastructure construction.
2. Placing strategic emphasis on key points. This includes ensuring the profitability of annual road planning and construction as soon as possible, with emphasis on the use of capital, personnel, and prioritizing.
3. Reliance on advances in science and technology. This includes recognizing the key roles played by scientists and technical personnel in tackling key problems, applying new equipment, materials, and processes. It also means insisting on strict and high standards for planning, design, materials selection, operations, and quality control. Excelling at the local, national, and international levels by developing the Yangtze River Brand, the Zhonghua Brand, and the World Brand, respectively. This spirit of reform and globalization can be found also in urban construction through projects to attract qualified personnel from both at home and abroad. At present, the construction market in Shanghai has opened up dramatically, receiving world-famous large- and medium-scale design and construction enterprises one by one to settle in the city, of which construction units from other cities and provinces have accounted for over 60% out of those of the whole city.
4. Increased awareness and civic participation. Large scale urban construction is bound to break the original rhythm of the city, affecting citizens at home and work. Realizing this, the citizens are taken fully into account and are given full knowledge of the facts so that they may support and participate in ensuring the smooth execution of urban construction.

These great achievements in recent years has also placed greater importance on urban management and environmental improvement. The managerial system in the administration has been reformed, creating two levels of management by two levels of government in the city and three levels of management by three levels of government in the suburbs, simplifying the administrative structure by handing authority to districts and counties to focus urban management more at lower levels. A further step has been taken to set up a unified legal body to control urban construction, ensure management responsibilities, and enhance management efficiency. With respect to managerial measures, legal system has become more strict as well. In the past five years alone, 80 local laws and regulations, 60 administrative rules and many rules and regulations detailing management have been worked out and revised, increasing the power and reach of bodies administering the law. At the same

time, the municipal government has been promoting participation by citizens in management and has been organizing and mobilizing all the people to voice their opinions and participate in and supervise urban management, garden maintenance and construction, environmental sanitation and protection, and road and other public services through various open discussion meetings, in which the public may voice their appraisal and influence overall city management.

Shanghai's 9th Five-Year Plan will take the city up a even higher flight of steps into the year 2000, building the basic framework which will make it a modern, world-class city. Urban infrastructure construction will unceasingly advance with giant strides. The city will focus on reinforcing internal and external links, such as airports, seaports, information networks, high speed railways, and expressways. An organic combination of metro lines, light rails, and buses will invigorate public transit. Greenery will be planted to maintain the environment. Construction will continue to adapt culturally and meet the increasing demand for water, power, gas, drainage and housing as the economy continues to grow. The next five years will see a new project completed and put into use every year, creating a new city landscape. The City of Shanghai will advance toward a new era of modernized facilities, more perfect operational functions and newer metropolitan style and features.

Development, Construction, and Management of Pudong New Area, Shanghai

Li Jia Neng[1]

OPENING AND DEVELOPMENT OF PUDONG NEW AREA

The opening and development of the Pudong New Area (or Pudong for short) is a part of China's decision in the early 1990s to promote a more open and economically reformed country. Unlike the opening up of Shenzhen, Zhuhai, Xiamen, Shantou, and Hainan (China's five economic zones, or SEZs), Pudong's was characterized by its larger scale and clearly defined goals. Pudong has grown rapidly since 1990 with an increase in infrastructure contruction and the creation of functional development zones. Along with this reform come many social developments.

A COMPREHENSIVELY REINFORCED ECONOMY

Pudong GNP grows by 22.6% each year, accounting for 16.6% of the city's total GNP in 1995 (compared with 8.1% in 1990). A number of multi-national corporations such as Bell, Hitachi, Sharp, and Simens have located offices in Pudong, ensuring strong future economic development.

A CONSTANTLY ADJUSTING INDUSTRIAL STRUCTURE

Tertiary industry in Pudong increased from 20% in 1990 to 31% in 1995. In fact, it has been increasing by 40% in terms of the GDP each year. Foreign funded projects have increased to 4,064 and represent a total investment of $16.99 billion. Total direct investments by overseas companies is $10.9 billion, covering industry, finance, commerce and trade, and real estate. 1995's total export volume was $2.4 billion.

A COMPLETE FRAMEWORK FOR INFRASTRUCTURE CONSTRUCTION

From 1990 to 1995, RMB25 billion was invested in infrastructure construction in Pudong, accounting for 27% of all fixed assets invested in the area during that period. Many large projects, such as Yangpu Bridge, Inner-ring road, the New Port in the Waigaoqiao Free Trade Zone, phase two of the Gas Plant, waste water discharge projects, and communications projects were completed two years ahead of schedule, lending further support to construction in Pudong.

THE FORMATION AND DEVELOPMENT OF KEY SUB-ZONES

Zones for finance, trade, exports, free trade, and technology have taken shape in the 28m^2 developed area in Pudong. Out of the 108 high-rises in the Lujiazui Finance and Trade Zone, 50 buildings have been roofed and 25 are now in use. Many notable multi-national corporations have invested in 46 of the 280 projects in the Jinqiao Export Processing Zone. The total industrial output value topped RMB10 billion in 1995 and is predicted to reach RMB20 billion in 1996. 1,300 projects have entered the Waigaoqiao Free Trade Zone, which boasts $1.2 billion in gross imports and exports, clearly indicating the birth of a new free trade zone. Also, the Zhangjian High-tech Park has attracted twenty domestic and foreign projects, and has been contracted to become a national biopharmaceutical base by the National Scientech Commission, Ministry of Health, Medical and Pharmaceutical Administrative Bureau, and the City of Shanghai. The area's various subzones, such as the Huaxia Tourism Zone, Wangqiao Industrial Zone, Xinhuo Industrial Development Zone, Liuli Modern Residential Park, and the Sunqiao Modern Agricultural Zone, are striving to meet planning requirements by developing their facilities and attracting outside investment.

STEADY SOCIAL PROGRESS

As it develops, Pudong has attached great attention to social affairs. It has established 330 elementary and high schools since 1995 and has seen a subsequent increase in student population to 240,000, an increase of 33.3% from 1990s figures.

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The number of hospital beds has increased by 16% to 25% compared with 1990. The medical system's reconsolidation rate for urban residents is 100%, and the incidence of infectious diseases has reduced to only 282 cases per 100,000 persons. The establishment of several notable projects such as the Eastern Pearl Tower, Jincai High School, Shanghai Children's Hospital, Central Park, and the Eastern Concert Hall and its adjacent swimming pool, will undoubtedly enhance the wellness of our society.

CONTINUAL DEVELOPMENT OF CITY MANAGEMENT

These developmens represent an effort to urbanize rural areas and modernize older parts of Pudong. The Pudong New Area Administration has set up working committees which work with community committees in strengthening urban and agricultural management, services, and comprehensive administration to create better residential areas, two of which have been recognized as national models. Water purification and greenery are improving as well.

CHARACTERISTICS OF PUDONG'S DEVELOPMENT

Pudong, located east of the Huangpu River, covers 522 km^2 and faces the Bund across the river as well as the East Sea on the other side. Also nearby is the Yangtze River Delta, which has historically assembled talented people and is rich in natural resources.

In addition to being rich in radioactive minerals, Pudong is strategically located near the Pacific Ocean and neighboring South East Asian countries.

SUPERIOR GEOGRAPHIC LOCATION

Thanks to its location on an estuary at the center of China's coastline, Pudong has become a gateway for overseas and domestic business, especially from the Delta and River Valley. Pudong's role as a transportation hub will grow even further with the completion of a new round of infrastructure consruction including the international airport, deep-water harbour, light rail, and subway.

CLEARLY DEFINED GOALS

The central government wants to make Pudong into China's economic, financial, and trade center which can assume modern global economic functions. To achieve this integration, China is eager to learn from New York, London, Tokyo, and Hong Kong. The Pudong of tomorrow will share world-class characteristics and still maintain its own uniqueness.

HIGH LEVEL OF DEVELOPMENT

Pudong's development will hopefully put it at the forefront of international finance and technology. Pudong is devoted to the development of telecommunications, biopharmaceuticals, computers, cars, precision instruments, and chemical industries. It will become China's starting point for a high-tech economy.

DIRECT SUPPORT FROM SHANGHAI

Pudong enjoys the advantage of being near to Shanghai, which has a great deal of science-tech, great culture, and quality education. According to the current industry statistics, Shanghai's 343 industries cover almost all fields except mining. Shanghai leads in telecommuniciations, computers, biopharmaceuticals, and new materials. The city puts out the most household appliances, cars, special kinds of steel, and chemical fibres in China, and has the nation's best production and processing technologies and resources to introduce and market them.

SIMPLE AND EFFICIENT ADMINISTRATION

Pudong's administration has worked to keep staff and service quality at a high standard ever since its founding. Management measures and staff are constantly updated to stay efficient. For instance, in order to invite more outside investment, a One-door Service plan was adopted and

received a warm welcome by overseas investors. This type of flexibility has promoted the economy as a whole.

LEADING INFRASTRUCTURE CONSTRUCTION AS A BASE FOR A SOUND INVESTMENT ENVIRONMENT

Pudong's infrastructure construction will lend to its further development; at the same time, further development will lead to accelerated infrastructure construction. The two have been working hand in hand for the past six years.

Adhering to our Three Priority policy for those six years has created a solid foundation for Pudong to grow on.

By the end of 1995, 200 km of new roads had been built; telephone switch capacity had reached 322,400 units; water lines reached a length of 834.7 km, maximum electrical capacity was 690,000 MW, and gas pipes stretched 409.1 km. 63 bus lines have also been built to run 756 public buses. Greenery spanend 328.15 hectares, out of which 55.51 hectares are for public use and 272.64 are for special purposes. The urban afforestation rate was 2.2 m^2 per person. As more and more facilities are completed, Pudong is becoming Shanghai's most desireable place to live.

Infrastructure construction has taken place in two phases. The first phase invested RMB25 billion for ten projects, including:

Nanpu Bridge (total length 8,348 m)
Pudong Gas Plant, second phase (daily output two million m^3)
Yanggao Road (24.5 km long, 50 m wide)
Four berths in Waigaoqiao (weight 10,000 tons, handling capacity of 10 million tons)
Yangpu Bridge
Pudong section of Inner Ring Road and the Longyang & Luoshan interchanges
Sewage Discharge Project
Lingqiao Water Works
Telecommunciation Project
Waigaoqiao Power Plant

These ten projects have been completed two to three years ahead of schedule and have formed the framework for promoting further construction and development in Pudong.

The second phase will use the ten projects from the first phase as a blueprint from which to embark on another ten projects, which will transform Shanghai into an export-oriented, multi-functional city. The ninth five year plan includes projects like:

PUDONG INTERNATIONAL AIRPORT

This airport, which will occupy 30 km^2 in the southeastern coastal area, is initially planned to have four runways, each 4,000 m long and 60 m wide, running in parallel, as well as two short runways and two side-wind protected runways. There will also be a new terminal with a total floor space of 400,000 m^2 and facilities such as aviation management, maintenance, and cargo shipment. When completed the airport will accomodate 60 to 80 million passengers and five million tons of cargo a year, making it China's main aviation hub to the rest of Asia.

INTERNATIONAL HARBOR

The new Waigaoqiao harbor will be the main part of the new Shanghai harbor and will have 49 berths to accomodate 10,000 ton class vessels and mid- and small-scale berths. Total handling capacity will be 50.4 million tons, including 5.25 million TEUs. This four phase project will be completed by 2020. One million RMB will be invested from 1996 to 1997 for the first three 35,000 ton berths.

PUDONG TELECOMMUNICATIONS PROJECT

The Lujiazui Telecommunications Project includes a communications centre, broadband telecommunication network, platforms for voice and data, and high-tech support for collecting, processing, transmitting, and storing information.

Upon completion, the Luaiazui Information Centre will supply reliable, quality information services for economic activities and senior management.

METRO LINE 2

The Metro Line 2 is scheduled to run from Hongqiao International Airport to the Pudong Longdong Road or the Pudong Railway Station. The first phase will run 13.6 km from Jingan Temple to Longdong Road, passing through ten stations and one parking lot. The Pudong section will be 7.24 km long and contain stations at Lujiazui Road, Dongchang Road, Dongfang Road, Yanggao Road, Central Park, Longdong Road, and one parking lot.

This metro line will bring about new concepts of time and space for residents on both sides of the River. It will improve the living environment in Pudong and play an important role in accelerating the urban renovation of West Shanghai.

LIGHT RAIL

The Pudong Light Rail will go through the heart of of the Lujiazui Finance and Trade Zone, connecting the Jinqiao Export Processing Zone and the Zhangjiang High Tech Park as a major transportation artery.

WAIGAOQIAO POWER PLANT, PHASE TWO

The Shanghai Waigaoqiao Power Plant consists of two 90 mw generators, supplementary transmission and transforming facilities, a new 35,000 ton coal port, one petroleum port, and a lime port (to be expanded). The project will start in 1996 with the first and second sets of generators put into operation in 1999 and 2000.

OUTER RING ROAD

The Outer Ring Road will be 97.37 km; the Pudong section will be 50.17 km. The road will meet urban expressway standards, accomodating speeds of 80 km per hour. The 100 meter wide road will include eight two-way lanes and auxilliary lanes on both sides, making it the best means of transportation to and from West Shanghai and its neighboring provinces.

BAILONGGANG SEWAGE DISCHARGE PROJECT

The Bailonggang Sewage Discharge Project will serve 29 discharge systems in six districts in West Shanghai and cover an area of 63.9 km^2; in Pudong it will cover 176.1 km^2. This project will contribute to envronmental protection.

NENJIANG ROAD RIVER CROSSING PROJECT

This project will join the Hujia Highway (which connects Shanghai and Jiading) on the west with Pudong's Wuzhou Avenue on the east, creating a main backbone connecting West Shanghai's industrial zone with the Waigaoqiao Free Trade Zone in Pudong. In addition, the Nenjiang Road tunnel will extend through Wuzhou Avenue to the Congming River Crossing Project in Pudong.

CHENDU ROAD-JIYANG ROAD RIVER CROSSING PROJECT

This project will construct bridges to connect the viaduct in the north end with the Outer Ring Road in the south, stretching to the Yanpu Road in the Xinghuo Development Zone (by the Hangzhou Bay). This main road will help alleviate the heavy north-south traffic in the Dapuqiao Tunnel.

EXTRACTION OF NATURAL GAS FROM EAST CHINA SEA TO SUPPLY SHANGHAI

The East China Sea Gas Supply Project will promote better resource management especially by providing a projected 1.2 million m^3 of natural gas for heating and cooling systems in high rises. A transfer system, including pressure adjustment and supporting management systems, will be constructed as well.

Upon completion in the next ten to fifteen years, Pudong will become a planned area with a complete infrastructure and a clean environment. It will be a new modern urban area meeting all the requirements of an international metropolis.

ENSURING A BALANCE BETWEEN DEVELOPMENT AND URBAN MANAGEMENT

Urban construction in the New Area has geratly improved since its beginning. The completion of a great deal of major infrastructure projects has changed the city's appearance greatly. Despite this, urban management is still backward at primary levels. Disorder, a large floating population, and construction regulation violations still affect the city's appearance. In order to ensure the successful development of the area into a modern urban district, the following six points must be taken into consideration:

SUBURBAN AREAS

The suburbs in Pudong includes the area between Chuansha County and the existing urban area formerly administrated by the Huangpu, Nanshi, and Yangpu districts. the ambiguous deliniation of districts and responsibilities in this grey area creates all sorts of contradictions and problems. Poor management problems such as vast tracts of unused land, illegal construction practices, and a large floating population have all resulted in terrible sanitation and public security.

Responding to strong public demand, we have begun improving management in these suburbs by 1) systematically creating and appointing clearly defined jurisdiction zones to specific governing bodies, 2) localizing social management by appointing on-site supervisors, 3) standardizing land administration with the aim of solving the problem of unused land, 4) utilizing legal staff to manage the current economic structure in the face of this new localized management, 5) integrating responsibilities and rights to match the allocation of benefits with responsibilities, 6) providing a variety of solutions to problems rather than searching for a single, one-size-fits-all answer, 7) developing construction and management simultaneously by establishing community organizations to fill gaps in a new area's administration, and 8) making staff movement and implementation more efficient.

TREATMENT OF CHUANYANG RIVER

Since we don't want to let this massive urbanization make Chuanyang River the next Suzhou Creek, we are planning to improve its water quality through planning, law enforcement, better engineering management, and environmental beautification measures.

TOURISM MANAGEMENT

A centralized, long-range, intensive standard of tourism management will replace the old way of doing things, which was scattered, rushed, and informal. Bingjiang Boulevard is the first project to fall under the newly established coordination and administrative committee, which also handles pollution and construction control.

CONSTRUCTION SITE MANAGEMENT

Pudong, China's largest construction site, has over 3,000 projects and uses over ten tons of sand and concrete every day; it also presents many management problems. A series of regulations has been

created to manage construction and waste treatment, as well as supervision to keep sites clean and safe.

CREATING INNOVATIVE ARCHITECTURAL AND NATURAL ENVIRONMENTS

To unify the new urban district, a central square will be built downtown as well as plazas between buildings and street parks in neighborhoods.

We will also build a number of green areas, including Pearl Park in Lujiazui, Central Park, Century Park in Sancha Gang, Recreational Park in Sanjia Gang, Sports Park in the Sanling Township, River and Lake Park, Forest Park, and Culture Park. A green corridor will be built along rivers and highways including Binjiang Boulevard, Yanggao Road, Inner Ring Roaad, and Longdong Road. Pudong New Area will feature building illumination and also take advantage of computers to bring a fresh new variety to the city's architecture.

IMPROVING THE ENVIROMENT AND LOCAL MANAGEMENT

Everyday we will work to keep our city clean and maintain our valuable tourism industry in Pudong by:

Regulating community administration. The community administration in Pudong will be adjusted with support from the municipal government to promote management level operations and expedite community development.

Working out community development programs. We will make great efforts to implement reasonable programs which will promote balanced comprehensive development.

Establishing sanitation standards. We would like to improve sanitation in communities such as the Lujiazui area by organizing construction and trade markets and building green areas.

Making legislation and law enforcement a priority. A more efficient administrative system will use all its resources to participate in urban, environmental management, and strict law enforcement.

Shanghai's Urban Road Traffic Management

Xu Pei Xing[1]

Shanghai has not had a very long history since its establishment; however, due to its location along the coast at the mouth of the Yangtze River, the city and its economy in particular has developed faster than the inland cities, attracting people from throughout the rest of the nation. Even though Shanghai ranks as number four out of the world's 22 megacities (cities with populations of over 1 million), its road system has not upgraded since its colonial times due to a number of historical events, including the presence of separatist colonial regimes in the 1930s and 1940s. For instance:

1. Land use and road construction are not systematized and do not work in tandem.
2. The road network is irregular and in disrepair. Roads are too narrow to adequately handle traffic.
3. Dynamic and parked traffic interfere with each other.
4. High traffic levels and long travel times and distances all indicate a general state of low traffic efficiency.

These symptoms have impaired road management and development in Shanghai for nearly 50 years.

The problems that face Shanghai's roads are not only historical but logistical. The following three problems have historically been tough nuts to crack.

First, the unregulated traffic flow of Shanghai is more than 600,000 motor and seven million non-motor vehicles that has been pieced together over the years will be difficult to tame. In recent years, the quality and capacity of Shanghai's roads have been greatly improved, providing motor vehicles with single- and multi-level traffic networks as well as traffic interchanges, both above and underground, in Pudong and Puxi. However, Shanghai still lacks a non-motor vehicle network. Bicycles make up 30% of Shanghai's traffic and take up 40% of its total road surface. Historically, Shanghai has always developed urban planning by designating districts according to land use. In old Shanghai proper, working areas mixed with residential and commercial areas, making pedestrian and motor traffic designations unclear. The average road area is only 2.2 m^2 per capita. Todayís Shanghai has grown larger and more complicated due to recent social and economic development, and no single public transit system seems to be able to satisfy the various needs of the public or high traffic flow. This mixed traffic flow will probably continue to be a characteristic of Shanghaiís roads for years to come.

Second, newer, high capacity roads do not match the older narrow roads; there is also a grave shortage of parking facilities, a problem which will probably not be alleviated in the near future. Within Shanghai's 5,400 kilometers of roads, this combination of old and new road facilities create congestion: outdated vehicles wishing to use the new, faster roads slow down other vehicles seeking more direct access. Regional traffic distribution, peak traffic times, and the volume of passenger transport versus freight transport have all not yet been clearly defined. With nearly 50,000 vehicles travelling into the city from East China's six provinces every day, Shanghai has always been plagued with the contradiction of too many people and too few roads.

Third is the disparity between the modernization and legal systemization of Shanghai's urban road traffic management and the low level of awareness about traffic laws among road users. 37% of all Shanghai citizens live downtown; those who are employed account for 34%, and 52% of all staff and workers concentrate here. Traffic laws are not yet widely observed. Pedestrians crossing streets illegally cause 3% of total traffic accidents in Shanghai, and traffic accident fatalities constitute 20% of all fatalities in the city. Illegally crossing pedestrians also cause an immeasurable amount of

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vehicle blockage and congestion at intersections. This lack of awareness of traffic laws remains as a main obstacle to safer, more efficient traffic in Shanghai.

Many foreign traffic experts are at their wit's end as to what to do about Shanghai's traffic problems. An Australian expert on traffic control once commented on the uniqueness of the difficulties of Shanghai's urban roads. Construction might solve a lot of these problems, but perhaps even more could be solved through better management.

Managing Shanghai's urban traffic means getting better command of two main relationships: the relationship between traffic needs and policy guidance, and the relationship between system management and legal restrictions. One must also consider using economic, scientific, legal, and public relations methods.

To gain command over the relationship between traffic needs and policy guidance, various traffic patterns in the city must be balanced and optimized to provide better traffic conditions under a more efficient and flexible policy guidance plan. This plan must accurately fit actual Shanghai road conditions and implement a series of traffic management measures accordingly. S. Stares, a World Bank traffic expert, pointed out that the key to managing traffic, no matter how much is put into faster and more efficient road construction, is to correctly guide traffic needs. Recently Shanghai has successfully carried out the following three policies in an effort to better balance and coordinate the relationship between policy guidance and traffic needs.

1. Total traffic management. This involves separating freight and passenger transport and reducing daytime traffic entering downtown by half, which would alleviate traffic jams at a given time and place and meet the traffic needs based on actual road capacity.
2. Priority support for public transit development and economic restrictions on private automobiles and motorcycles. Public transportation, in its broadest sense, includes large volume transport, high speed metros, light railways, and buses; however, in Shanghai it includes mainly buses, taxis and rental cars. In the past several years, bus lines in the city proper have been progressively systematized, with priority given to increasing special bus lines in suburban and densely populated areas. Rental cars as well have been developed as in many other parts of the world. Economic measures also specify that only a certain number of license plates be made, in an effort to hold back the limitless increase of cars and promote the preferential development of public transit.
3. Adopt realistic measures. This involves designating one-way streets, separating traffic into pedestrians, motor vehicles, and non-motor vehicles (based on actual demand), and areas in which motor and non-motor vehicles travel in one direction and only motor vehicles travel in another. These measures have all significantly reduced traffic congestion and improved travelling conditions in general.

Gaining command over the relationship between system management and legal restrictions involves strictly enforcing traffic laws through technology. Laws will be kept through the adoption of automatic traffic signals and road signs containing up-to-date information. Recently, Shanghai has taken three main steps to improve its urban road management.

1. A large amount of funds have been invested into implementing computer management systems for traffic signals, traffic flow management, accident statistics and analysis, etc. with the aim of providing as much current information about traffic on every road in Shanghai to ensure road safety and efficiency.
2. The Shanghai Traffic Safety School has been set up to educate drivers who have violated traffic regulations. Driving education will also be introduced into primary and middle schools to promote general safety awareness.
3. Drivers who violate traffic regulations will be tested to prevent further accidents and to analyze how and why traffic accidents occur.

Urban road traffic management around the world usually deals mainly with the two aspects of motor vehicle ownership and operation.

However, this is not exactly the case in Shanghai. Shanghai's mixed traffic management makes us consider the influence of road traffic on entire city development. We also explore effective management methods and tactics specific to Shanghai's road traffic development laws. In my opinion, these kinds of problems exist throughout the world. The difficulties in managing Shanghai's traffic lie in the guaranteeing smooth and safe motor vehicle travel in a pattern-fixed plane space; ensuring convenient bicycle and pedestrian traffic lanes to meet the high demand of Shanghai's citizens; effectively controlling the limitless increase of traffic demand and providing powerful traffic support for 23 million work and passenger vehicles every day; handling the traffic activity incurred by 246.2 billion gross product every year from the international and domestic contacts of the more than 3 million floating population; and getting a grasp of the internal relationship formed between land use, traffic, and providing a traffic system which allows for better land use.

After a three year absence, Singapore senior cabinet official Li Guang-yao visited Shanghai on September 9, 1996 to focus on Shanghai road traffic. He told Mayor Xu Kuang Di that although road construction can be achieved easily through adequate funds, organized urban management is more important. He praised Shanghai's improvement in this area over the last three years. Indeed, modernization not only requires physical construction but also a change in behavior. Old living habits that took many years to form will be hard to break to accommodate city modernization.

Someone once compared Shanghai's traffic to dominoes: knock down one barrier, and all the rest will follow. Shanghai road construction has grown in the past few years than at any other time in history. Traffic needs have increased with the rise of the economy, and the greater number of people, vehicles, and freight have only made more obvious how outdated the cityís roads are. In my opinion, Shanghaiís urban road traffic management can better balance these accelerating effects in two ways, both in theory and practice:

First, practice and uphold a method of road management that places education first by simultaneously developing traffic facility engineering along with projects to raise traffic law awareness. This kind of comprehensive grouping of road, vehicle, and environment will have a positive effect on driving behavior and help to optimize traffic flow and prevent congestion.

Second, traffic management should be practiced under a legal system based on actual road conditions in Shanghai, using scientific and standard management to first prevent congestion in one area and thereby allow traffic to flow more smoothly.

Urban road traffic management involves both natural and social science. With megacities constantly developing, there has never been a single, ready-made pattern for traffic management; rather, traffic management adjusts along with societal change. There is no end to the development in this field. Shanghai would very much like to discuss and solve urban traffic problems with management experts from other countries in the Asia-Pacific region and work toward creating a better environment for urban road traffic.

Construction and Management of Residential Buildings in Shanghai

Wang Wen Zhong[1]

INTRODUCTION

Outline of housing construction during the period of the *Eighth Five-Year Plan*. Shanghai is a large metropolis by Chinese standards, with a population of over 13 million people. The way of life and lifestyle of people in Shanghai has always been highlighted in China. Raising the standard of living and other daily living problems in Shanghai have therefore always taken high priority on the Government's agenda.

During the period of the Eighth Five year Plan from 1991-1995 in particular there was rapid development in residential construction. The development of residential areas beginning in Pudong was planned, and further areas for development along the Yangtze River were also opened. Another aim was to promote the development of Shanghai into an international economic, financial and trade hub. This of course had a great effect on residential construction and development.

CITIZENS' LIVING STANDARDS GREATLY IMPROVED

A total of 68.6 billion Yuan, accounting for about 8.6% of GDP, was invested in residential housing construction and development. 35.26 million m^2 of residential buildings have been constructed, a yearly average increase of 1.18 million m^2. Residential development in 1995 reached 10.15 million m^2. The average living space per capita also increased in city areas from 6.6m^2 in 1990 to 8m^2 in 1995 and the housing suite rate rose from 31.6% to 50.7%. This resulted in a better standard of living for the average person and helped alleviate housing shortages.

HOUSING SYSTEM REFORM AND HOUSING ACCUMULATION FUND

In the late 80's, due to the lack of funding, construction and renovation of older residential areas was slow. In order to secure a financial base for a fixed and continuous source of funding, an accumulation fund was set up in May 1991. This fund helped to provide rent subsidy programs, bond buying for housing allotment and the setting up of a housing committee. Nearly 8 billion Yuan was made available by the end of 1995 for this fund.

FOREIGN INVESTMENT

Older residential areas were renovated, starting with the Luwang District Xiesan Base lease approval program with funds donated by foreign investors. A total of 1,155 plots of land were approved for lease throughout the city by the end of 1995, equivalent to 8,973 hectares, 1,056 hectares of which were used for construction of commercial housing. The development of land for such housing developments increased demand and resulted in more funds being donated. Guidelines outlined by the City of Shanghai in December 1993 and October 1995 with regard to the construction of residential housing developments helped to stabilise prices, increase foreign investment and speed up procedures. Twenty three properties for lease have been signed with foreign firms.

Construction of major infrastructure such as roads, municipal engineering and public utilities has been speeded up and large amounts of funds have also been put into residential construction. Other channels of foreign investment, as well as investment from other provinces and cities and urban construction project investment were added.

NEW RESIDENTIAL DEVELOPMENT PROJECTS

Urban development programs, residential, commercial and infrastructure construction saw the demolition of a total of 11.63 million m^2 in condemned housing 3.7 times more than was demolished for development in the Seventh Five-Year Plan, a total of 297,000 households. Modern,

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high-tech housing, office, hotels, markets and cultural facilities were built in their place, changing the whole outlook of the city of Shanghai.

Renovation and development of older residential areas also coincided with the opening of new residential development areas. By the end of 1995, there were over one hundred residential housing projects, and about 350,000 households, equivalent to over one million people, were relocated to these areas.

PUBLIC HOUSING PROJECT

The city government hoped to increase the size of housing and stabilise prices by introducing this project as part of its Eighth Five-Year Plan. 47,000 households had an average living space of $2m^2$ or below $2.5m^2$. Presently, 70,000 households, with an average living space of $4m^2$, a re being looked at for similar improvements. $550,000m^2$ of Public Housing was constructed in 1995 to help alleviate problems. The Shanghai Contented Living Housing Development Centre and The Shanghai Stabilised Price Housing Development Centre were set up to expand the level of city housing. The Construction Bank's Shanghai Branch also introduced an accumulation fund for housing loans for staff and workers, which was very well received.

MANAGEMENT

The management of residential development projects and property management is being intensified gradually. Shanghai Housing Development Administration was set up in Feb. 1995 to deal with large scale development projects. Other housing development administrative committees were later formed in Huangpu, Minhang, Luwang, Jiading, Baoshan, Pudong and other districts. There was gradual establishment of urban, district and county housing project management organisations, planning and design management, and thorough building checks and inspections. To ensure that equal amounts have been spent on all projects a unified fee and levy system was established.

Rapid growth and development in the housing industry has seen a boom in the number of private property management companies too. The industry has changed from ***administrative and welfarist*** to a more ***socialised, specialised and managerialised*** direction. There were over eight hundred licensed or registered property management companies in Oct. 1995.

MAIN OBJECTIVES FOR THE NINTH FIVE-YEAR PLAN (1996-2000)

- Planned construction of 50 million m^2 of residential housing and an increase in the average living space in the city of $10m^2$ per household and a housing suite rate of 70%.
- Condemned housing, in total an area of 1.85 million m^2, must be redeveloped or renovated so they can be utilised and the standard of living further improved.
- To alleviate the problems of households with an average living space below 4 m^2 and homeless households.
- To match wherever possible the level and pricing of housing and create a sound living environment for all residents.

IMPLEMENTATION

To deal well with supply and demand for land use and the housing construction fund.

To build 50 million m^2 of housing during the period of the Ninth Five-Year Plan needs an investment of about 150 billion Yuan, which will mainly come from the housing reform fund, absorbing foreign fund, commercial housing development investment, independent business fund, local finance and investment in construction. In order to help stimulate foreign investment and increase the demand for housing on the domestic market, we plan to continue to implement and promote funding and assistance to home buyers and stabilise prices as much as possible.

In order to accomplish our aim of building 50 million m^2 of housing development, 85,000 mou of land will be required. In addition to this land for construction ending in and shifting to 2001

will bring the total of required land to 16,000 mou of land. Most housing needs seem to be satisfied at present, however demand still exceeds supply. More land needs to be made available for development, allowances also need to be made for those who have to move due to new development projects and housing prices stabilised.

PLANNING FOR HIGH QUALITY CONSTRUCTION

During the Ninth Five-Year Plan, the planning and layout of residential areas in Shanghai will be made in conjunction with urban and traffic planning, city engineering , public facilities and other infrastructure development projects. More parks and recreation areas will also be included in planning for residential areas in order to create a better living environment for residents. Residential areas will be concentrated in areas between an inner ring and outer ring, radiating and extending along major traffic corridors toward major suburban areas.

Design it is hoped will use and inherit outstanding Chinese design as well as influence and methods learned from overseas, bringing new ideas and new energy into the industry. The latest technology, materials, and interior design will be used.

Increase in funding to match supply of housing with demand. Development of city engineering and public facility projects in advance according to the construction procedure of "first above ground and then underground." Public housing projects will also include administration, finance, post and telecommunications, culture and sports, medical treatment and health, business and service, community service and education facilities.

During the period of the Ninth Five-Year Plan, the industrialised development of housing construction will be actively pushed forward. An industrialised production system of housing in Shanghai shall be studied and set up, a general series of residential components shall be worked out and the gradual realisation of standardisation, serialisation, and generalisation of residential building products shall be promoted . A recognition system of residential components shall be supported, in particular coupled with the industrialised development of housing, the latest achievements in technology and processes of modern housing construction both from abroad and at home shall be actively absorbed to promote the progress of housing science and technology.

Four residential display areas, Jiangwang airport, Sanlin in Pudong, the western Chunshen plot of Minhang district and the Wangli base of the Putuo district will be carefully planned and developed. These areas will demonstrate the level of quality required with in the housing industry and the latest in family living design and construction.

HOUSING SYSTEM REFORM

Gradually realise the change in housing allotment from ***object welfarization and initiation*** to ***currencisation, commercialisation and socialisation***. During the Ninth Five-Year Plan, reform will be conducted under the old system of housing free allotment, because of the need to set up a socialist market economy system in Shanghai. This will see a large increase in effective demand in the housing market. This will hopefully result in a recovery in the real estate business and a reduction in the number of empty buildings without tenants.

To realise commercialised housing, ***housing object allotment,*** used for a long time in Shanghai, will be turned into ***currencisation allotment***. The fund for currencisation allotment mainly comes from the part of the fund originally used by the unit for construction and house-buying which is quantified to fall to individual staff and workers in the form of a ***supplementary accumulation fund*** and ***loan discount,*** and so on, so as to strengthen workers' capacity to solve their housing problems by buying a house. The practice of housing allotment currencisation is favourable for enterprises to be extricated from the heavy burden of allotment through building their own houses, so that conditions will be created for the practice of large-scale construction and for the socialisation and specialisation of housing supply.

Another area stressed for further reform is the setting up of a rational ***house financing system.*** At present, it is difficult or almost impossible for ordinary residents to afford to buy a house

without some kind of funding or assistance. The development of housing finance is linked to housing development and the rate of consumption. Shanghai 's housing financial system will consist of policy and commercial areas . The policy housing system is regarded as the principal part the fund, which comes mainly from accumulation funds, supplementary accumulation funds, housing deposits and so on. This fund will mainly cater to medium- and low-income families to assist with mortgages and loans for new home-buyers. The fund also aims to provide funds for housing construction, development, the improvement of living conditions and the environment. Financing for business and high income families are largely catered for by various commercial banks.

SOCIAL GUARANTEE MECHANISM FOR MEDIUM AND LOW INCOME FAMILIES

Two different types of housing supply mechanisms will be employed, according to the level of income. One is to set up a supply of housing at stable prices with good living conditions, in a market which is aimed at medium- to low-income families. This includes public housing provided by the government to assist families with financial difficulties. The other supply mechanism will be commercial housing developments catering to higher-income families. Currently, commercialised housing has attained a considerable scope and the next step is further standardisation of operation. However, the principal aim is to set up a supply mechanism for houses at fixed prices and "contented living houses" on the market. The management of such housing developments, pricing control and the standard of living is mainly administered by government-affiliated organisations such as the Stabilised Price Housing Development Centre, the Shanghai Housing Development Administration and housing construction organisations of District and County Housing Development Bureau, who will work together with private real estate development companies to build houses of a standardised price and living standard. An single urban sales centre may be set up to sell such houses, based on a set price. If these housing developments are sold on the commercial real estate market, the price of the land and other related fees will also be factored in.

The government aims to give as much support as possible, including the allocation of land for development, tax reductions and exemptions, and lightening share of responsibility for ***matched construction projects***.

ENHANCED PROPERTY AND COMMUNITY MANAGEMENT

The rapid development of housing and construction in Shanghai has created a new growth industry in the area of property and real estate management. The industry is expected to grow even further with specialised management and diversified management by various departments and by different property right units. Management will shift from mere maintenance to overall management of buildings, attachments, land, environment, sanitation, security, greenery and roads. This marks a change from ***administrative and welfare type management*** into ***socialised and enterprised paid services*** and from a ***lifelong unit property management system*** to a ***contract system chosen by the owner***. Better management will mean cleaner, safer, tidier and better living and housing conditions for residents.

To ensure housing development in harmony with the community and environment, social house building and property management will be increased. By the year 2000, a committee run by the city aims to make a stable and safe community, convenient, with a strong community service network and community spirit, laying the foundations for a modern, comfortable community with a better standard of living, management and environment for all residents. Policy will also be adjusted to allow for the development of community services and public facilities. This year, efforts will also be made to plan more sub-district offices and neighbourhood committees. Systems and duties will be more clearly defined with regard to town planning, urban development, environment and social security in outer suburban residential areas. Persisting problems in housing management concerning contracting systems, legal matters, staffing quotas, financial mechanisms and construction will be solved, in order to give a good foundation for social housing development and management.

Bandung Municipality's Transport Development Policy

H. Farid Mulyadi[1]

PROBLEM

Bandung City is capital of West Java Province and has a 16.000 hectare administrative area and a population of approx. 2,205,000 inhabitants in 1995. Population density is 138 people/ha on average; yearly population growth is 3.8%, of which 2.4% comes from urbanization and 1.08% natural growth.

Bandung functions as the administrative centre of West Java Province, and also as an educational, commercial, cultural and industrial centre.

On account of these functions, the city's attractiveness for business showed good prospects. Economic growth in 1995/1996 was 12.7% (compared to a national economic growth rate of an average of 7%).

The principal issue faced by Bandung is a growth in vehicle numbers of 4% per year, which is unique, with annual new road building.

During last 5-year budget period, an average of 1km per year of roads were built, financed from various sources, including national, provincial or municipal budgets, or from loans.

In 1996, Bandung, with a 16.000ha area, had 760km of roads, whereas the ideal road ratio should have been 4.000km. From these figures, it is clear that transport is a crucial issue that needs to be solved promptly, in addition to other urban problems.

DEVELOPMENT POLICY IN THE TRANSPORT SECTOR

Transport development policy, as stated in the Master Plan was:

- To support community activity in economic, social, and cultural aspects through a cheap, efficient transport service, with public transport as a priority.
- To create an integrated transport system with high efficiency, effectiveness and security through integrated traffic management activities, terminals and parking areas.
- To optimise each part of the transport network by establishing equitable public transport.
- To distinguish provincial and urban vehicle streams in the city with the aim of facilitating mobilisation between growth centres.

STRATEGY

Development policy in the transport sector has not been fully implemented yet in the Regional Five Year Development Planning Period, due to lack of funds.

By using and integrating funds from national and local level, some transportation development programmes have been achieved:

1. Abdul Muis Intercity Bus Terminal, which previously was located in the Central Business District (CBD), was moved to Leuwipanjang, next to a primary artery road, in order to divide provincial and internal traffic streams.
2. A flyover and cable-stayed bridge at Pasteur - Cikapayang - Surapati will be developed, starting from a yearly budget of 1997/1998, the funds coming from :

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• National budget	: Rp. 30 Billion
• Loans	: Rp. 100 Billion
• Provincial and municipal budget	: Rp. 30 Billion
Total	Rp. 160 Billion
(US$ 1 = Rp. 2.360)	

This will provide on facilities for moving vehicles between secondary centres of growth in the north of Bandung.

3. Ongoing development programs of an Area Traffic Control System (ATCS) and intersection management are under construction as part of a programme of urban traffic management/traffic engineering.

Hence the development strategy to solve the problem of limited funding is that of inviting in the private sector and all citizens in making better buildings and development.

As an example, the solution of transport issues with private participation has already been used for a parking area in the CBD , with space for 700 vehicles and financed by Matahari Department Store, who also want to build a four -storey building on the parking area in front of the main building. It is necessary to add a 100-vehicle parking area.

By giving permission to Matahari Department Store to erect a new 15-storey building (including 11 storeys of parking space with capacity for 700 cars), the benefit from the private sector for the municipality in parking space is 500 spaces (700-100-100). It is to be hoped that with the completion of the parking building development, the burden of limited space can be eased, with greater space for moving vehicles and thereby reduce traffic jams in some parts of the CBD.

The other example of private sector participation to solve transport problems is:

1. Planning permission was issued for Bandung Super Mall, a 8.2ha development located by a primary collector road with a width of 12 meters, and suffering from frequent traffic jams. Matahari Department Store, a private company, agreed to widen the road to 20 meters as the municipality had planned before, so approximately 2.5km of primary collector function roadway was supplied and could ease traffic jams.
2. A consortium is interested in constructing a five-lane fly over as a take road. This will have a positive impact on the transport problem.

These policy steps to solve the traffic problem are also important to generate public awareness and understanding that it is necessary to obtain planning permission for any building they may wish to put up.

The real effect of this policy is a growth in voluntary submissions to the municipality by citizens who plan to widen roads and create parking areas.

Strategic Approach to Induce Public Participation: A Practical Example

Dr. Ksemsan Suwarnarat[1]

1. INTRODUCTION

Bangkok has been the capital of Thailand for more than 200 years, and has gradually grown into one of the world's most populated cities. The metropolitan area of Bangkok has expanded very rapidly into a megalopolis with a daytime population of nearly 1 million people. There are some 1.5 million households, making up a registered population of about 6.5 million, inhabiting an area of 1,568 km^2.

Market forces and globalisation pressures are driving the expansion of Bangkok and reinforcing its reason for existence. Legal conditions and the Thai government permit a high level of individual freedom in urban development. Growth in the private sector has exceeded the revenue and service capacity of the public infrastructure sector for many years.

The need for facilities has created a large market for public utilities in Bangkok, while funding capacity to serve the market lies with the private sector. The city is now mobilizing local resources in the private sector to provide public utilities.

1.1 History

The Metropolis of Bangkok is the third capital city of the present Thailand. Important events in the city's development include:

In AD 1782, King Rama I founded "Bangkok" or "Krung Thep Maha Nakhon" as the capital of Thailand, under an absolute monarchy of the Chakri Dynasty.

In 1972, the National Executive Council reorganized local government by amalgamating the Metropolitan City Municipality and Sanitation Administration into the "Bangkok Metropolitan Administration (BMA)." The Government, through the Ministry of the Interior, nominated the Governor of Bangkok.

In 1981, the Bangkok Metropolitan Administration Act of 1975 was amended. The new Act of the BMA came into effect on 31 August, 1985. According to this Act, the Governor is elected by popular vote. The Governor further appoints four Deputy Governors. The Governor serves a four-year term. A candidate can be elected only twice. The Assembly of Councilors is made up of elected members. One Councilor represents a population of 100,000.

There are also District Councilors to advise the District Directors. Each District will elect councilors at least every two years.

1.2 Socio-Economic Factors

In 1900, the population in Bangkok was only 600,000 and its urbanized area was only about 18 km^2. Bangkok's population as of 1996 is nearly 6 million. The expansion of the BMA into adjacent provinces increases both traffic volume and traveling distances. The most important infrastructure element of the regional economy is the road system, supplemented by the waterway system which is economic for basic goods such as rice cultivation and processing materials, and for bottled refreshments.

Bangkok is about 50 times larger than the second largest city. Over 90 percent of Thailand's international trading goods pass through the Port of Bangkok. The economic growth record was as high as 13.2 percent in 1988 and 17.15 percent in 1990 (Kaothoin & Webster, 1995). Growth has progressed quite steadily at over 10 percent every year since 1998. The Bangkok Metropolitan Region is also a large producer of agricultural products.

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Growing exports and involvement with international markets are exerting strong pressures on Thai culture. A social scientist (Atipo, 1993) listed burdens on the quality of life in Bangkok as follows:

- Social conflicts among traditionalists, modernisers and opportunists.
- Complexities of social interconnections beyond comprehension.
- Conflicts between legitimate householders and residents of temporary settlements.
- Disorderly public activity.
- Haphazard growth and existence.
- Spiralling land prices.
- Technological dependence on high-density living and high-rise buildings.
- Aggression from motorcars, trucks and motorcycles.
- Destruction of scenic areas.
- Family decomposition.
- Senseless, colorless and culturally-impoverished ways of life.
- Increasing numbers of homeless people.
- Suffering of the urban poor.

These problems have become more pronounced under the influence of globalisation and rapid economic expansion.

2. Individual Water Systems

The main source of water is the Chaopraya River which delivers only about $50m^2$ per sec. in the dry season, although the peak flow may reach $4,000m^3$/ sec. The MWA has had to construct a remote supply pipe 80 km long from the neighboring river basin.

Ground-water abstraction is brackish and unsafe. The extent of abstractions is causing high rates of land subsidence of up to 10 cm/year. The government stopped ground-water pumping in 1986 but for economic reasons, industries in the suburbs were still permitted to use the wells.

Nearly 40 percent of water production is not registered in the sale account. Leakage is the main cause of this loss of revenue. Therefore, distribution pressure has been kept low to reduce the rate of leakage. Users in Bangkok install storage-tanks and booster pumps to obtain the necessary water-pressure. Such a system costs about US$300 per unit. This strategy induces public participation through private contribution to the system. The manufacture and building of individual storage tanks and booster pumps is becoming an important industry. Manufacturing is quickly replacing importation. It is such public participation which has enabled the present Bangkok water system to work.

3. Rainwater Collection

The original site of establishment of Bangkok is on a low-lying river-levy, close to mean sea level. Sprawling urbanization extends into the swampy land behind the levies. The situation has made the city area most vulnerable to flooding. Surveys have confirmed that most of the plain lies between 0 - 2.5m above mean sea level.

Land subsidence in the BMA and vicinity has also been observed since 1969. Field measurement taken from 1978-1981 showed that subsidence was principally due to the rapid decline of piezometric levels, caused by the ground-water abduction (AIT, 1981). Land subsidence has occurred in a very large area of Bangkok covering the central, eastern and southeastern parts. Ramnarong (1989) reported that during 1977-1987, after implementing remedial measures, ground-surface subsidence in the control area still occurs about 8 cm/year and other areas outside the control area are still subsiding. Public participation by the collection of rain-water instead of using ground water can help reduce the depletion of ground water. The rain-fall rate in this area is no less than 1,200 mm/year.

4. FLOOD RETARDATION RESERVOIRS - "MONKEY CHEEKS"

The low-lying land induces various flooding conditions. Severe flooding in 1983 inflicted as much as US$300 million damage. The tidal surge level at 4,300m^3/sec. is comparable with the high rate of flow in the river at 3600m^3/sec. at a 100 year recurrence period (TAC, 1986).

In 1968, the Master Plan for Sewerage, Drainage and Flood Protection Systems for Bangkok and Thonburi (Camp, Dresser and McKee, 1968) was completed. Pollution control and drainage divided the area into a number of units (polders) which would be protected separately against over-spills from the river and also from over-land flow from the flood-plain. JICA(1985) studied the drainage system of the 360 km^2 area. They found that rainstorms in were intense but short. It would be very expensive to build a drainage system to meet the short peak-flow rates. Public participation by constructing individual storage areas at homes for the retardation of storm water flow would reduce the current pumping requirement of about 15m^3/sec/km^2 down to 3 m^3/sec/km^2.

As a result of the flood of 1995, His Majesty the King also proposed an economical alternative to this plan by the construction of a network of north-south streams on both the east and west banks, with the provision of numerous reservoirs or "monkey-cheeks" to regulate the discharge against the diurnal sea-tide. Storm water storage "monkey-cheeks" are most effective when built close to the water-shed. This is done by landowners with the help of soldiers, local officials and citizens.

5. ON-SITE WATER POLLUTION CONTROL (JOHKASO)

The first sewerage master plan for Bangkok (CDM, 1968) had one sewerage basin. The later Master Plan by the DDS in 1981 (JICA, 1981) divided the same area into 10 basins to minimize cost. A night-soil disposal plant of the BMA began operation in 1990. The plant has a maximum capacity of 600m^2 per day. A private firm has been employed to operate and maintain the plant.

Bangkok has built one central treatment plant and 4 more are in progress.

(1) Seepraya Project has a capacity of 30,000m^2 per day at 464.4 million Baht (15,480 Baht or 619 $US per m^2/d).

(2) Rattanakosin Project has a capacity of 40,000m^2 per day at 883.18 million Baht (22,080 Baht or 883 $US per m^2/d).

(3) Dindaeng Project has a capacity of 350,000m^2 per day at 5,991.73 million Baht (17,111 Baht or 685 $US per m^2/d).

(4) Yannava Project has a capacity of 200,000m^2 per day at 4,707.00 million Baht (23,535 Baht or 941 $US per m^2/d).

(5) Nongkhaem-Pasicharoen Project has a capacity of 157,000m^2 per day at 7,094.00 million Baht (45,185 Baht or 1,807 $US per m^2/d).

(6) Ratburana Project has a capacity of 65,000 m^2 per day at 2,938 million Baht (45,200 Baht or 1,808 $US per m^2/d).

Additional investment for house connection sewerage will be about 5,000 Baht (200 $US) per dwelling. Altogether, the cost of central sewerage systems will reach 2,000 $US per m^2/day for each household.

While the city is constructing centralised sewage works, it is important to note that the development of on-site sewage disposal systems is also progressing quickly. Hotels, market-places, condominiums and schools build on-site treatment plants. Many home-owners also choose to install them. Judging from the market volume (Suradet, 1996), approximately 2 million people are now using on-site systems in Bangkok. A household unit costs about 1,000 $US. Central treatment plants cost about twice as much as on-site plants and need 3 to 4 years to complete all the sewerage systems. This follows successful example of Japan in water-pollution control, which has been substantially due to on-site plants (Fujimoto, Wakabayashi, Ishida, Sakurai, Terakawa and Kitawaki, 1994). The Building Control Law of Thailand requires 24 types of large buildings, including

condominiums, schools, hotel, restaurants, high-rise buildings and commercial buildings, to build sewage treatment plants on-site, and will require the individual participation in water pollution control. A large number of on-site and community plants are projected for the future.

Recent confirmation that on-site treatment systems are as efficient as large sewerage systems ensures that public participation in sewage disposal is reliable and sustainable (Sakamoto, 1996, Kitao, 1996, Nemoto, 1996, Katakai, 1996). Rudolph (1981) also argued that on-site treatment plants in Germany fifteen years ago were as economical and reliable as central treatment plants, which were often built larger than the optimum size for economy of 20,000-50,000-person capacity.

The investment costs of central sewage works in Bangkok of between 6,000 Baht/capita (Dindaeng Works) and 13,000 Baht/capita (Yannava works) are substantial, although the pollution control benefits are the same. Therefore, "per capita cost" issues cannot be overlooked. For the 6 million people of Bangkok, up to 42,000 million Baht may be lost if incorrect choices of location and sizing are made.

6. Solid Waste Management by Private Contractors

The major challenge in refuse disposal in Bangkok is that of collection and transportation. The working radius should not be bigger than 15 km.(Tams, 1988), but the urban sprawl of Bangkok makes it very costly to transport the refuse to disposal sites.

The amount of refuse collected by the BMA has increased rapidly from 2,400 tons/day in 1984 to the huge volume of about 4,500 tons per day in 1994 and 6,500 tons per day in 1994 (DOS, 1994). About half of the refuse collected is now disposed of by private contractors in the neighboring provinces.

A compost plant at an investment of about 400 million Baht and with a capacity of 1,000 tons of refuse per day started to operate early in 1993 at Onnut Site, with good results. The plant turns organic waste into compost suitable for agricultural applications. The BMA invested 2 million $US and employed a private firm to operate the plant at $US4 per ton of input. The plant produces 300 tons of fine compost per day and 200 rough compost for less critical uses such as land-fill. Rejects will be sorted and disinfected as the drum content turns continuously and heats up to 60 Celsius and remains in curing for 60 days before discharge. The contractor gets all compost product and rejects. This contract is a good example of a working BLOT project (Build Lease Operate and Transfer). It may be extended even further without the final transfer. The cost of a compost plant is about US$ 0.02 per Ton/d of garbage capacity. It actually operates at about US$10 per ton but the leasing cost offsets the tipping fee to US$4 per ton.

An incinerator may cost up to US$.02 million per ton/day capacity and US$ 60 per ton in running costs for a fully emission controlled incinerator. However, a turn-key or concession project for incineration and co-generation of electricity from garbage is in the planning process. This plant should handle 600 tons per day of sorted rejects from the compost plant.

7. Transportation by Private Paratransit

The development of Bangkok urbanization is strongest at the center of the city; it has a "concentric pattern of growth." Most of the main roads and expressways feed into focal points. The road network of Bangkok covers the whole city, but their transportation capacity is low.

Traffic speeds on many stretches of main road are less than 10km/h during the rush-hours. Motor-cars can no longer compete with bicycles for speed. The population of Bangkok is larger in the day than at night. New production and industrial centers are emerging around the city core. They create additional heavy traffic of workers who need to travel across the city in the morning and in the evening (MIT, 1994). Land-use zoning has a negative effect on the urban traffic system due to need for a large high of traffic between zones.

Newly developed housing areas and high-rise condominiums usually follow the road network. Housing projects often have a single small access road through a busy road-side outlet called a "Soi." The Sois are too small for public buses, which run on main roads. Soi- dwellers

depend on many types of private services. Most popular are the Soi-bikes or private motorcycles which offers short distance services. Others are converted pick-up trucks and three-wheel motor-cars which help fill the gap between the long-stretch transportation system and door-to-door services.

8. SKY-TRAIN CONCESSION

The private sector can also undertake utility provision contracts. Privatization will be the keynote of the Authority's future urban policies. The BMA is now working out more closely with private investors to provide services. The city-core elevated rapid transit system carried out by the BMA is an important benchmark in privatization. This project cost 24,700 million Baht, with operation and maintenance costs of about 1,000 million Baht per year.

It consists of two service lines of 50,000 passengers/h in each direction. They provide access to 26 stations in the central district of Bangkok. The two lines are 16.8-km and 6.9-km tracks. Electric trams will run on elevated double-track guideways 12 meters above the ground and will serve up to 700,000 passengers per day. The saving of 30 minutes traveling time per passenger will benefit the city to the tune of 15 million Baht/day. This can be calculated to show an internal rate of return of 28%, making the project highly viable for privatization.

The BMA awarded the contract as a concession to private consortium Thanayong Group (BTSC) in April 1992, and will start to operate in 1997. The fare will be $US 0.6 per trip, regardless of distance. The improvement of mass-transit systems will provide an alternative to private car use.

9. ENHANCEMENT OF PUBLIC PARTICIPATION

Municipal services are those which residents expect from municipal workers. The workers may not be able to satisfy every need in a young municipality: fifty years may not be long enough for a municipality which has expanded from 2 to 10 million population . Out of the 6 million registered population, only 200 telephone calls a day are received with requests or complaints.

Constraints are outlined as follows:

1. Difference levels of education and social standards in Bangkok, with corresponding variations in participation. Education should create the capacity to understand and to make informed decisions. However, it is often taken only to mean academic grades.
2. A traditional social structure which doesn't support cooperation and participation. The obviously influential factor is the system of respect. Respect in this context means that people in upper social levels are considered correct even where there may be doubts. An elder is respected by younger people. The learned is respected by the lay person and those related to the nobility are respected by the commoner.
3. Lack of tools in the bureaucracy to implement participation. Government offices have limited public access for the sake of "security.", a notion which is often undefined. Government offices are often have signes saying: "Staan tee ratchakarn haam kao", meaning "places for serving the highness, entry not permitted."
4. Lack of clear management structures allowing for participation and co-operation. Local and national government services are "top-down" in nature. The annual budget is basically fixed one year ahead both in specification and price. Acquisition is based on the cheapest possible quote.

Bangkok Forum, an NGO based in Bangkok (Schroeder, 1996) suggested that the above constraints can be addressed if:

1. The Governor declare that the BMA is responsible for the living conditions of the people in Bangkok.
2. The Governor and the BMA install a system of participation for all citizens, giving power to people to influence political decisions and to incorporate the experience of all interested citizens.
3. The Governor trusts the people of Bangkok and expects more action and further ideas to solve problems.

4. The Governor decentralizes the administration and devolves more power to the local level. The decision-making powers should be close to the problems of district residents.
5. The Governor accepts that problems of Bangkok and its inhabitants can only be solved by co-operation and participation on the part of its inhabitants.

The Forum considered that the above strategies would be effective to bring members into active participation within the BMA.

The Governor responded positively to the proposal. A "participation fair" is expected to begin in December 1996. Citizens will be invited to join in and express their wish to participate and organize. The Governor will assign officials to set up permanent spaces for the Forum to meet and offices to facilitate and put together agreements with citizens' groups.

10. CONCLUSIONS

As Bangkok develops, it is facing a shortage of efficient infrastructures. However, economic progress has been satisfactory and the authorities will be able to securing funds. BMA needs to make more efficient use of funds.

The Authority would like to bring about orderly construction and provide more reliable utility systems for the public. It is essential to prevent pollution and public risks. Public participation will enlarge the coverage and increase the range of services. The BMA will provide the facilities to bring the population into the active participation in policy-making and the solution of local problems.

There is a large market for public utilities in Bangkok but funding capacity lies with the private sector. Responsible private operators also need to provide services to the population. The "top-down" public planning and funding system through government offices is too slow and unwieldy to cope with the city's rapid growth. It would be helpful for the population if the private sector could also provide utilities.

Fair pricing will be applied to future public utilities to permit the effective involvement of private funding. The private sector can manage the upkeep of urban utilities. It can also effectively undertake infrastructure-provision contracts. Privatization and public participation are now both keynotes of the urban policy of the Bangkok Metropolitan Administration.

Environmental Improvement: Building Infrastructure and Self-Reliance in Guntur

Kolli Sharada[1]

INTRODUCTION

"The role of cities as the predominant habitat of man is reluctantly accepted; the idea is to improve that habitat rather than to reject it."

Kingsley Davis 1973

The role of city in the lives of the greater part of the world's population cannot be rejected. The question is, how can we go about improving the human habitat for all of the people who share it?

LIVING ENVIRONMENT BEFORE BEST PRACTICE

In Guntur Municipality, like in any town or city in most developing countries, the provision of urban basic services is still unsatisfactory and incomplete. It is also caught in a "low-level equilibrium trap" in the provision of these services.

Low levels of service are provided at low-level tariffs, often fixed or approved by the state government, for which users are not willing to pay, as they do not find the services satisfactory.

As a result, there is not enough revenue generated, even for the operation and maintenance of services, which further deteriorates the level and quality of service and restricts any improvement or expansion of services. The widening resource gap resulting from the increasing cost of providing these services, coupled with shrinking budgetary support for urban infrastructure, has made it necessary either to strengthen the revenue base of urban local bodies. This could be done through better cost recovery of urban infrastructure and services or to involve people and community in infrastructure development, either by monetary contribution or by contribution of volunteer labour.

Democracy entails the involvement of people in the decision-making process. However, it is not always a simple task to engage people in large-scale and long-term projects.

Time, energy and adequate finances are prerequisites for promoting true public participation, and representative democracy needs to be complemented by participatory democracy for success to be possible.

STRATEGY

Considering this view, the Honourable Chief Minister of our State, Mr. Nara Chandrababu Naidu, initiated a voluntary mass movement of contributing assistance or labour to provide community assets on a large scale and to solve many long-standing public works problems in the state. Examples are village roads, which are not laid at all or which need repairs, irrigation and drainage canal repairs, mass tree planting to protect the environment, eradication of mosquito breeding and the improvement of sanitation, among other things. He started this programme in every village and town in the state on 1 January 1996, involving all sections of the people, officials, politicians, villagers, students, voluntary organisations, town and city residents, slum-dwellers and community-based organisations. The first phase of the programme lasted for one week. Where monetary assistance was needed in addition to voluntary labour, it was provided by the Government, or at times, by voluntary organisations. This movement was given the name of ***Sramadan*** in our language, which literally means "Offering of Labour."

Two more sessions of *Sramadan* were launched all over the state from 8-12 July 1996 and from 5-7 September 1996, and yielded very encouraging results. The works are executed by the community with the technical guidance of various government departments. All works costing less than Rs. 2 lakhs (US$5,500) are executed by the people themselves, thereby eliminating contractors.

[1] Dr. Kolli Sharada, M. D. is the Mayor of Guntur Municipality, Guntur, India

Habitation works committees or residents' welfare association committees supervise and make social audits for the works carried out under the programme.

In Guntur city there are about 800 km of roads, of which half are not paved at all. Simple dirt roads, which are not useable during the rainy season, exist in squatter settlement or slums; no drains exist in these areas. Under the Sramadan Programme, it was therefore decided to improve these areas by laying gravel roads and making drains. A plan of action was drawn up to carry out works on drains, improvement of sanitation, spraying with larvicides and filling in ditches and cesspools to control mosquito breeding.

Special emphasis was given to the tree plantation programme, whereby 18,000 saplings have been transplanted from the Social Forestry and Territorial Divisions. The National Social Service (N.S.S) college students' wing took an active part in the afforestation programme. 10,000 fruit-bearing plants were given to households and 8,000 avenue plants were planted on road margins, vacant sites, parks and other places. The total cost of this programme was about Rs. 4.5 lakhs.

Information dissemination, which constitutes an important first step in developing public participation and increasing the level of public awareness of the issues at stake, was carried out through press and local television coverage.

In about 50 divisions (mostly slums), the laying of gravel roads with digging of drains, sanitation work and the planting of avenue trees on the roads and fruit-bearing trees in private gardens has been planned and implemented, with the voluntary involvement of local people and N.S.S. students. Nodal Officers have been appointed for each division to co-ordinate activities at field level. Municipal and state administration officers have been appointed for every 5 divisions, to co-ordinate the work of field officers in their respective areas and to keep in close liaison with the District Collector.

A cell to monitor and co-ordinate the functioning of officers has been established at the collectorate. Cell officials will take care of the receipt and consolidation of reports from the division on a day-to-day basis.

In addition to the supervision of these officers, Sectoral Officers such as the Medical and Health Officer, Divisional Forest Officer and Social Forestry Officer have been closely associated with the programme to create a special impact on sanitation, afforestation and social forestry programmes in the city.

To monitor progress, a form has been designed and information is being obtained from all Nodal Officers on a daily basis under close supervision by Co-ordinating Officers.

Under the *Sramadan* programme, developmental works worth about 30 lakhs of rupees (about US$100,000) were carried out in three rounds.

The ***Swayamkrushi*** – self-help Programme is another innovative means of making up for shortages in providing urban infrastructure facilities in more affluent areas of the city. This initiative aims to involve local residents through development committees in 50% cost-sharing schemes to develop services. Although there was some initial resistance to meeting 50% of costs, a series of meetings between officials, elected representatives and local residents, explaining to them the economic constraints of local bodies in infrastructure development and the need for people's participation, resulted in a favourable outcome, with many residents' associations coming forward to participate in the new venture.

Already, 15 roads, culverts, sullage water drains, drinking-water pipelines, some street lighting and garbage collection and removal in several residential areas have been carried out, and more are underway. Many more residential neighbourhoods are coming forward to join in this innovative scheme to improve their surroundings and living environment. Works worth about Rs. 25 lakhs (US$70,000) have been carried out in the 9 months since its inception. It is the first of its kind in municipal administration, for nowhere before in the state of Andhra Pradesh have people voluntarily paid 50% of the cost of providing infrastructure.

Another encouraging step in the implementation of this scheme is that local committees carry out the work with their own labour and without a contractor. The municipality simply provides supervision. This leads to a reduction in the actual cost, for it avoids bringing in a third party, namely the contractor, who looks for a margin of profit. It also leaves no scope for corruption and endless delays at local and state government levels, causing costly inefficiencies.

LESSONS LEARNT FROM THE BEST PRACTICE

The physical improvement of the area due to construction of new roads, drains, culverts, the planting of trees and the disappearance of stagnant pools and clogged drains has generated an awareness among residents that the municipality supports strong and determined local initiatives for the improvement of the area. This physical improvement will ultimately also enhance the social and community environment.

Out of about Rs. 60 lakhs spent so far, nearly half (Rs. 27.5 lakhs) has been contributed by residents, in addition to their labour and day to-day-supervision. A local residents' welfare association has been established to undertake various developmental works in the future; the voluntary formation of this association is a promising sign of the project's sustainability.

The project institutionalised a planning system based on the principle of participation, transparent decision-making and co-ordination among State and local governments and the community. As a result, the elected body is taking a lead in bringing government departments, colony development committees and people together in planning and monitoring developmental activities in the city. People's active participation in developing urban infrastructure helps to make effective use of available local resources. Local communities have shown their ability and willingness to share costs on small capital projects, provided their share is largely as labour, supplemented from time to time by monetary contributions.

The programme has adopted a bottom-up, demand-driven and participatory approach for planning and implementation, rather than a supply-led, top-down approach.

The project has also successfully persuaded the Municipal Corporation to develop an intimate partnership with the community.

We have come to realise that the participation of the community in the decision-making process is fruitful in number of ways:

1. It brings out the real and felt needs of the community.
2. It reduces the financial responsibilities of the municipal corporation.
3. It gives a sense of ownership to communities.

The process has also empowered communities by building and strengthening their capacities to carry out developmental works.

CONCLUSION

The rapid urbanisation that has taken place during the 20th century has virtually transformed the world into a community of cities and towns facing similar challenges, most of which, like environmental issues, have to be addressed at international level.

Therefore, as the world moves into the 21st century, the need for nations to think and act as a cohesive family becomes a necessity, in order to support and learn from each others' experiences for the common good.

We can look forward with optimism to the next century, with cities co-ordinating their efforts and exchanging the best of their knowledge and experiences in tackling issues concerning sustainable development of the living environment.

In these times of severe resource constraints, citizens need to discover new ways to learn from each other's successes and to multiply the impact of approaches that work. The need to share

what has worked from one city to another has become important as cities come to face common issues, challenges and opportunities.

Even if small in scale, tested solutions, through replication, multiply their effect by changing broader practice. Micro-level change matters in several ways.

First, through transfers and adaptation, they can cause a ripple effect; second, by facilitating system-challenging transfers, the impact of small-scale success becomes great. And finally, micro-revolutions can promote macro-level institutional innovation, once they become incorporated into public policy.

Without sharing, as Robert Davies says, "These innovations will remain islands of excellence in a sea of poverty."

The Nhieu Loc Thi Nghe Canal Project in Ho Chi Minh City - Vietnam

Nguyen An Binh[1]

INTRODUCTION

Housing is considered as one of the most important, prior policies of Vietnam in general and particularly in Ho Chi Minh City. In the recent years of renovation in Vietnam, Ho Chi Minh City has to face many problems in the processing of urbanisation such as: construction density, population density and 67,000 slums and shanties of which 34,000 over or along canals. After 10 years since 1983, the population in this area was increased from 16% to 34%. The boom population leads to bad environment, not only for this area but also all over the city where the ten kilometres - canal goes through.

THE LIVING ENVIRONMENT BEFORE THE PROJECT WAS IMPLEMENTED

In war, people from the rural areas poured into the city to find a safe pavilion. Then in the processing of urbanisation, the more cities develop the more attractive they become. Coming to the city, people hardly found out a place to live in, they squatted along or over the canals in inner city.

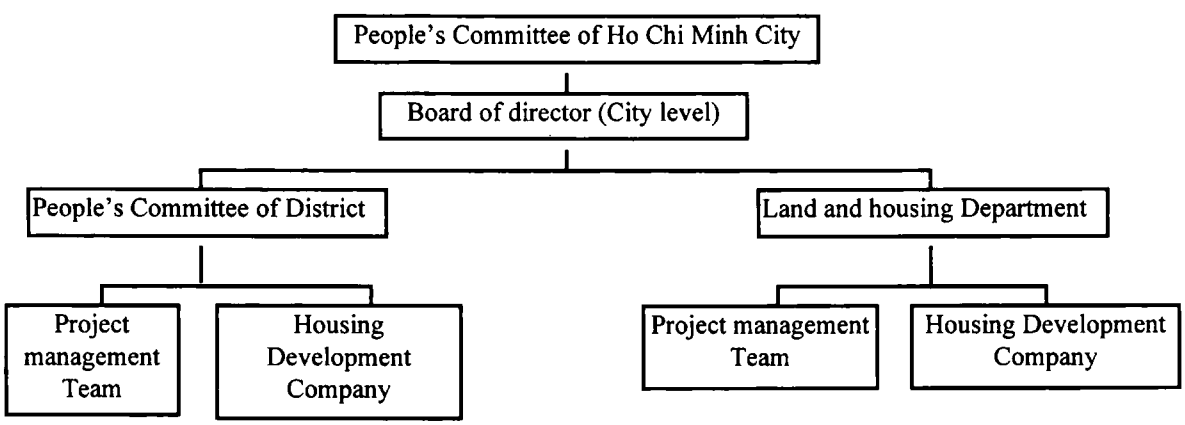
Nhieu Loc Thi Nghe is the ten - kilometres canal goes through 5 districts in Ho Chi Minh City: 1, 3, Tan Binh, Phu Nhuan, Binh Thanh.

The living environment here is very bad : crowded, polluted because all kinds of waste are thrown into the canal. It leads to the congestion of water flow, the flood in some places and the water source of the city was polluted seriously. The inhabitants are threatened with epidemic diseases. Most of people here do not have resident permits, they do any job to earn their living even they are short term and unstable jobs. Debts and their interest increased day by day. In this situation of living, children can't go to school because they have to earn their living all day long. The bad living conditions are the good facilitator for the social problems increased.

THE APPROACH

The Nhieu Loc Thi Nghe project was initiated in 1993 by People's committee of Ho Chi Minh City, with the target of clearing canal slums, relocation of inhabitants living over and along the canals, cleaning up the canals and furthermore to the creation of jobs and to stabilisation of people's lives.

- Nhieu Loc Thi Nghe Project chart



The Vice Chairman of Ho Chi Minh City is the leader of Nhieu Loc Thi Nghe project. He is the Chief of Board of director, the highest making policy body. Various activities of the Nhieu Loc Thi Nghe project are organised and implemented by the People's committee of districts (5 districts

[1] Mr. Nguyen An Binh is Deputy Director of Land Housing Department, Ho Chi Minh City, Vietnam

where the canal goes through) and Land and Housing Department. These two organisations supervise their Project Management Team and Housing Development Company, the lowest operation units of Nhieu Loc Thi Nghe Project.

The functions of Project Management Team which are: Clearing the slums and Shanties, compensating, relocating while the Housing Development Company building houses and collecting money from the owners of the houses.

FINANCIAL SOURCES TO BUILD THE HOUSES.

- Selling the state - ownership - houses.
- Making loan from the bank.
- The housing development companies advance the capital for building houses.
- Collecting money from the future owners of the house.

Some options for the repayment

- With the whole payment, 10% discount.
- Payment during 1 year, 2% discount.
- Instalment payment during 10 years, the loan and the payment will be equalised to the current value of gold at the payment time.

In order to increase the flow of fund, from outside the Government sectors into building houses and to lower housing cost, the city administration has adopted a new strategy with the following guiding principles:

- Calling for housing investments from all economic sectors beside the Government including foreign investment.
- Encouraging people to save and banks to apply easier procedures in making housing loans.
- Reduction or exemption of land - use, sale tax (registration fee, infrastructure in investment).
- Instalment sale programme.
- Preferential treatment to technical and social infrastructure developers in new residential areas and surrounding urban centre.

THE IMPACT

1. Up to 1996 , 4000 units of housing are built and transferred to the people who were relocated, the construction of 5000 other units is being completed.
2. People have got the idea: The Government does not provide housing fund on charity. All these loans have to be repaid, they purchase their shelters in accordance with their incomes and their legitimate accumulated wealth and the beneficiaries play the major roles in the project. They feel that this brought peace and happiness in their families. They find in the housing a new source of self dignity and self confident. The Government and the social organisations are trying to create job and furthermore to stabilisation of people's lives through saving and credit system.

THE GOAL BY THE YEAR 1998

In 1998 the clearing slums and shanties along or over the canal will be finished. After that other parts of project, cleaning up the canal, will be implemented. A waste - water treatment system will be set up and the banks of the canal will be covered with green.

Above are the initiative steps in implementing Nhieu Loc Thi Nghe Project. We need to learn from the experiences of other countries so that we can do better in enhancing shelter standards for our city inhabitants. We need the support from international housing institutions and organisations of other countries in our efforts to provide shelters for the poor communities.

Municipal Infrastructure Improvement Project
An Example in Kathmandu City[1]

Mahendra L. Shreshta[2] and Shanta R. Pokharel[3]

1. BACKGROUND

1.1 General Background: Location and Population

The Kathmandu Valley is roughly elliptical in outline, 25 km along its east-west axis, with a maximum width of 19 km. The mountainous range which surrounds it on all sides forms its water divide. The valley is cut by the Bagmati river and its numerous tributaries, the only river system draining the valley. The floor of the valley lies at an altitude of about 1,340 m, from which mountains rise steeply on all sides. Kathmandu Valley covers about 240 km^2 of terraced valley floor. It includes three municipalities: Kathmandu, Lalitpur and Bhaktapur, as well as 106 villages.

Kathmandu Valley comprises the capital Kathmandu City, Lalitpur, the third largest city in Nepal, Bhaktapur and 106 villages. The valley's population was 1,063,222 in 1991. The average annual growth rate increased from 2.3% for the 1971-1981 to 3.7% in the period 1981-1991. Urban population in 1991 accounted for 56% of the valley's population; it increased at 4.9% annually during the period 1981-91, due to rapid urban expansion.

The urban population in Kathmandu District in 1991 was 414,264, about 70% of the valley's urban population. The annual growth rate during the period 1981-91 was 5.7%, rural population increased from 369,847 to 470,633 in 1991 at an annual rate of 2.4%.[4] Greater Kathmandu covers an area of 6380 hectares; the average population density was 84 people per hectare, whereas the city core area of Kathmandu and Lalitpur had a population density of over 850 per hectare in 1991. Such high density in Kathmandu and Lalitpur Municipalities has been achieved in the absence of high-rise construction, with houses rarely exceeding five storeys. This attests to burgeoning population pressure and underlines the need for effective action to be taken to ease urban overcrowding. The population in the valley is increasing due to migration from other parts of Nepal and also due to immigration from neighbouring India.

1.2 Economic role of the Valley

The main economic activities are agriculture, forestry and fishing, accounting for 75% of employment. Apart from commerce (5%) and personal/community services (12%), other sectors account for very small percentages. Manufacturing at 2% indicates that economic diversification has still some way to go. However, when these figures are compared to those of the central development region and for Nepal, it is apparent that the valley has achieved considerably greater diversification than elsewhere.

This is reflected in the valley's employment as a percentage of the total for Nepal by sector. Manufacturing employment in the valley represents approx. 19% of all manufacturing employment in Nepal. Similar or higher percentages apply for other sectors, especially finance/business services at 35%. The significance of these percentages is apparent, given that the valley's workforce represents only 5% of the total for Nepal.

These statistics illustrate that the valley's economy is more advanced than elsewhere, compared to the national average of 91% private sector employment. The valley has achieved some progress at developing secondary and tertiary activity, which jointly account for some 25% of employment.

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[1] This Best Practice paper is a short summary taken from "Role of Kathmandu Metropolitan City Office in the Urban Development Activities of the Kathmandu City", by. Mahendra L. Shreshta[1] and Shanta R. Pokharel[1]

[2] Mr. Mahendra L. Shreshtha is Account Officer of Kathmandu Metropolitan City Office, Nepal.

[3] Mr. Shanta R. Pokharel is Tax Officer of Kathmandu Metropolitan City Office, Nepal.

[4] JICA, The Kathmandu Valley urban road development study, (Kathmandu, 1993)

1.3 Valley's contribution to national economic growth

The dynamic growth of manufacturing, utilities, construction, transport and communications, trade and commerce has led the Nepalese economy in recent years. Manufacturing has shown an average annual increase in output of 17.5% between 1984/85 and 1987/88. Growth rates for the remaining sectors mentioned above are comparable if not greater. By and large these are urban-based activities which, as noted above, account for approximately 25% of the valley's employment. Rural-based activities have by contrast declined in their contribution to the national domestic product.[5]

In the 1991 report "the Urban Contribution to National Economic Growth in Nepal", productivity is discussed. The Report argues that urban workers make the greatest contribution to GDP. Urban areas are the engines of economic growth, and Kathmandu Valley has an important and continuing role to play.

1.4 Land-use trends in Kathmandu Valley

Urban land use is rapidly spreading throughout the valley in an uncontrolled and poorly co-ordinated manner. Some important urban trends which are:

The prevailing pattern of urban development is dictated by distance from Greater Kathmandu. This is illustrated by the progressive increase in urban area.

Agricultural land close to greater Kathmandu is being converted to urban use at a rapid rate, with little regard to the efficient provision of infrastructure or the loss of prime agricultural land. Recent urban development is highly individualistic and pays little attention to the collective benefits of planning.

The dominance of Greater Kathmandu as the stimulator of urban development, in particular, its creation of urban-based economic activity is a clearly recognisable trend, and is unlikely to change within the foreseeable future.

2. Institutional Framework for Urban Development Activities in Kathmandu City

Planned urban development of Kathmandu City is of utmost importance, all the more so because of its role as the capital of Nepal. Efforts to develop the city through effective participatory urban management have been initiated & implemented by Kathmandu Metropolitan City Office, in conjunction with the Housing & Urban Development Department of the Ministry of Housing & Physical Planning, as well as multilateral & bilateral agencies such as UNDP, UDLE/GTZ and JICA, who are also involved in the city's urban development. These agencies are assisting Kathmandu City Office through technical & financial support.

3. Municipal Infrastructure Improvement Project

The concept of effective participatory urban management has been very well utilised in the Municipal Infrastructure Improvement Project (MIIP) initiated by the Kathmandu Metropolitan City Office with an ADB loan, especially the project dealing with land pooling for external and internal infrastructure development of particular areas.

3.1 Project Background

Urbanisation in the Kathmandu Valley has been marked by uncontrolled and haphazard urban development in the past few years. This, along with inadequate provision of urban infrastructure, has given rise to a variety of urban problems, including slums inside the city, urban sprawl with haphazard building, traffic congestion, and poor physical infrastructure. With a growing demand for housing and infrastructure facilities, there has been a rapid increase in the occupation of open areas in an uncoordinated manner, and expansion has generally taken place without any

[5] HFP, PPK & CEMAT, The Kathmandu Valley Urban Development Plans and Programmes (Kathmandu, 1991).

planning and development of basic infrastructure, such as roads, stormwater drainage, sewers and water mains. Due to the unbalanced nature of urban development, the traditional city core has become overcrowded, with high urban density, while urban density in other parts is quite low. If urban development continues at prevailing densities, considerably more land will be required to accommodate future needs.

The Kathmandu Valley Urban Land Policy Study of 1985 predicted that unless appropriate action is taken, approximately 60% of the entire Valley will be urbanised by the year 2020. The urban area would occupy some 34,000 hectares, and this would involve low density urban sprawl over the entire Valley. Existing residential densities vary from as high as 850 ppha in the core areas to as little as 5 ppha in flood plain areas. To minimise this impact, development must be consolidated, by accelerating the rate at which existing areas can absorb additional population.

The Kathmandu Valley Urban Development Plans and Programme (KVUDPP), and Strategy Plan for Kathmandu Valley, 1991, recommended that density increase should accelerate at different rates in different areas. KVUDPP selected some areas where the suggested rate of density increase is three times the present one. One such area is the "Bishnumati Corridor", in which the Naya Bazar area lies. A Guided Land Development (GLD) scheme was initiated and partly implemented in this area in 1989, although it proved weak in terms of providing required infrastructure.

Against this background, the MIIP has undertaken to develop the Naya Bazar area by land-pooling for both external and internal infrastructure. This grew out of the recommendations given in KVUDPP's "Concept Plan for Bishnumati Corridor".

The MIIP of 1994/95 reviewed previous attempts at land development in the Naya Bazar area, its present state of development, the willingness of local people to participate in the development and the provision of trunk infrastructure services through the site.

3.2 The Project

The project was proposed in March 1992. After assessing its technical feasibility, cost, affordability/cost recovery potential, institutional capability, and compatibility with strategic policy for the Kathmandu Valley, the following components were selected for the MIIP: Kathmandu Core upgrading, Bishnumati Link Road; Improved GLD and land pooling in Naya Bazar; storm-water drainage and environmental improvement to Bishnumati Corridor. Land pooling in the Naya Bazar area is one of the components of the MIIP in which a participatory approach has been initiated.

The MIIP aims mainly at the improvement of municipal infrastructure and land development in Kathmandu, by involving local residents in both planning and implementation. The project is financed under a loan from the Asian Development Bank (ADB) and Kathmandu Metropolitan City is the executing agency.

Improvements have been proposed to the area's planning and its environment, and accelerate development by implementing a land pooling scheme, using the road alignment proposed under GLD, with an associated development of collector and local infrastructures.

This is expected to enhance the site's ability to absorb additional urban population, consistent with KVUDPPs recommendation for "accelerated development" within designated areas, of which Naya Bazar is one, as a means to offset the prevailing trend of urban sprawl.

3.3 The project area

Naya Bazar is situated in a low -lying area. To the north and west it is bounded by the Bishnumati river, to the East by Balaju Road and to the South by Kathmandu core.

The MIIP has identified some areas which have been developed beyond the point at which land pooling can successfully operate. The total land area identified for land pooling is thus about 41.1 hectares. An area of about 0.5 hectares has also been included in the project area, making up a total of 41.6 hectares.

3.4 Project objectives

The overall objective of the project is: to improve the area's planning and environment and to accelerate development to enhance its ability to absorb part of the growing urban population, and thereby offset the prevailing trend of urban sprawl through the valley.

The specific project objective is the development of the Naya Bazar area by land pooling. Two components are envisaged:

1. Planning and design of **external infrastructure** and general land pooling co-ordination for the project area.
2. Planning and design of the **internal infrastructure** of the land pooling area and associated readjustment of plots in the project area.

3.5 Land pooling in brief

The land pooling scheme includes the following activities:

1. Temporary transfer of land ownership for all land in the project area is made to land management subcommittees, though a process of land acquisition, under the provisions of the Land Acquisition Act.
2. All the parcels of land within the land pooling area are consolidated, and the area is developed with external and internal infrastructure such as roads, stormwater drains, sewers, solid waste collection and street lighting, and provided with open spaces and service plots according to the plan. The plots are then readjusted, taking into account the contributions of land for this purpose.
3. The land pooling scheme, including infrastructure layout plans and principles for community contribution, are formulated with the participation and approval of the community. User committees are formed, and in the various phases of the planning and design of the project, local communities are involved, ensuring the full confidence of beneficiaries. Landowners and implementing agencies work as partners of the programme. The community is involved right from the planning stage through to implementation of the project.
4. Every landowner in the land pooling area is given back readjusted plots. The size of the readjusted plots is proportionate to the size of the original plots before the scheme, and takes into account the benefits of the developed land, including the infrastructure enjoyed by individual landowners. The land in the service plots can be sold by land management sub-committees, to meet 50% of the cost of internal and external infrastructure provision.
5. Building by-laws giving guidance for future construction activities in the project area are to be prepared, covering set-backs, floor-area ratios, ground coverage, build height, land-use and subdivisions, among other things.
6. Mechanisms for community participation in the future operation and maintenance of the infrastructure provided by the project are to be formulated and approved by the community.
7. This sort of approach to land development has also been successfully carried out in another part of the city, and it has proved effective in terms of participatory urban management.

Improving The Quality of Urban Life
- Housing For The Poor -
A Case Study of Desa Pandan

Chiam Soon Hock[1]

1. INTRODUCTION

Proliferation of squatter settlements is one of the common phenomena experienced by growing cities in Asia and the Pacific region. With their closely knit social and cultural ties and together with its positive economic contribution to the city and strong political connection, squatters formed an important group in the urban community. The City of Kuala Lumpur is no exception. During the last two decades the number of squatter settlements has greatly increased.

Tackling the squatters' problems and related issues requires proper planning and great care. If no or minimal action is taken, the squatter settlements will deteriorate and eventually end up as urban slums with corresponding problems of safety, health and fire hazards and other social ills.

Since 1984, the City of Kuala Lumpur has adopted a new and innovative approach to redevelop all squatter settlements in the city. Using the twin concepts of Privatisation and Malaysia Incorporated, the city hopes that by the year 2000 all squatters will be resettled in properly planned and decent housing. The success of this approach depends greatly on the active participation and support of many groups, including the Federal Government and its agencies, City Hall Kuala Lumpur, the private sector, the planning consultant and last but not least the squatters themselves.

2. KEY ORGANIZATIONS AND GROUPS

1. Ministry of Federal Territory (Federal Government)
2. City Hall Kuala Lumpur (Local Government)
3. Pandan Maju Sdn. Bhd. (Private Developer)
4. Akitek Jururancang Malaysia (Planning and Development Consultant)
5. UMNO Branch (Local Community and their leaders)

3. THE CHRONOLOGY OF EVENTS AND WORK PHASING

Dates	Events/Work Phasing
Mid 1983	Federal Territory Land Executive Committee approved the alienation of lands to the Developer
1984	Legal title to the lands issued to the Developer
Early 1985 - late 1985	Removal of squatters began in phases
	I - 229 families housed temporarily at City Hall's flats in Cheras
	II - 500 families resettled temporarily at City Hall's flats in Bandar Tun Razak
	III - 400 were resettled temporarily in longhouses, 600 were re-housed in low-cost apartments in Phase 1
3rd April 1985	Layout Plan approved by City Hall Kuala Lumpur
14th September 1985	Development Order issued by City Hall Kuala Lumpur
March 1986	Building Plans approved by City Hall Kuala Lumpur
May 1986	Phase I development commences

[1] Mr. Chiam Soon Hock is Director, Master Plan Department, City Hall of Kuala Lumpur, Malaysia

Dates	Events/Work Phasing
completed in 1989	480 units of low cost houses
	120 units of medium cost houses
	64 units of high cost houses
End of 1986	Phase II development commences
completed in 1989	500 units of low cost houses
	330 units of medium cost houses
	200 units of medium low cost houses
	48 units of high cost houses
Mid 1987	Phase III development commences
completed in 1990	680 units of low cost houses
	390 units of medium cost houses
	15 units of shophouses (3 storey)
Late 1987	Pond filling and earthworks for the whole site completed
1989	Phase IV development commences
completed in 1993	32 units shophouses (3 storey)
	30 units shophouses (4 storey)
1993	Phase V development commences
completed in 1994	
1996	Waiting for Building Plan approval for the sport complex from City Hall Kuala Lumpur
1998	expected completion of whole scheme

4. BEFORE: A DESCRIPTION OF THE LIVING ENVIRONMENT

In the year 1980, about 25 percent of the Kuala Lumpur population were squatters. Within the 1974-1980 period, the number of squatter dwellings had increased from 30,000 to 40,934 units. The dwellings were densely and haphazardly distributed throughout the city.

Desa Pandan was among the many squatter settlements identified as being dilapidated with a concentration of nearly 1,700 squatter families (approximately 8,500 people). Their houses were mostly of wood/timber with mainly zinc roofs.

Desa Pandan is located within a 3-mile radius from the Kuala Lumpur City Centre and was on former mining lands where 60 percent of the area was occupied by ponds. Most of the houses were on stilts and located along the fringes of the pond. They made use of the pond for bathing and washing.

Basic provision like water supply was obtained from some public standpipes that were strategically located for communal usage. Most of the houses got their electricity supply through illegal tapping. There was neither drainage nor proper road system within the settlement.

The environment was polluted by dust from road tracks and unhygienic disposal of human and domestic refuse. Rubbish was dumped everywhere and some parts of the pond became dumping ground.

There were no proper linkages, only small and narrow paths were constructed in between the houses with an intermingling of pedestrians and vehicles.

Sanitation was in a deplorable state whereby a bucket system was used and some toilets were built over the ponds. The environment was polluted by uncontrolled burning of rubbish that was prone to fire outbreaks.

Basic communal facilities like children's playground and shops were not provided.

5. AFTER: A DESCRIPTION OF THE LIVING ENVIRONMENT

Desa Pandan project was launched upon realising the need to upgrade the urban environment and improving the quality of urban living.

The objectives were to create a well planned housing project with modern facilities and amenities, to provide high density residential development but with sufficient spaces for greenery, to provide adequate low cost housing units, to resettle all the residents within the original lands and to enhance the employment and marketing opportunities of Bumiputra's in the proposed commercial centre.

The success of this privatisation project can be seen through the way of life of the residents within the housing scheme. The residents benefited most from the project. They were given the opportunity to own their own houses at affordable prices, complete with modern infrastructure and facilities.

City Hall through the privatisation scheme had transformed the squatters and slum settlements into planned township with sound infrastructures and social amenities. A very well thought out layout plan was proposed in compliance with all the technical requirements.

The environment and the quality of urban living in Desa Pandan has been greatly improved. The standard statutory infrastructure provisions as part of the requirements has been realised. These provisions include proper road system for local vehicular and regional traffic, the supply of electricity, water, liquefied piped gas and telephone service to each individual unit. A proper drainage and sewage disposal system with adequate rubbish collection facilities were also provided.

Social interactions among the residents have been greatly enhanced with common facilities such as a sports complex, playgrounds, schools, commercial complexes and mosques provided at strategic places.

Segregation of pedestrian and vehicular traffic was one of the planning criterion achieved. Traffic bays were located among the peripheries of the cluster flats and along the road, hence creating wide areas of open spaces for children's playgrounds, landscaping, pedestrian walkways and sours. These individual courtyards created an identity for each cluster and also acted as a meeting place for social interactions.

6. STRATEGY

The development strategy adopted for this privatised development is briefly summarised as follows:

- Direct alienation of lands to the developer with low premium payments and no involvement of any government agency in developer's equity or management.
- The developer is responsible for the preparation of the layout plans and design concepts according to City Hall's requirements.
- The housing project must be provided with all basic infrastructure and amenities such as electricity and water supply, telecommunications, gas piping, proper roads, drainage and sewerage system.
- The squatters must be resettled in-situ in a healthier and more comfortable environment but not dislocating them or encouraging new squatter areas.
- The resettling of the affected squatters into a transit or interim housing was dealt with first the assistance of City Hall Kuala Lumpur.
- Every squatter family will be offered the chance to purchase a low cost housing unit at a

subsidised price.

- The Federal Territory Ministry will assist the developer in obtaining approvals for the issuance of land titles as early as possible.
- The developer is solely responsible for the implementation, sales, financing and maintenance of the project.
- The development is to be completed within five years from the starting period.

7. LESSONS LEARNED

The participation of private sector in the housing sector is unavoidable and necessary. City Hall Kuala Lumpur realised the significant role and positive contribution the private sector can play in housing the urban poor.

Squatter areas are often viewed as unhealthy and undesirable settlements, but they do perform certain functions in the urban economy. The existence of squatters cannot be totally ignored as they also constitute a sizeable proportion of the city's labour force.

The resettling of squatters has raised a few problems such as their unwillingness to move due to their sentimental feeling towards the area, their places of work and schools where their children attended. Another problem is that some of them could not afford to buy a unit of low cost house. There were also some hard-core individuals who were reluctant to move.

Good interactive communication between all parties was important. It is useful for all the key players to understand clearly the concept and purpose of this approach at the very early stage of the development process.

Lessons learned through this innovative and humanistic approach are attributed to several fundamental factors. The element of trust between the authorities, the developer and the squatters would effectively improve the working schedule. Another fundamental ingredient of success was the political will and commitment of the players, the federal, the local government and the squatters. With the federal government's strong support, the local leaders proceeded with this privatisation scheme with full confidence.

Political will and support was important, however political involvement in the project was unnecessary. All aspects of managing the project were left entirely with the developer. The Ministry of Federal Territory and City Hall Kuala Lumpur only assisted the developer when requested.

Another factor was the selection of the right developer for the project. The chosen company for this project was not individuals but financially strong and experienced developers. Experience in Kuala Lumpur in other projects had shown that many of the chosen developers eventually sold the development for a handsome profit. The genuine developer who finally bought over the company could not comply with the many conditions of the land alienation. If waiver to the condition is given, then the original objectives would be defeated.

The privatisation of the redevelopment of squatter settlements in Pandan Maju over the last ten years has shown a certain degree of success. Many of the former squatters are now living in decent homes complete with modern facilities and amenities.

Patan Conservation and Development Programme

Bekha Ratna Sakya[1]

BEST PRACTICE ACTIVITY

The historical city of Patan (also known as Lalitpur) is rich in cultural heritage and is of national and international importance. However, its unique character is under threat due to modern development trends resulting from rapid population growth in the Kathmandu Valley. The Patan Conservation and Development Programme (PCDP) attempts to solve these problems by reconciling conservation needs with the pressures of urban development.

The PCDP is a joint programme of His Majesty's Government of Nepal and the Federal Republic of Germany. Its activities are carried out by the Lalitpur Sub-Municipal Corporation, the Department of Archaeology, and by the people of Patan themselves through local groups and community based organisations (CBOs). Technical and limited financial support is provided by UDLE/GTZ to initiate activities. However, this support will decrease as the programme gathers momentum, thereby promoting the creation of self-sustainable activities, such as:

Documentation of Cultural Heritage: Documentation of Hindu and Buddhist monuments, hitis (step wells), dabulis (platforms), ponds, etc.

Action Plans and Programmes: Preparation of Action Plans and Programmes for sites and objects of cultural, architectural, and religious significance.

Pilot Projects and Emergency Repairs: Implementation of conservation and development pilot projects to develop awareness and demonstrate good quality work.

Integrated Neighbourhood Improvement Programmes: Mobilising local resources to plan and carry out basic improvements, thereby letting communities know what they can do to develop their neighbourhoods on their own. Activities include private toilet installation, solid waste collection and disposal, street cleaning, sanitation, health, and educational campaigns, basic infrastructure repairs, and training and motivation programmes. Community groups participate greatly in the planning and implementation of these programmes.

Public Awareness and Support: Publishing of newsletters, posters, tours, and multimedia productions to keep people informed.

Training and Institutional Development: Organisational development, training and exchange visits for city staff, community workers, and elected officials.

PRESENT STATUS OF THE PROGRAMME

The activities of the PCDP, begun in January 1992, are being executed exclusively by the Lalitpur Sub-Municipal Corporation and the Department of Archaeology, together with the community groups. UDLE/GTZ provides technical and limited financial support, which is gradually decreasing. The programme, which began with complete support from UDLE/GTZ, now receives equal funding from UDLE/GTZ, the Lalitpur Sub-Municipal Corporation, and the community. By the end of June 1998, UDLE/GTZ support will be withdrawn; complete responsibility for the programme will go to the Lalitpur Sub-Municipal Corporation, which has already included the PCDP as a regular part of its annual agenda in partnership with the community under its Community Development Section (which receives support from the Planning and Architectural Section and financial support from UDLE/GTZ). The Lalitpur Sub-Municipal Corporation is ready to accept the challenges for the programme after July 1998, and will still accept any further support from UDLE/GTZ or other groups.

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[1] Mr. Bekha Ratna Sakya is a Mayor of the Lalitpur Municipal Corporation, Lalitpur, Nepal.

BEFORE BEST PRACTICE

More than 50% of Lalitpur's population (117,000 as of 1991) lives in its historic core, which is believed to have been founded in the third century AD. Despite its rich cultural heritage and national importance, Lalitpur faced problems like:

- Deterioration of monuments due to negligence among Patan's citizens.
- Decreasing public open spaces and haphazard demolition of monuments.
- Poor solid waste management due to lack of citizen participation and concern.
- Poor road and infrastructure management, especially in key public areas in Patan.
- Deterioration of drainage and water supply systems, ponds, open spaces, water tanks, rest houses, and community buildings.
- Poor health and sanitation in poorer neighbourhoods. In many areas, a third of all families had no toilets and defecated in the streets and public open spaces, where they also normally dumped their garbage. All of this constituted a major threat to public health and the environment.
- Lack of community awareness and initiative all across the economic and social spectrum.
- Poor co-ordination between the government and the Lalitpur Sub-Municipal Corporation.

CURRENT CONDITIONS

Considerable improvements have been made within the last four and a half years in Patan's centre thanks to the joint efforts among the Lalitpur Sub-Municipal Corporation, community groups, and Patan citizens. Emphasis was placed on developing a self sustaining programme, rather than on producing an end product. For instance, citizens participated in the design and execution of every aspect of the programme, from operation to maintenance. Current improved living conditions are now sustained by:

- Improving public open spaces by paving with brick or stone and rebuilding the underlying infrastructure.
- Building proper drainage systems in semi-public waste dumps in 24 neighbourhoods, which cover 30% of the population in the city's centre.
- Improving sanitation by providing 24 poorer neighbourhoods with individual toilets.
- Improving the water supply by rehabilitating step wells and hitis.
- Repairing rest houses, community buildings, temples, platforms, and dug wells.
- Regular, voluntary street cleaning by community groups in co-ordination with the Lalitpur Sub-Municipal Corporation.
- Continuing the objectives of the PCDP by a self help society made up of 24 community groups.
- Continuing the PCDP as a regular part of the Lalitpur Sub-Municipal Corporation's activities within its newly established Community Development Section.
- Receiving proposals from Patan citizens to the Corporation to continue PCDP activities. Civic awareness has increased dramatically since the program's inception.

MAINTAINING BEST PRACTICE

The Patan Conservation and Development Programme may be considered a good example of effective participatory urban management. Though the programme is currently limited to Patan's historical centre, which makes up only 50% of Patan's total population, the Lalitpur Sub-Municipal Corporation recently developed a plan with the cooperation of the Department of Housing and Urban Development to raise community participation in the entire municipal area. In the future, this plan will be carried out with the active participation of the people.

Provision of Permanent Housing to Four Million Slum Dwellers in Mumbai City

Girish Gokhale[1]

As a result of rapid urbanization, developing countries all over the world are faced with the problem of housing for the urban poor.

By 1990, 45% of the world's population lived in urban areas, and of this urban population almost 41% lives in Asia. By 2020, 50% of the world's population will be urban and Asia will contain almost 52% of that population. India is no exception to this. By 1990, about 27% of India's population lived in urban areas. It is expected that by 2000 AD, almost 37% of India's population will live in urban areas. The growth of population in urban areas can generally be attributed to large-scale migration from rural to urban areas as well as to natural increase. Moreover, there is an increase in the number of people engaged in non-agricultural occupations and rapid industrialization in the country, attracting people from rural to urban areas in search of work.

Most migrants to urban areas are comparatively poor. They are not able to afford the formal accommodation generally available in urban areas and therefore seek shelter by constructing huts on any open land available, in an unplanned and unhygienic manner. Thus slums develop and grow bigger and uglier. In Mumbai, it is estimated that at present almost 50% of the population of about eleven million lives in slums; providing proper housing for such a large chunk of the population has been the biggest challenge for urban planners.

Several alternatives were tried but without much success. These included slum clearance - removing huts and rehousing slum dwellers in permanent structures by subsidizing the cost of construction, and environmental improvement of the slums by providing basic amenities such as water supply, community toilets, drainage, roads and electricity.

The World Bank also took a keen interest in the solution of the slum problem and sanctioned considerable aid for making available affordable low-income shelter to urban slum dwellers. A scheme known as Mumbai Urban Development Project (MUDP) was launched with aid from the World Bank, to provide affordable shelter to the urban poor within the Mumbai Metropolitan Region and help slum dwellers to improve their environment, as well as their housing situation.

To achieve this aim, the Slum Upgradation Programme was launched under MUDP. The scheme provided:

- basic civic amenities to slum dwellers, as had been done under Slum Improvement Programme.
- the tenure of land to occupiers.
- loans to slum dwellers to undertake improvement of their present houses.

SLUM REDEVELOPMENT SCHEME

For many years, while such schemes for improving the environment of slum dwellers were being undertaken, the question of rehousing of slum dwellers in affordable and cheap permanent houses, but in clean and hygienic conditions, had been of concern to the Maharash Government and Mumbai Municipal Corporation. As already mentioned, about 5.5 million people live in insanitary slum conditions in Mumbai. Taking an average family of five persons, this would be required to house all the slum dwellers in permanent houses in hygienic conditions.

It has been the policy of the Government and the Corporation that a tenement built for slum dwellers should have a minimum carpet area of 20.90m^2 (225 ft^2) including a toilet block. The cost of construction, without even taking into account the cost of land, is about US$ 143/m^2 of the built

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up area at present rates. At this rate, the construction of one million tenements would cost the astronomical amount of over US$ 2.9 billion. Even assuming that such a programme could be spread over a period of 10 years, the annual cost would be of the order of US$ 290 million. It is obvious that funds of this magnitude are not available either to the Government of Maharashtra or with the Brihan Mumbai Municipal Corporation. While the above calculations are based on current prices and project only for existing slum dwellers and their present growth in numbers, more slums are bound to develop in the metropolitan area in the process of urbanization.

It is obvious that even to take care of the needs of present slum dwellers, money has to be found elsewhere. It was with this in view that for the first time, provision was made in the new Development Control (D.C.) Regulations to relax slum redevelopment rules.

The basic idea is involvement of the private sector and slum-dweller co-operatives to carry out low-cost housing schemes. To facilitate this, a higher Floor Space Index , or F.S.I. (the ratio of the total area on a plot of land with permission to build to the area of the plot) is allowed under the D.C. Regulations. By increasing the F.S.I., the permitted area on the plot is consequently increased, creating a surplus built-up area (after accommodating all slum dwellers) for which there is permission to sell at market prices. Due to a scarcity of land available for development in Mumbai, land value and consequently real-estate value generate surplus funds which can be used to cross-subsidize housing for slum dwellers. Thus, the scheme is self-financing and does not put any financial burden on the State Government or on Brihan Mumbai Municipal Corporation.

The basic requirements of these provisions of the D.C. Regulations are:

1. That the house will be provided free of cost.
2. That those residents and pavement dwellers whose names were on the Electoral Roll in January 1995 and who are still staying in the same place are eligible for a free house. However, the rehousing of pavement dwellers will be provided for elsewhere.
3. The size of the tenement will be 225ft^2.
4. As far as possible, slum dwellers will be rehoused on the same land they presently occupy.
5. Slum dwellers participating in the scheme will be required to form a co-operative housing society.
6. The emphasis will be on the scheme being implemented by the co-operative housing societies of slum dwellers and there are special incentives for societies implementing the scheme themselves. A "window clearance" procedure will be introduced to speed up clearances and other permits.
7. There will be no ceiling on the permitted FSI, but on a given plot of land, it will be restricted to 2.5. Any FSI in excess of 2.5 will be eligible for transfer elsewhere as "transferable development rights."
8. A scheme will be considered for implementation when at least 70% of the slum dwellers in a given area agree in writing to participate in it.
9. The tenements allotted under the scheme cannot be sold, or transferred in any way, for a period of ten years from the date of allotment of the tenements. The land on which tenements are built will be leased to the co-operative housing society of the slum dwellers occupying those lands at a nominal lease rent.
10. In order to reduce the burden on the residents of municipal taxes and maintenance costs after occupying the constructed tenements, the developer will have to give a permanent deposit of US$ 575/tenement. Maintenance costs will be subsidized from the interest accrued on this deposit.
11. Municipal taxes will be charged at concessionaire rates for the first ten years.
12. It is obvious that such a scheme will increase the burden on existing infrastructure, such as water supply, drainage and electricity. In order to partially meet the additional expenditure needed to improve infrastructure, the developer will have to pay a sum of US$24/$m^2$ to the Municipal Cooperation towards infrastructural work.

As mentioned above, a requirement of the scheme's viability is that there should be a sufficiently large difference between the cost of construction of the tenements and the rates at which they are sold. Needless to say, the scheme will not be universally applicable and will be successful only where its viability is fulfilled. Even in Mumbai, if real estate prices fall below double the average cost of construction, the scheme is likely to fall through. Another major hindrance to quick implementation is a lack of temporary accommodation. Steps have therefore been taken to construct a large number of temporary tenements.

MANAGEMENT OF HUMAN SETTLEMENTS
A Tripartite Approach to Address the Growing Demand for Decent Affordable Housing for Low-Income Families

Edgardo P. Jocson[1]

NAMES OF KEY ORGANIZATIONS:

The local government of the City of Muntinlupa
The Muntinlupa Development Foundation
People's organizations in the priority Development Areas

KEY DATES:

1984 - Atty. Ignacio R. Bunye, the present Mayor of the City of Muntinlupa, before entering public service, got involved in the land acquisition efforts of the Bagong Paraiso Community in Barangay Bayanan. He was one of the volunteer-advisers of the community-based association with the task of ensuring that the land will redeemed from its mortgage with the bank, and that the land will be owned by the association and eventually by member-families.

1988 - At the start of the incumbency of Mayor Bunye, the local government of Muntinlupa assisted the Putatan Urban Poor Association with 219 member-families with the purchase of a piece of property in Barangay Putatan through the government's Community Mortgage Program.

1991 - The Muntinlupa Development Foundation (MDF), a non-governmental organization, responded to a request from a group of 27 member-families, the Samahang Magkakapitbahay ng Purok-6, Tunasan, for assistance in their land acquisition undertaking. MDF, with the needed organizational and technical know-how, provided organizational intervention in order to increase the group's capability in managing its land-acquisition project as well as other association affairs.

This particular group raised P300,000.00, which was used as advance payments to the landowners. They also approached the local government of Muntinlupa for a total of P50,000.00 in interim financing for the Capital Gains Tax of payment. Having completed the documentary requirements of the Bureau of Internal Revenue for tax exemption, this amount was later used as an additional payment to the owners of the land they were acquiring.

- At about this time, another group, the Putatan Hillside Neighbourhood Association, with 150 member-families, asked for Mayor Bunye's intervention in an eviction case they were facing. The Mayor referred them to MDF for specific assistance in the negotiations with the landowners. MDF also helped them to improve the community's organization.

With MDF behind them, the community was able to close a contract with the landowners for a resettlement site in Barangay Putatan. The group also got some engineering support from the local government of Muntinlupa and interim finance of P300,000.00. MDF, also made available to the group the amount of P200,000.00. This group eventually advanced the amount of P718,000.00 for the resettlement site.

The experience of working together successfully in two housing projects for the urban poor convinced the Muntinlupa local government and MDF to

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formalize their partnership and merge their experiences, as well as their resources, in implementing the city's socialized housing program.

- Once formally in place, the partnership was able to extend assistance to three more urban poor communities:

a) The Samahan ng Nagkakaisang Magkakapitbahay ng Medina Compound, with 89 member-families in an off-site re-settlement project in Barangay Pooc, Sta. Rosa, Laguna.

b) The Samahang Nagkakaisang Magkakapitbahay ng 7-A Extension, Alabang with 364 member-families, victims of a fire that had razed the community to ground in November, 1994. The local government provided temporary shelter; arranged for a contractor to do the site preparation; provided engineering services; and, granted a P7.3 million assistance package out of the P9.6 million approved interim financing for site development. MDF, for its part, took care of community organization, focusing on developing the community's capacity for land acquisition; formulation and installation of project systems, procedures and criteria for the selection of beneficiaries, as well as collection of project-related dues and contributions.

c) The Samahang Magkakapitbahay ng Cabezas Compound of Barangay Cupang with 56 member-families which, on their own, had raised P75,000.00. The local government granted them the amount of P763,000.00 as interim finance for the purchase of a property. Another P200,000.00 came from MDF.

1995 - Starting this year, the local government of Muntinlupa, in view of numerous requests for assistance, has allocated a yearly amount of P17 million for interim financing intended to help the socialized housing needs of the urban poor in the city. Repayments of these loans will be through the signed Deed of Assignments by concerned parties and will be used as a revolving fund. The Muntinlupa Development Foundation (MDF), as a partner institution, also has a revolving fund amounting to P911,650.00.

1996, February - The program, "Management of Human Settlements," involving partnership between the local government of Muntinlupa, MDF and the concerned community organizations or People's Organizations, has assisted with the following: two associations with 246 families have already acquired their respective homelots through the Community Mortgage Program; nine associations with 1,005 families are in the process of acquiring and/or developing their respective homelots through interim finance arrangements prior to loan approval/release by other finance institutions.

The present number of families assisted has reached 1,251. This is about eight percent of the total number of 14,801 registered beneficiaries of the socialized housing program of the city.

1996, July 17 - In a yearly search conducted by the Asian Institute of Management (AIM) and the Local Government Academy (LGA) for outstanding local government programs, his Excellency Fidel V. Ramos, President of the Republic of the Philippines, conferred on the City of Muntinlupa's program "Management of Human Settlements," the Gawad Galing Pook Award. Through this recognition, the tripartite approach of the city's program on socialized housing was proclaimed one of the country's best models of excellence in local governance. The human settlements initiative of the City of Muntinlupa has proven indeed that a "tripartite partnership" of the local government, a non-governmental organization and a people's organization

> can be a very effective tool in managing the urban development process aimed at creating a "people-friendly" environment that is "just, ecologically sustainable, politically participatory, economically productive and culturally vibrant."

THE BEFORE:

The City of Muntinlupa, gateway to the industrialized zone called the CALABARZON area and as the entry point to the bustling capital, Metro Manila, not only serves as a site for commercial and industrial establishments, but also as a haven to middle and upper income earners as an ideal place to live. This has served as a magnet to rural migrants from the provinces who looked at Muntinlupa as a place where one can find a job and a place to settle in. Thus, from a total of 65,057 in the seventies, the population has grown to 399,846 in 1995.

Of this growing population in the City of Muntinlupa, approximately 42% are urban poor. We estimate that this number represents about 24,388 families. Urban poor families live in eight of the nine barangays in the city – in areas officially referred to as "Priority Development Areas" (or PDAs). There are 95 PDAs at present.

As of September, 1994, there were 14,801 heads of family who registered under the Human Settlements Program. This number represents 60.7% of the urban poor population in the city.

These communities are characterized by: shanty settlements usually adjacent to factories, subdivisions, railroad tracks or on vacant undeveloped properties; inadequate drainage facilities, lack of access to potable water or legal connection with the National Electric Company; and more often than not, an absence of a road network and a lack of planning in the construction of pathways.

THE AFTER:

Recognizing of the legal mandate and the prevailing realities in the city, the Local Government of Muntinlupa has in recent years evolved initiatives in socialized housing from a simple technical adviser to a major actor in improving the human settlements conditions of its constituents.

Led by Mayor Atty. Ignacio R. Bunye, who has always emphasized that: *"... Government cannot do all things alone; we need the help of private organizations in the implementation of our programs...,"* the City of Muntinlupa initiated the formation of a tripartite organization to implement the housing program. This is made up of the local government, a non-governmental organization (MDF) and the people's organizations (organized groups in the small communities of the priority development areas or PDAs).

The Human Settlement Program of the city currently serves 1,458 families. From 1988 to the present, there are twelve registered people's organizations which are currently in various phases of the program.

Under the program, there are two-hundred forty-six (246) poor families who are now enjoying security of land tenure. They were able to get the approval and release of their loan applications from the National Home Mortgage Finance Corporation (a government funding agency for socialized housing), and maintain an up-to-date remittance of their respective loan amortisations with monthly repayment rates of 100%. There are nine organizations with 1,005 families who have been assisted to acquire and/or develop their respective homelots through interim financing arrangements prior to their loan approval/release of funds.

As of March 1996, the total number of families assisted has reached 1,428 – about 96% of the total number who registered for the socialized housing program.

In the next five years (1996-2001), the tripartite partnership hopes to accomplish these major goals:

a) Organisational Management:

- a well-defined organizational structure and goals.
- constitution and by-laws which describe the organizational structure, functions and tenure of officers, standing committees and others.
- existing financial resources.

b) Human Settlements Management:

- organization of oversight committees for, among other things, the following: Community Mortgage Program; water and sewage works; electric power supply; transfer of land titles from organization to individual members; etc.
- establishment of criteria for: the selection of members, their duties and responsibilities; allocation and distribution of homelots, collection of dues and amortisation; sanctions on erring or defaulting members.
- 100% compliance with the required documentation (e.g. landowner's letter of intent to sell or lease purchase agreement; HLURB Zoning Classification; and certified true copies of titles and three titles back; etc.).
- to put into effect a compulsory savings scheme in preparation for the payment of monthly amortisation.
- on-going or complete site, development undertakings, such as a good drainage system; roadways or pathways; water and electric power supply.

THE STRATEGY:

The major schemes undertaken to facilitate the development and management of Human Settlements are:

- Community mortgages for off-site and on-site development; land banking; land swapping; and socialized housing;
- Financial assistance for interim financing to pay for the land and/or site development;
- Technical assistance on legal matters, planning, design and engineering, preparation of the subdivision plan, environmental requirements, etc.; and
- Community organization to enhance the management skills of the peoples' organizations.

Each component of the tripartite organization has specific functions to ensure that the process flows smoothly:

1. The Office of the Mayor and the Sangguniang Panglungsod:

- reviews and assesses requests for assistance;
- conducts an initial meeting with the officers and/or group members to determine the validity of the request and extent of assistance required;
- provides technical assistance;
- prepares the necessary recommendations and endorsements for deliberation, decisions and fund allocation;
- facilitates the release of funds;
- conducts public hearings; and
- approves funding requests.

2. The Muntinlupa Development Foundation (MDF):

As Institution Builder

- strengthens/develops the capacities of officers and members of associations in the areas of organizational and project management;
- facilitates the preparation of policies, systems and procedures pertaining to the effective management of the project (e.g., site selection, qualifying criteria for members, compulsory saving schemes, subdivision plans); and
- ensures that decision-making is done collectively.

As Originator

- facilitates the preparation of documents for submission to the Sangguniang Panglungsod or the National Home Mortgage Finance Corporation (NHMFC) or any other financing institution;
- provides technical assistance to the association in its deliberations and decision-making; and
- facilitates the transfer of land titles from the association to individual member-families.

3. The People's Organizations (POs):

   - identify opportunities to change their status as squatters to that of legitimate owners;
   - mobilize identified participants into an organized entity and develop plans of action;
   - negotiate with landowners on price, terms and conditions of payments;
   - present organizations' requests in writing to the local government; and
   - mobilize internal and external resources.

LESSONS LEARNT:

A. A *"partnership"* (whether between the local government and communities, or communities and the private sector, or between all three sectors), characterized by open communication and mutual understanding of goals and objectives, is an effective innovative approach in addressing the needs (such as residential land and a home of their own) of the urban poor sector of the society. There is greater participation and maximization of resources through the concerted efforts of all sectors. This also contributes to a greater awareness of the inter-dependence of different sectors of the community.

B. The communities who are direct beneficiaries of the program do not have to be merely at the receiving end. Their active participation in the identification and analysis of community problems and needs, in defining their goals and in the formulation of plans to achieve the desired changes, assures greater success in the translation of these plans into concrete activities, in the assessment of the results/effects of implementation in their lives and, overall, a better management of their concerns. A basic development strategy is *"people empowerment."* Together with a higher sense of responsibility is a new-found confidence in their ability to take control and shape their own future.

Management of Sanitary and Solid Waste Removal System in Rajshahi City: A Best Practical Example

Mizanur Rahman Minu[1]

BACKGROUND

Rajshahi City is the north-west divisional and district centre of Bangladesh. It was established in colonial times, becoming a Municipality in 1876 and a City Corporation in 1987. Its present area covers 49km^2. From a population of about 40,000 in 1951, the city has grown to become the fourth largest city in the country with a current population of about 500,000. The population growth rate has been about 6.4% per annum over the past decade; total population is projected to rise to about 900,000 in the year 2000.

Rajshahi City is an administrative and educational centre, with some trade and industry. The service sector is the most important single employment generator. In the private sector, trade and transportation are the most important economic activities. In the suburbs, the agricultural sector plays a very important role. The industrial sector is yet to play a significant role, although it has high potential for growth, especially in agro-based industries.

Responsibility for the delivery of services is split among various government agencies. Rajshahi Development Authority (RDA) has formal responsibility for physical planning and development of the city. Other development works are carried out by various agencies. Major infrastructure development works done by these agencies are usually handed over to the city corporation for operation and maintenance. The duties and responsibilities of Rajshahi City Corporation (RCC) include urban planning, public works, transportation and traffic management, commercial and economic development, street lighting, water supply, collection and disposal of solid waste, education, public health, environmental protection, among others.

Sanitation and solid waste removal constitute one of the earliest services, provided by the municipality since its inception in 1876. At that time, the city was small and its level of service provision was primitive. It was only from 1990 that the city changed over to a modern system of sanitary and solid waste removal.

SANITATION AND SOLID WASTE REMOVAL BEFORE 1990

Most domestic sanitation was provided by bucket latrines, consisting of a squatting plate over a metal chamber. When the bucket was full of excreta, it was emptied into large wheeled containers by sweepers employed by the city corporation and dumped in designated places. The process was both unhygienic and unpleasant, particularly during transportation.

For solid waste removal, there was a rudimentary system of litter bins and street sweeping. Garbage was not regularly collected and was dumped at different places. Households were not motivated to put out their garbage regularly; and it was often simply thrown outside houses. All this began to change from the early 1990s.

SANITATION AND SOLID WASTE REMOVAL AFTER 1990

Sanitation

The Rajshahi Master Plan of 1984 proposed the conversion of all bucket latrines, wherever possible, into pour-flush latrines or septic tanks. The City Corporation decided to effect this change, with bucket latrines replaced by single- and double-pit water-sealed sanitary latrines. These are easily adaptable, reliable and convenient when properly used and maintained. By 1994, about 38% of households had septic tanks, of which 20% were without soak-pits; 49% had pit latrines of which

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40% were simple pit latrines and 9% were water-sealed sanitary latrines. 13% of households were still using unsanitary means, including open defecation. The City Corporation has now stopped the excreta collection service.

Such a great change clearly indicates that substantial improvements in sanitation have been achieved.

Solid Waste Removal

Solid waste collection and disposal in Rajshahi City is the responsibility of RCC. In addition to RCC, the four largest landowners in the city have their own cleaning services. These are: the Army Cantonment, the Railway Corporation, Rajshahi University and the Medical College Hospital. The RCC does not engage sweepers for cleaning these areas; it does however, collect the waste.

RCC is managed centrally by the Chief Executive Officer (CEO) who works under the overall direction of the Major. The city's 30 wards are grouped into conservancy wards and non-conservancy wards, depending on the level of services they receive. At present, 26 wards receive some form of service. Regular sweeping of ward offices, an average of 2-4 trips per week for garbage removal from remote areas and irregular cleaning on request from the ward commissioners of non-conservancy wards are all met under the programme.

Refuse collection and disposal is now the main responsibility of Chief Health Officer, with the help of two Conservancy Supervising Inspectors, four Conservancy Inspectors, two Mosquito Inspectors, 15 Conservancy Supervisors and 10 Mosquito Supervisors. The Conservancy Department has a staff of 381 workers. City roads are regularly swept, garbage collected, drains cleaned and septic tanks de-sludged.

Presently the community bin system of collection is being developed and carried out by municipal sweepers. The conservancy section staff works from 5am-2p.m. Conservancy work is carried out from 1-6p.m. Presently, 85% of the city area is being served by cleaning works. Street cleaning is carried out by male and female workers. Households are expected to take their waste to dustbins; however, many deposit waste at roadsides, which then has to be collected as street refuse. There is a fleet of eight trucks of 5-ton, 3-ton and 1.5-ton capacity, 3 tractor-trailers, 26 rickshaw vans and 13 hard cars. Every truck and tractor-trailer makes 3-4 trips per day. The trucks are loaded and unloaded manually using cane baskets and forks. There is at present one dump site at Chotobanagram, about 5kms from the city centre and covering 12.2 acres. Waste is received from wards at a rate of about 36 trips per day. The dump site has been in operation for 30 years and is 90% full; an additional site will be required in the near future.

LESSONS LEARNT: THE NEED FOR MOTIVATIONAL CAMPAIGNS

The experience of Rajshahi has demonstrated that the physical provision of services, although the most important component, is not sufficient to improve the city environment. Along with the provision of the new types of latrines at subsidised rates, emphasis must also be given to motivation, awareness and information aspects of the problem. Advocacy and mobilising public opinion are very important aspects of successful implementation. Information and advocacy campaigns were carried out at grassroots level, with ward commissioners as a focal point. At city level, annual seminars and workshops were also conducted. The process of change from a bucket latrine system to the more modern system required sustained information and motivational campaigns.

In the case of the solid waste removal system, motivational campaigns were required over several years so that people could learn to dispose of their domestic garbage properly. A new organisational structure, together with increased manpower and equipment, helped in the improvement of the waste removal system.

Information campaigns, on-the-job staff training and adequate supervision are other key elements of the success of solid waste management in Rajshahi.

Community-Based Spring Water Supply at Tansen Municipality

Dhirendra Prasad Shresta[1]

Tansen, situated at an altitude of 1371 meters above sea level on the top of picturesque Shreenagar hill, is one of the most popular summer resorts of western Nepal. Tansen, which is slowly but steadily growing as a popular summer resort centre, has some drinking water problems in certain areas of the town. The present water supply system only covers the upper part of the town, where as the lower part of the town has to depend on the traditional natural springs and wells. women and children have to travel a long distance (from 1 hour to 2 hours) for a pot of drinking water. This acute problem, which directly effected the living environment of the community was seriously taken up by the Municipality. The Municipality had a series of meetings and discussions with the community and decide to undertake a programme where Municipality and community will work together in solving this problem.

Tansen Municipality requested management support for the Municipal Development Project by funding this water supply programme based on community participation (Management Support for Municipal Development Project is a Municipal Support Programme conducted by UNDP Nepal). The drinking water project was discussed with MSMD and finalised.

The organisations and group for this Community Based Spring Water supply were:

- Tansen Municipality
- Management Support for Municipal Development Project (UNDP / Nepal)
- Community of Ward No. 11 of Tansen Municipality

SALIENT FEATURES OF SPRING WATER SUPPLY AT TANSEN

1. Name of the Scheme : Lam Danda-Kazi Pauwa Spring Water Supply Project.
2. Location : Tansen Municipality, Ward No. 11
3. Area Covered : Lam Danda and Kazi Pauwa of Ward No. 11
4. Source : _____
   Name : Besmure Spring
   Yield : 1.01 litres per second
5. Type of Scheme : Gravity Flow
6. Population Served : 471 (1994)
7. Households Served : 74
8. No of Public Tap Stands : 14
9. Distance from Source to Last Tap : 5 km.
10. Total demand of Water : 51,948 litres per day
11. Estimated Cost : 8,15,000.00 NRs.
12. Average Per Capita Cost : 1,730.00 NRs.
13. Cost of Construction : 8,31,038.00 NRs.
14. Cost of Sharing :

a.	MSMD (Materials)	6,00,000.00 NRs
b.	Community (Labour and Land)	2,18,958.00 NRs
c.	Municipality (Technical Experts)	12,080.00 NRs
	Total	8,31,038.00 NRs

[1] Mr. Dhirendra Prasad Shrestha is Mayor of Tansen Municipality, Tansen, Nepal.

15. Supply of Water : 24 hrs.
16. Maintenance and Supervision : Community
17. Date of Starting the Project : 1993-10-17
18. Date of Completion of the Project : 1995-04-28
19. Present Status of the Project : 24 hours supply of drinking water to the community and all the water supply pipe lines and tap stands are well maintained by the community itself

The completed project has been handed over to the community and looked after by a committee of people as designed by the community. A small maintenance fee is being charged by the committee.

IMPACT : BEFORE AND AFTER

Before this community-base programme was launched in Lam Danda-Kazi Pauwa of Ward No. 11, the supply of drinking water was a problem in this area. This problem had a negative effect on the living environment of the community, as a large part of the productive time of the people, specially the women and children, was used in supplying drinking water. The effects on their living environment were :

- Less time given for Management of Household and Productive Services.
- Unhygienic sanitation.
- Children running away from schools.
- No cultivation of vegetation in the ward.
- Low productivity from the cattle (their main income source).
- Low income.
- Spare time used on unproductive activities.

After the community based-programme was launched and completed, the slow but steady change that we saw in the living environment of the community was really fantastic. The supply of drinking water was now near to the houses of the people (average distance 15m.) and the community participated in making this programme a success. The following changes were seen in the community:

- Women slowly spending large part of their time on *Management of Household and Productive Services*.
- Children not missing schools easily.
- Cattle getting sufficient water and green vegetation.
- Planting of vegetables due to sufficient supply of water (many preferring kitchen garden).
- Women engaged in the planting of vegetables and men sharing the responsibility of marketing them.
- Increase in the income level.
- People realising their potentialities in doing productive work and we have even found some people engaged in small business and rather than being idle.

The strategy that Tansen Municipality undertook to make this programme a success was: ***"The principle of partnership and participation with the community was the most democratic and effective approach for the realisation of the commitments."***

We met the people of the community, we discussed their problems freely and frankly, we listed all the problems and then ranked them in order of priority. There was total commitment from the people, municipality and MSMD (Management Support for Municipal Development). The drinking water programme was finalised, designed and assessed. This design and assessment was again discussed with the community, their suggestions were taken and changes were made in the

design and assessment. When the final draft was ready, it was again discussed and then implemented with full commitment from all involved in the programme.

After the successful implementation of this community participation programme, Tansen Municipality made a decision in the council to give utmost priority to community participation programmes. Tansen Municipality have, under the same strategy and principles, launched three community participation drinking water programmes in Wards No. 9, 12, and 13 of the Municipality.

LESSONS LEARNT

- The principle of partnership and participation with the community was the most democratic and effective approach for the realisation of commitments.
- Local authorities are the closet and most essential partners in the implementation of a programme that changes the living environment of the community.
- Given full faith and confidence the community can realise their full potentialities to change their living environment.
- Promote decentralisation through democratic local authorities and work to strengthen their financial and institutional capacities to change the living environment of the community.

Greening of Urban Development - the Delhi Experience

Shashi Kant Sharma[1]

1. INTRODUCTION

Delhi, the National Capital of India, is one of the most ancient cities of the Orient. It has been a forerunner in the field of planned development. From the legendary city of 'Indraprastha' to the 20th century Lutyens' Delhi, several cities emerged which were all located within the natural ridge and the River Yamuna. However, with the growth of population and urbanisation, large areas have developed across the river and the ridge. While finalising the Master Plan for the city in 1962, Delhi Development Authority (DDA) laid special emphasis on the development of greenery and conservation of the environment and natural features.

2. OTHER KEY ORGANISATIONS AND GROUPS

i. The Government of National Capital Territory of Delhi.
ii. Municipal Corporation of Delhi.
iii. Delhi Water Supply and Sewerage Disposal Undertaking.
iv. New Delhi Municipal Committee.
v. Central Public Works Department.
vi. Ministry of Environment and Forest.
vii. Several Public Undertakings.
viii. Non-Governmental Organisations and Residents' Associations.

3. HISTORICAL BACKGROUND

Lutyens planned New Delhi in the early 20th Century as a garden city with 1/3 of the area reserved for greenery. The ridge formed the backdrop of the Capital Complex and the river Yamuna linked the recreational node of the city comprising Central Vista and India Gate.

In 1962, the Parliament approved the Master Plan for Delhi. This was the first statutory comprehensive plan for any city in India. The Master Plan recognized the importance of the ridge and maintaining greenery in the city.

The Master Plan for Delhi was extensively modified in the year 1990 with a perspective up to 2001. This further recognized the need for maintaining an ecological balance in Urban Management.

The planning for sub-cities of Dwarka, Rohini and Narela, was a step forward in the city practice of improving green spaces by adopting a comprehensive approach to make transport, drainage and watershed planning integral to the overall effort.

4. PRESENT STATUS

As a result of sustained efforts, DDA has been able to counter the ever increasing pollution level by providing a share of green space to every resident of the metropolis. Within the urban area, open space of 7.3m^2 per capita has been made available. About 20% of the urban area is covered with green development as follows:

	Number	Area
(a) Regional Parks (Ridge Area)	4	1577ha
(b) City Forests	26	1930ha
(c) Green Belts	16	140ha
(d) District Parks	60	1874ha
(e) Sports Centres	8	79ha

[1] Mr. Shashi Kant Sharma is Principal Commissioner of Delhi Development Authority (DDA), Delhi, India

The Ridge

The Ridge in Delhi is defined as the rocky outcrop of 'Aravali' Ranges stretching from the University in the North to Delhi State boundary in the South and beyond. Total ridge area now available is 7,777ha approximately as given below:

Northern Ridge	87ha
Central Ridge	864ha
South Central Ridge	626ha
Southern Ridge	6200ha

About 1577ha of Ridge is within the urban area.

District Parks

District parks which have been developed by DDA, are very popular and being intensively used. Some of these parks have been developed for sports and special activities such as children's parks, picnic huts and woodlands. The following facilities are available in these parks:

1. Fitness Trails/Walkways
2. Multigyms
3. Boating Areas
4. Fountains
5. Children's Parks
6. Playing fields
7. Nurseries/Seed Beds
8. Picnic Huts
9. Sports Centres
10. Golf Courses

5. STRATEGY

A. The Guiding Principles:

The Master Plan for Delhi-2001 lays utmost importance on a sustainable natural eco-system. The following ingredients have been identified for creation of an environment conducive to quality of life:

i. Ecology and nature conservation
ii. Urban design
iii. Conservation of the areas of historic, architectural and cultural significance
iv. Community life and cultural activities
v. Control of air, water and land pollution

B. Natural Features to be Conserved:

Ridge: The Ridge is conserved with utmost care and afforested with indigenous species with no artificial landscape. Most of the Ridge area has been declared as 'Protected Forest' to discourage its utilisation for any urban activity. A large part of the Southern Ridge (2235ha.) has been developed as a Wild Life and Bird Sanctuary.

River Yamuna: The River Yamuna in Delhi has a high level of water pollution which is mainly from the untreated sewer and waste from the industrial area. Strict enforcement of the Water Pollution Act and an environmentally appropriate strategy of land use and landscape are being adopted to help in the improvement of the riverfront area covering about 9700ha.

C. Development of Lung Spaces:

The Master Plan of Delhi stipulates that one-fourth of the total area is to be developed for recreational uses which includes Regional Parks, District Parks, Neighbourhood Parks etc. In the

Urban Extension, special emphasis has been given on the development of water bodies and lakes which act as major lung space, attract migratory birds and improve micro-climate. Further green belts covering an area of 140ha. have been created. As a part of future planning, a 2km green belt all along the border of Delhi state is proposed as part of the regional plan of the National Capital Region.

D. Participative Management:

Active participation of users is essential for sound management of the parks and other ancillary facilities. Every District Park has a Committee consisting of prominent users. Under the adoption scheme, Residents' Association, registered societies and industrial houses can adopt any park (excepting District Parks) for maintenance.

6. Innovations in Dwarka Sub-City

While the basic strategy remains the same, a few innovations have been introduced in the planning of the new sub-city of Dwarka. These are:

A. Greening of Urban Transport:

Green modes of transport such as walking, bicycling, exclusive bus ways, dedicated motorbike tracks etc. have been made integral to the transport system.

B. Greenways for Drainage:

Instead of resorting to conventional drainage, the concept of 'Zero Run-Off' has been adopted by using a series of retention ponds. Such ponds/reservoirs and sediment traps are located in the catchment zones on low-lying ground, which is earmarked for greenery.

C. Watershed Planning:

The old concept of watershed development, harvesting and conservation of rain water and recharging of underground water have been adopted by DDA in the planning of the sub-city of Dwarka.

7. Lessons Learnt

A. The experience of about 75 years of planned and sustained efforts has shown that conservation of natural features is the corner stone of environment-friendly urban development.
B. Greening is basic to planning and urban design at all levels, that is, from neighborhood to macro city level.
C. The facilities created in green belts must cater to community life and recreational needs.
D. The concept of greening is not limited to conventional development of parks and plantation but is all embracing, including transport, industry, land use, energy, recreation and human development.

Effective Participatory Urban-Management In Thailand: A Case Study Of The Urban Community Development Office

Paiboon Wattanasiritham, Orajitt Bamrungsakulsawat and Larissa Muller[1]

1. The Urban Poor Development Program

The Urban Poor Development Program was initiated under Thailand's Seventh National Development Plan to alleviate poverty on a national scale. The program seeks to improve the living conditions and increase the organisational capacity of urban poor communities. These objectives are achieved through two principal activities:

(1) the establishment and strengthening of community savings and credit organisations in urban poor communities to enable greater self-management; and

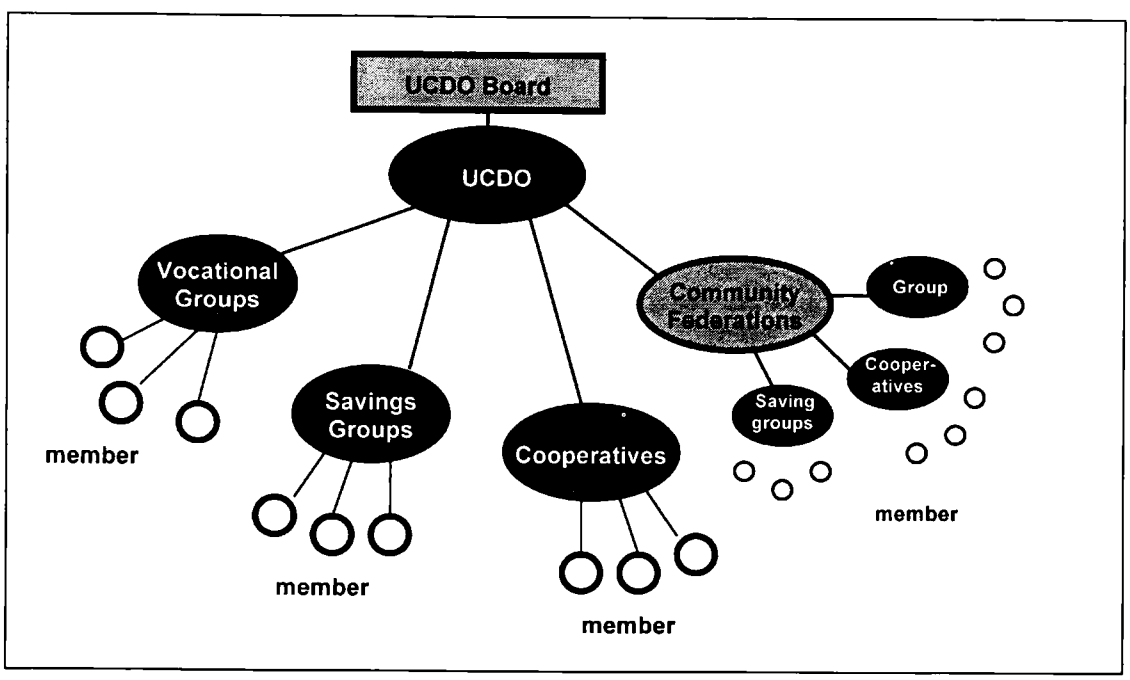
(2) the provision of loans at favourable interest-rates, with flexible conditions to savings groups.

2. Key Organisations

The Urban Community Development Office (UCDO) was created to implement the Urban Poor Development program nation-wide. It operates as a "special project" under the National Housing Authority of Thailand, but is governed by an independent board and system of administration.

Although UCDO manages the program, the urban poor through their community savings and credit organisations and federations are the principal actors. The UCDO regards itself and other agencies external to the communities primarily as supporters of the people's development process. As official members of the Urban Community Development Office and through representation on the Board of Governors, urban poor community organisations have partial ownership and a say in UCDO operations and administration of the program. (See Figure 1: UCDO Membership Organisational Structure)

Figure 1: UCDO Membership Organisation Structure



[1] Mr. Paiboon Wattanasiritham is the Managing Director, Ms. Orajitt Bamrungsakulsawat is the Assistant Managing Director and Ms. Larissa Muller is a part-time consultant with the Urban Community Development Office.

3. KEY DATES IN HISTORY OF THE BEST PRACTICE AND STATUS AS OF DATE OF SUBMISSION

The Urban Poor Development Program was initiated in March 1992 with a start-up capital of US$ 50 million from the Royal Thai Government. UCDO operations officially started in September 1992. As of September 1996, UCDO had approved loans to community credit and savings organisations totalling over US$ 21.3 million, benefiting approximately 17,630 households and 195 communities. Over 70% of the credit has been allocated to housing development projects and individual housing improvements. With a repayment rate of 98.8%, UCDO's lending operations compare favourably with that of private financial institutions, and exceeds that of government institutions. At present, over 575 community organisations hold membership of UCDO. (See Table 1: Performance Indicators)

Given the success of its approach, the UCDO launched Urban Community Environmental Activities (UCEA) Program as a "special pilot project" in January 1996 aimed specifically at improving environmental conditions in low-income communities. Based on similar operating principles, this project provides a new mechanism to further community development and strengthening. Initially financed with a US$ 1.17 million grant from the Danish Cooperation for Environmental Development (DANCED) and a US$ 152,157 contribution from UCDO, UCDO aims to sustain this project's operations in the future by mobilising local sources of funding over the next three years. As of September 1996, the project had approved funding for ten environmental improvement activities in nine communities, for a total budget of US$ 53,725.

Table 1: UCDO Performance Indicators

	Sept. 1993	Sept. 1996
Member Organisations	**199**	**576**
• Greater Bangkok	107	430
• Provinces	12	146
• Individual Members	10,664	47,959
• Total Savings (million U.S.$)	$ 3.68	$ 10.38
Total Loans Approved (million U.S.$):	**$ 5.0**	**$ 21.3**
• Income Enhancement	1.0	4.3
• Housing	3.4	15.2
• General Revolving	0.6	1.8
Beneficiaries		
• Communities	59	195
• Households	2,641	17,629
Repayment Arrears (% of outstanding loan)	**n/a**	**1.24%**
UCDO Financial Position (million U.S.$)		
• Capital Funds	$ 20.2	$ 57.7
• Retained Earnings	0.4	6.5
UCDO Staff	**46**	**106**

4. BEFORE

Approximately 1.76 million urban residents in Thailand, or 10% of the urban population, fall below the poverty level and presently reside in one of over 2,000 low-income communities. Approximately three-quarters of them live in Bangkok. Most of the urban poor are poorly educated rural migrants and urban-born dwellers who can only find employment as unskilled labourers or work in the informal sector with irregular or insecure income. As a result, most can only survive in densely populated, unsanitary slum communities where living costs are low.

In the face of lad rising costs in urban areas, affordable housing sites near employment locations are increasingly rare, forcing the urban poor to occupy unhealthy sites which are otherwise unsuitable for development, such as low-lying areas prone to flooding, or next to major thoroughfares and industrial sites where exposure to general urban environmental ills, such as air pollution and water contamination is heightened. These low income settlements are typically crowded and lacking in basic infrastructure and services, such as adequate waste water drainage, sewerage systems, lane access for garbage collections and regular pick-up, further contributing to unsanitary conditions, health risks, and foul odors. In urban fringe areas, even piped water and electricity service may be lacking. Few alternatives present themselves, as an estimated 30% of the urban population is too poor to have access to the formal commercial financing sector.

More recently, these slum communities have been threatened by rapid land development, fueled by high rates of urbanisation and economic development, which has led to a high incidence of eviction. The threat of eviction not only adds to the insecurity of the urban poor, but leads to an unwillingness of slum dwellers to invest scarce resources for improvements in their living conditions.

In response, the National Housing Authority of Thailand (NHA) was established to assist low-income households to attain proper housing by providing land and slum upgrading programs (e.g., site and service scheme). However, the NHA has been unable to carry this out on the scale necessary to reach all those in need. Other government and non-governmental organisations have been involved in various aspects of community development, but while some have achieved a certain degree of success, they have not yet developed a consistent process that can meet the needs of the poor on a sufficiently large scale and sustainable basis.

The UCDO evolved out of an initiative to alleviate urban poverty on a national scale. The program was based on the findings of an independent study conducted by a team of NGOs, which drew on the learning and experiences of past successes and failures in community development projects and processes. The study recommended the formation of a new institution and a flexible, community-centred participatory development process.

5. AFTER

Over the last four years, the UCDO has supported community initiatives which have improved the living environment of the urban poor in at least four ways: (1) by providing credit for income-generating activities and general revolving loans; (2) by providing loans for housing improvements and land developments for housing; (3) more recently, by providing grants for environmental improvements in the community; and (4) by promoting and developing a sustainable, community-driven development and management process for urban low-income communities.

(1) Improved household incomes: Low-interest loans have made it possible for the urban poor to increase their monthly household incomes, which enables them to improve their housing and living conditions. The majority of the projects that have been approved for credit are for income-enhancement activities such as equipment purchases, start-up capital, and training. The benefits derived from enhanced income include:

- enhanced income potential and family welfare, often breaking a negative cycle of increasing debt; and
- greater potential for self-improvement through increased economic self-reliance supported by a greater sense of pride and confidence.

(2) Improved community and housing conditions: With access to low-interest housing loans, several low-income community groups have been able to either purchase the land which they had originally occupied in its entirety or in part through land sharing schemes, or resettle on a neighbouring site or another site. most resettlement loans include the purchase of land, basic infrastructure and housing. Loans were also made available to groups of community residents wanting to make housing improvements. UCDO has approved housing loans for 74 housing projects,

benefiting 102 communities and 3,052 families. (See Table 2: Housing Loans.) Improvements resulting from the housing projects include:

- improved condition of land site and housing.
- land security.
- availability of basic infrastructure services.
- greater sense of pride and ownership.

Table 2: Housing Loans (Sept. 1996)

Types of Loans	No. of projects	No. of communities	No. of families	Amount Approved (U.S.$)
1. Purchasing existing land or land next to existing slums	4	3	141	1,043,160
2. Purchasing land further away for relocation	17	42	2,407	8,585,442
3. Housing Construction	5	*3	95	900,572
4. Housing repair, improvement	47	54	409	727,176
5. Infrastructure development	1	**(1)	(540)	200,000
Total	74	102	3,052	11,456,350

* 2 projects (81 families) received loans for both housing and land

** 1 project received a loan for both infrastructure and land

(3) Improvements in environmental conditions: The UCEA project encourages a wide range of environmental improvement, from repairs or construction of community infrastructure and public facilities, to upgrading of surroundings (e.g., greening projects, creation of playgrounds) and public environmental awareness building. To date, the approved environmental improvement projects in nine communities involve:

- installation of water pipelines with connection to the city water supply;
- garbage collection service within the community, and construction of a central garbage collection site for municipal pick-up;
- road construction for improved road access
- improved community fire-fighting system;
- community drainage system with connection to municipal drainage system;
- construction of a community day-care centre; and
- improved walkways and lighting, which increases safety, extends public space, and encourages community-based economic activities to set up around these areas.

(4) Promotion of a sustainable, community-driven community development process: UCDO has encouraged the creation and strengthening of community organisations and networks to enable greater self-determination in community development. These efforts have resulted in:

- The creation of community savings and credit groups allow members to pool their resources and take a lead role in formulating and implementing development projects which meet the needs of the community at reduced costs. Membership in savings groups have doubled, and community savings have increased 140%.
- The establishment of federations of the urban poor strengthen their position in the social, political and economic arena.
- Development of valuable skills and experience in organisation, management, dealing with formal processes and systems, and stakeholder cooperation, within community organisations, which builds their capacity and self-confidence for greater self-improvement, self-reliance, and self-management.
- A vehicle for mutual decision-making and co-ordination between communities and local authorities, non-governmental organisations (NGO) and other agencies concerned.

6. STRATEGY

The UCDO strategy comprises four key components:

Integrated credit system:

The program's integrated credit system responds to the varied yet integrated needs of the community. It breaks away from the conventional compartmentalised approach to community development, and by providing access to flexible, long term lending, UCDO encourages the community to formulate an integrated community development plan.

Three types of loans allow access to credit for a wide range of projects: income generation, housing and general revolving loans.

To be eligible for a loan, the community is required to set up a savings and credit group and engage in lending activities for at least three months to demonstrate a clear management structure. The community group begins by building up its own resource base through savings and then uses its savings to initiate lending activities amongst members. The UCDO assists the community in setting up, through the provision of organisational and management training. Where the community members are already organised into a community group, the UCDO staff simply check that the financial systems and decision-making processes are working effectively.

The UCDO grants wholesale loans, up to a maximum of ten times the amount saved by a savings group. It thereby supplements the financial resources of the urban poor communities for projects which the savings groups are already managing themselves. The contribution of the community's own savings encourages sound and responsible project management.

The community savings and credit groups on-lend to individual and group members. The scheme allows savings groups to add a margin of 2-5% on top of the UCDO interest rate, bringing the total interest rate charged to individuals close to market rates. This allows savings groups to cover their internal operation costs, and finance development or welfare activities as decided upon by the members.

The terms of repayment are determined by the credit and savings group in conjunction with UCDO, but cannot exceed the maximum conditions. Communities must make regular repayments of the loan according to the agreement, but not less than once every month. Delay or default without reasonable notice will result in a fine. The UCDO loan interest and term are as follows:

Type of loan	Interest Rate	Term (years)
Income Generation	8%	5
Housing	3, 8 or 10%	up to 15
General Revolving	10%	3
Average	**7 %**	

The Urban Poor Development Fund is operated as a revolving fund with an average interest rate of 7% per annum. The interest rate covers all operating and administrative expenses.

Building of organisational and management capacity in urban poor communities:

Access to credit not only levels the playing field for the urban poor who are normally excluded from formal economic and social sectors, it can also be a catalyst to strengthen community organisations in managing and dealing with their own development processes. The UCDO uses credit as leverage to develop the managerial skills necessary to build strong community organisations and a framework for community decision-making.

UCDO develops and strengthens the managerial capacities and skills of the community by encouraging community organisation and group management of monetary funds. The community savings and credit organisations generally start small, gradually becoming responsible for managing larger amounts, up to several million Baht or more, and taking important development decisions. Throughout the entire process, the community is the initiator, organiser and manager in the formulation and implementation of community projects and credit activities. Formation of

community networks are also encouraged to share learning and exchange opinions among community organisations at joint meetings and forums, and in some cases, to collaborate on mutually-beneficial projects.

All forms of community organisations and federations are encouraged to set up and become involved in the UCDO program. In turn, the UCDO provides technical help and training for its members through one-on-one counselling and advice with its field workers, group workshops and training, as well as other activities.

Figure 2 illustrates the parallel development and credit functions of the UCDO.

Promotion of partnership

The promotion of "partnership" is institutionalised into both the organisational structure as well as the process of UCDO.

Although the UCDO is located in the National Housing Authority, it is governed by an independent board which has decision-making authority over UCDO policies. The composition of the board is unique in that all stakeholders, including the client (the urban poor) are represented; only one-third of the board members are from government. Of the nine board members, three are from government organisations (the Bank of Thailand, the Finance Ministry, and NESDB), three are community leaders elected from UCDO member organisations, and three are appointed specialists (currently two from NGOs and one from the private banking sector). (See Figure 3: UCDO Organisational Chart.) Other government programs and committees tend to be composed of government representatives only, who are solely responsible for determining policy and procedures on behalf of the users.

Partnerships are also promoted within low-income communities themselves. UCDO promotes the inclusion of all members in decision-making – renters and homeowners, community leaders and members, residents of different income levels, education and origins – for mutual benefit. UCDO field workers have the very difficult job of facilitating the empowerment of the marginalised groups while encouraging the cooperation and collaboration of the community elite.

In addition, the UCDO actively seeks to involve other government and non-government organisations (GOs), professionals, etc., in the implementation and operation of these programs, in an attempt to pool efforts and strengthen the development capacities of all actors. The UCDO also encourages partnerships between NGOs/CBOs and GOs, especially local authorities, in community environmental improvement and housing development processes. Inclusion of all actors is undertaken by engaging them in dialogue (e.g., discussing with local authorities the program activities taking place in low-income communities in their area) and, at an operational level, through group interaction in project planning, implementation and training workshops. At the same time, the UCDO collaborates with community development initiatives of other organisations and agencies which fall within its mandate.

NGOs are encouraged to join in "collaborative projects," whereby they act as the primary facilitator within the community. They have been especially instrumental in extending the reach of the UCDO programs to poor communities in the more distant provincial cities.

Flexible operating process:

From the start, the UCDO established participatory decision-making processes. By adopting a "hands off" approach, UCDO enables community group members to take a lead role. Rather than expecting the community organisations to conform to UCDO practices and procedures, UCDO staff attempt to work with existing community organisations and systems. Member community organisations were involved in formulating rules, regulations and criteria for loans, based on consensus. The result was flexible lending requirements which allow UCDO to respond to and accommodate people's needs.

In order to remain accountable to the members, the board and the authorities, UCDO engages in a delicate balancing act, meeting government rules and regulations on the one hand, and adopting a

Figure 2. UCDO in a nutshell

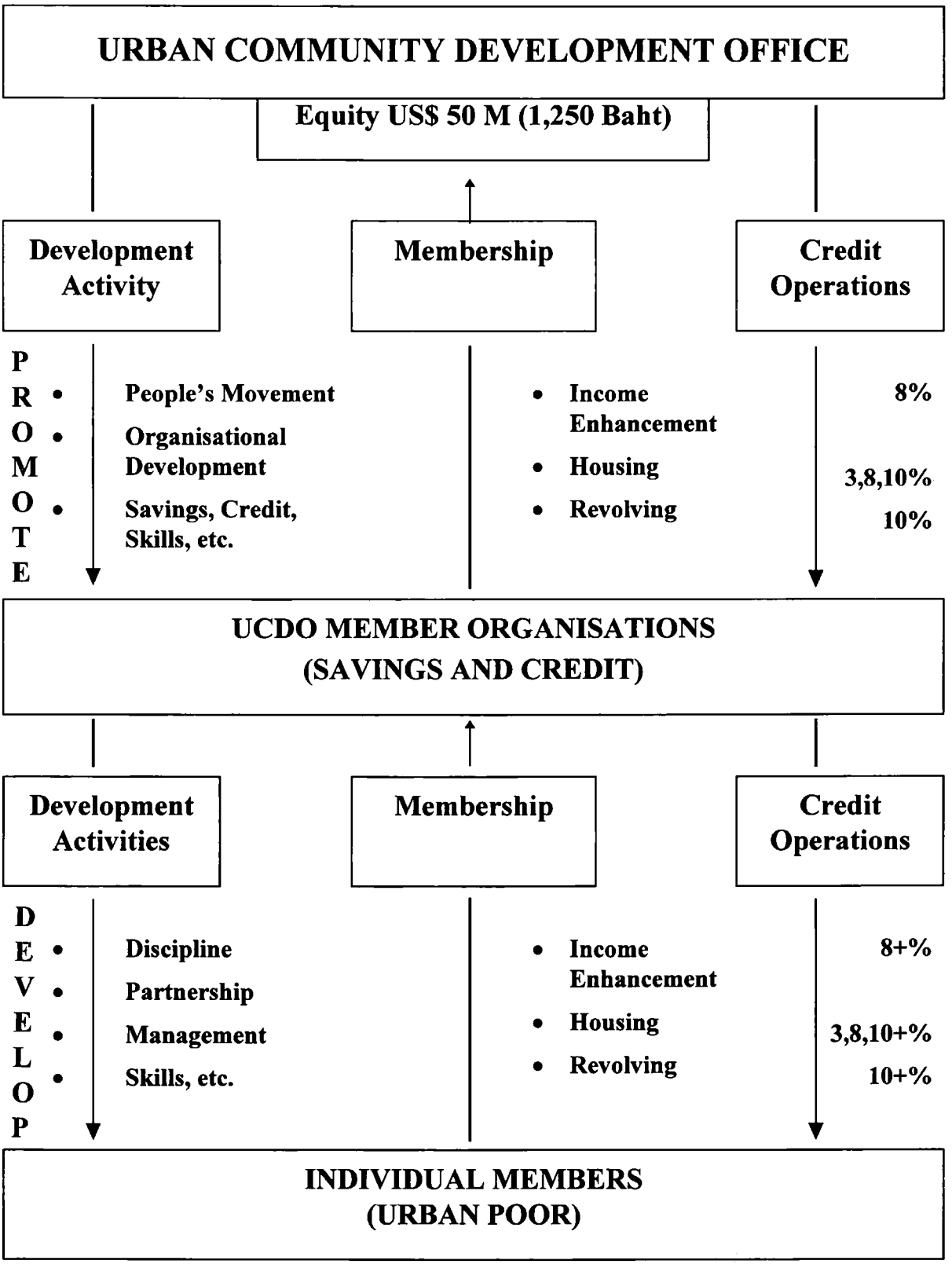
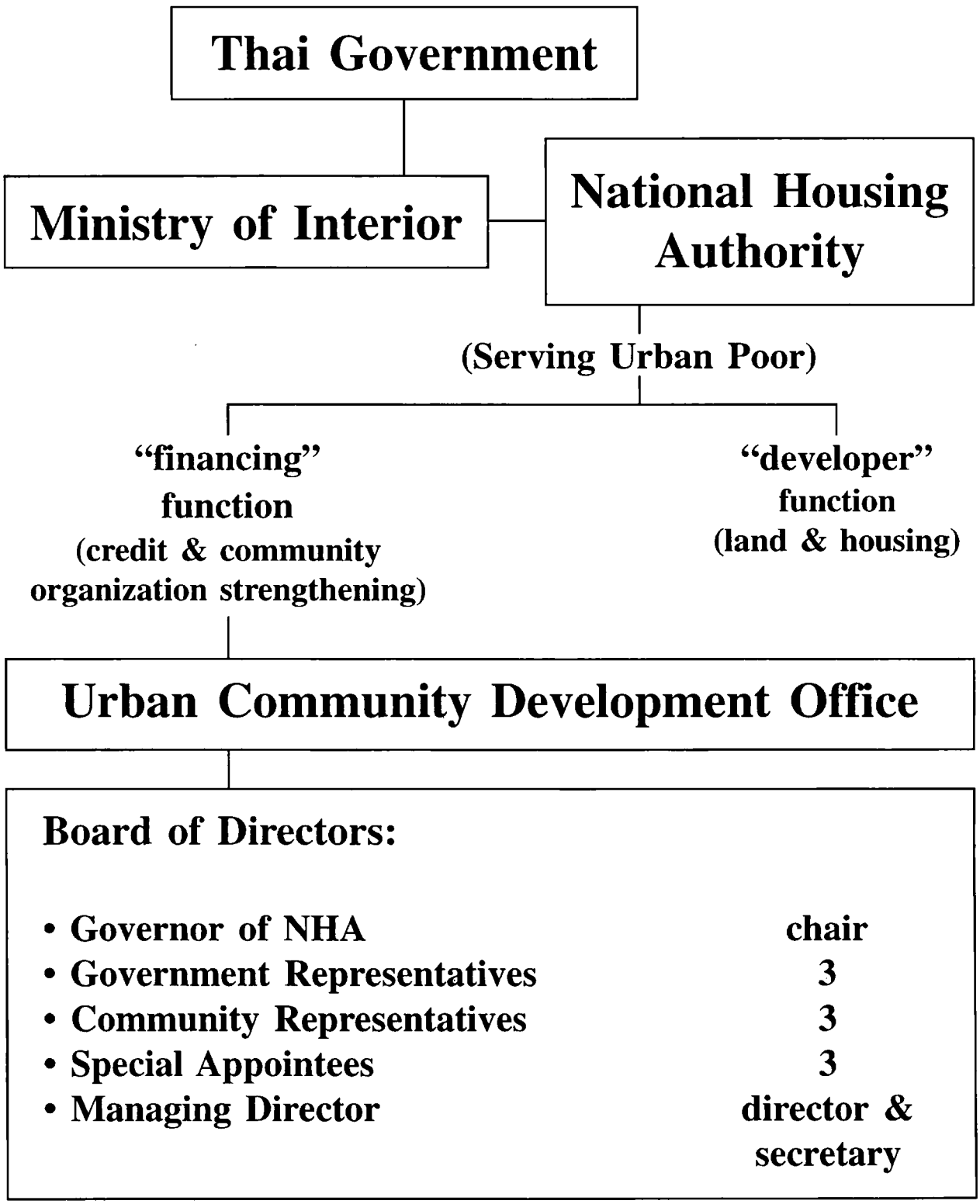


Figure 3: UCDO Organisational Chart



flexible operating process on the other. This is done by emphasising participatory management, teamwork, and the development of a positive organisational culture, rather than stressing rules and regulations. UCDO attempts to uphold trust and confidence of these three stakeholders by freely disseminating information, keeping its accounts transparent, and maintaining sound management practices.

UCEA project strategy:

UCDO applies a similar strategy to the UCEA project. Emphasis is placed on:

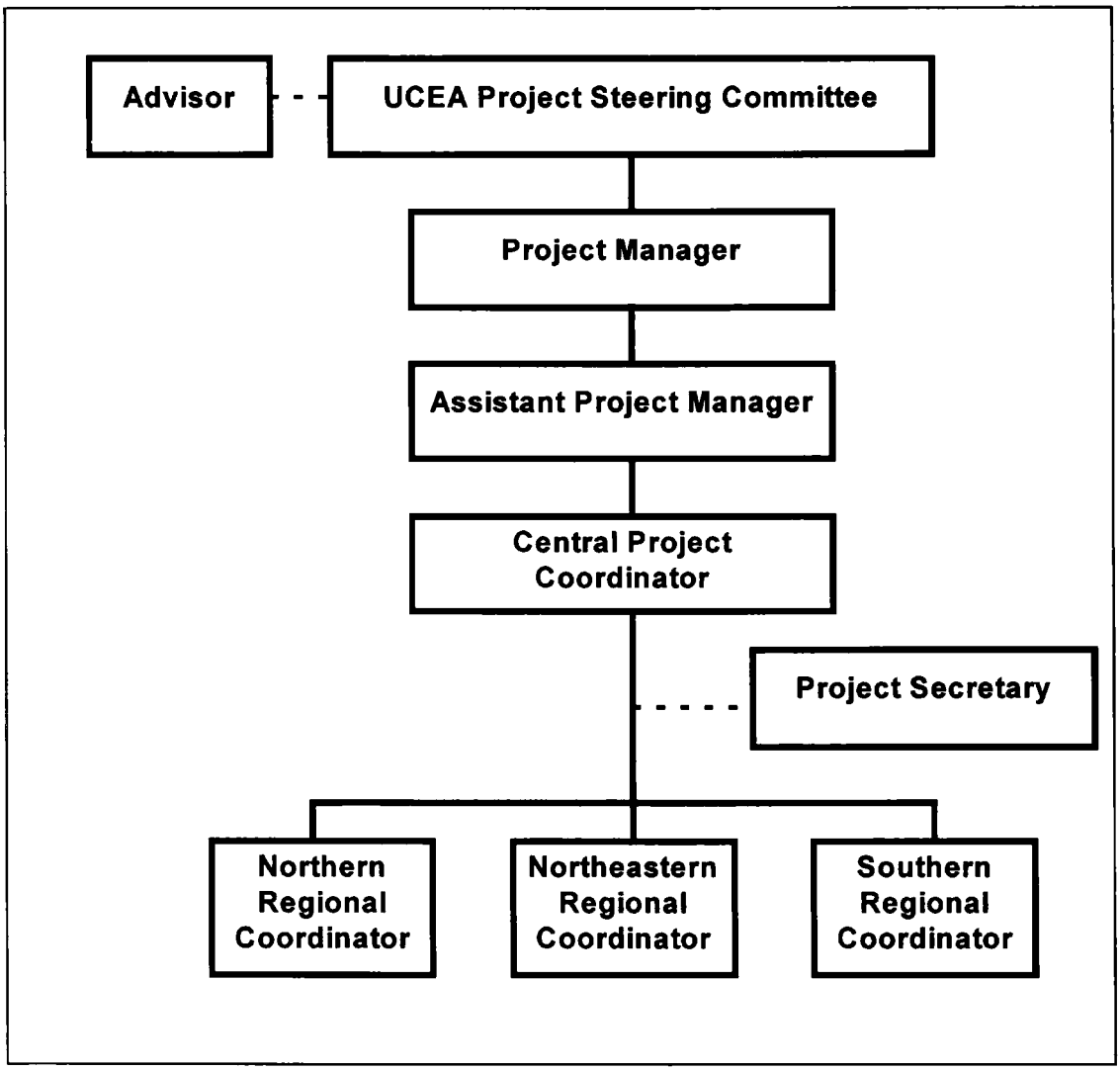
- development of a community-driven participatory process in community development and environmental management;
- development and support of a mechanism for mutual decision-making and co-ordination between all actors concerned;
- promotion and strengthening of community organisations; and
- encouragement of the formation of community networks to encourage greater co-ordination and cooperation between communities.

There are only three key differences between the credit program and the UCEA project operations:

(1) Grants: The UCEA project allocates grants rather than loans for environmental improvement projects, with the community contributing 20% of the total project costs in cash or in kind. By providing relatively small grants, directly to the community, community organisations are able to plan and implement community infrastructure and facilities that would typically be subsidised by government in other urban residential neighbourhoods. The requirement that the community invest its own resources in the environment project fosters responsibility and pride of ownership, a key to the maintenance and upkeep of the facilities.

(2) Emphasis on Environmental Management: The strengthening of management skills has shifted from credit management to environmental aspects of community development. Nonetheless, to receive a grant, communities must demonstrate a strong organisation and sound management practices. An effective project management system must be in place, which incorporates a check- and balance-process by community members. Experience has shown that once management capacity has been developed within the community, it is more readily transferable to other development concerns which may be more complex and less concrete than credit. Thus, those communities which have borrowed from UCDO or undertaken other community development projects in the past, tend to be better prepared to propose and undertake environmental improvement activities, while other communities may take more time. Given that environmental improvement is a shared benefit, the UCEA project stresses inclusion in decision-making, by requiring that the community project be approved by a community-wide meeting and that a significant number of community members should benefit.

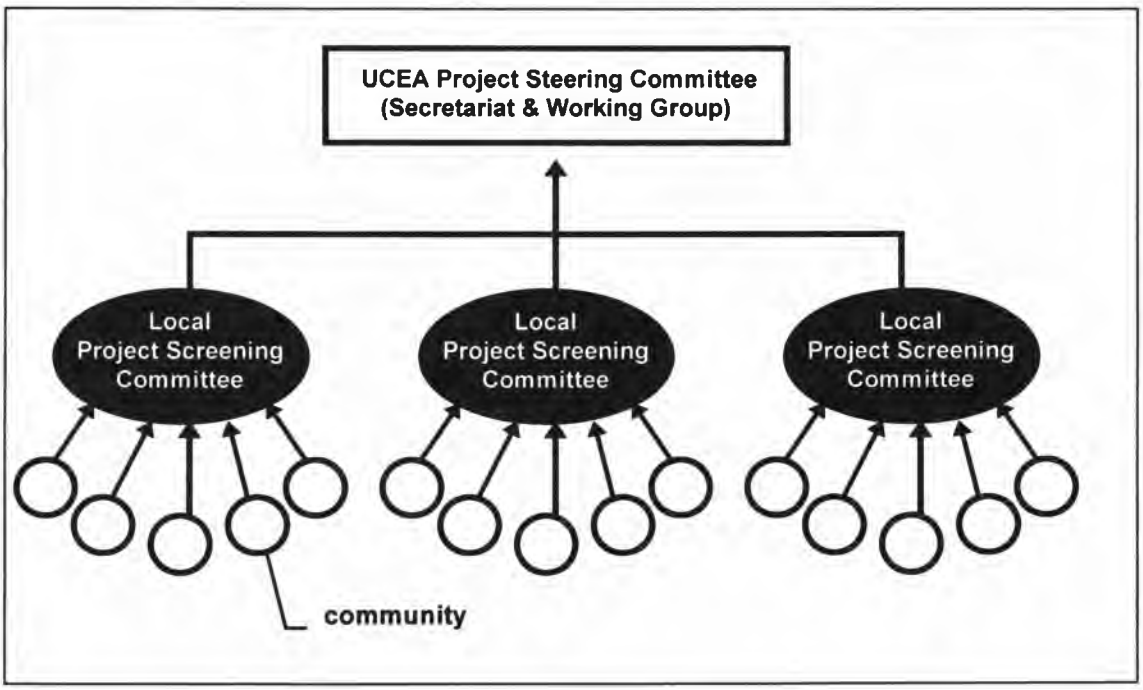
Figure 4: UCEA Project Organisational Structure



(3) Partnership: The UCEA project also institutionalises partnership, but has a different institutional set-up. A project steering committee oversees the administration and operation of the project. Of the 13 committee members, less than half are from government: 5 are from central government; 1 from the Municipal League of Thailand; 1 is a DANCED representative, and another represents the LIFE-UNDP Program,[2] 2 are NGO representatives, and 3 are community representatives. (See Figure 4: UCEA Project Organisational Structure.) This multi-partite composition also applies to the Local Project Committees, which are responsible for considering the eligibility of proposed community projects and developing selection criteria in each local region. These committees comprise 60% representation from the communities and 40% from other parties concerned. (See Figure 5: UCEA Flow Chart of Project Approval.)

[2] The Local Initiative Facility for the Environment (LIFE) Thailand Program also promotes urban environmental improvements, (though not solely in low-income communities), and dialogue between various local actors. Its representation on the UCEA steering committee promotes mutual learning and co-ordination of efforts, and protects against duplication of efforts.

Figure 5: UCEA Flow Chart of Community Project Approval

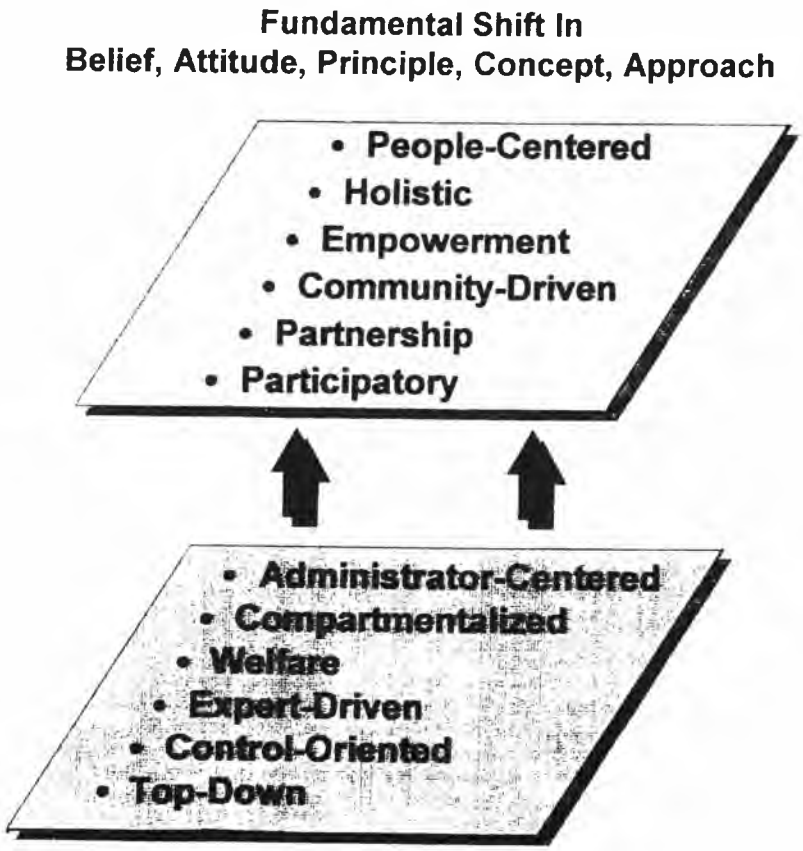


7. Lessons Learnt

Need for paradigm shift in community development:

To bring about sustainable improvements in low-income urban communities, there needs to be a fundamental shift in beliefs, attitudes, principles, and approach which moves away from the traditional top-down, sectoral, bureaucratically controlled community welfare model. An effective approach should have the following characteristics, (see Figure 6: Paradigm Shift in Action):

Figure 6: Paradigm Shift in Action



- people-centred approach: the people, not the issues, should be the primary focus;
- holistic: the process should be flexible, integrative and on-going to meet the varied and inter-related needs of the urban poor;
- empowerment as the major goal: development should be viewed as a process of empowerment and strengthening;
- community-driven: community organisations should be the main actor; the government and NGOs play a facilitating role;
- partnership: a dynamic process of joint implementation by CBOs, NGOs, local authorities and other government organizations should be encouraged, recognising the roles and potential of each actor to be involved in the process;
- participatory: a flexible process should be employed, which allows for negotiation and dialogue of all key actors.

Development as a process of empowerment and strengthening:

Community development should be seen as a process to build upon community strength and self-reliance, not as a welfare activity. Thus, access to credit and environmental improvement activities should be viewed as a means of developing a community-centred development process; not merely as a means in itself. Basic principles behind this approach are:

- learning through doing with the community as main actor: this fosters management skills and self-created expertise within community organisation, through involvement in concrete practices, such as managing credit and credit organisation;
- building up of a resource base: fosters self-reliance and offers greater protection and insulation against unforeseen events for low-income residents; and
- use of own resources: promotes greater responsibility and pride.

Credit as a catalyst:

Lack of financial resources is a major obstacle to community-initiated improvements. Flexible, low-interest loan schemes for the urban poor need to be established to unleash the potential and motivation of the community to improve their living conditions. Once communities are organised, they are able to contribute their own resources and repay loans. Through group guarantees and savings, community members develop a greater sense of group responsibility and discipline, and have a concrete example of how the pooling of resources and collaborative efforts can help to improve their lives and reach goals that could not be achieved by individual initiatives.

Role of security of tenure:

Experience from these two programs show that the community needs to have a sense of security of tenure before taking out income generation loans or investing in environmental improvements. Generally, if the community is threatened with eviction, then the UCDO offers a housing loan. If the community has a certain security of tenure, then they generally start off with a small revolving fund loan, and gradually work up to more complex development planning activities, supported by larger housing and income-generation loans, and environmental improvement grants.

The environment needs a special structure given the nature of the improvements:

The environment is a common good, thus individuals may be reluctant to take on financial burdens to improve something in which they have no equity and which is shared (or abused) by the whole community. With the exception of infrastructure in a new housing development, UCDO loans and interest accrued in community organisations have typically not been used for environmental improvements. Yet many residents place a high priority on cleaner surroundings or community facilities. Thus, a community mechanism must be put in place and strengthened to specifically deal with community-wide environmental improvements. With the establishment of such a mechanism, relatively small grants, when pooled with community resources and the cooperation of concerned actors, can lead to innovative, low-cost solutions which serve to vastly improve sanitary conditions, infrastructure and facilities in low-income communities.

Need for a national change agent:

A national change agent is necessary in order to introduce a large scale development process by and for community members. It may be difficult to set up a new institutional structures and processes within an existing bureaucratic structure. Conventional bureaucratic procedures and culture may obstruct flexibility and bottom-up processes. By creating a new institution, the UCDO was able to adopt a flexible, community-centred process. But in order to bring about sustained improvements in urban community development, the UCDO tries to introduce a new participatory mechanism into the mainstream system and structure through a bottom-up process of working in conjunction with community development agencies, particularly at local level.

Healthy City in Jiading District, Shanghai

Xiang Li Ming[1]

The Jiading District, located in northwest Shanghai City, covers an area of 458.8 km^2 and has a population of 478,700. It is divided into seventeen towns. In 1995, its GDP was 7.49 billion Yuan.

Jiading is a typical example of a rural area shifting into a more urban one. Much of its land is used as sites for factories, markets, public areas, apartments, and houses. Most farmers go to work in the factories. Only a few young farmers and older people still work in the country. Also, with increasing urbanization in the rural areas come new threats to the environment which have also plagued developed countries in the past. The time has come to adopt appropriate methods to protect the city's environment.

In 1994, advisors from the WHO/WPRO discussed starting healthy city initiatives with Chinese Ministry of Health officials. Both sides decided to select Jiading as the district representative of this type of rural to urban shift.

In 1994, Mr. Tamplin and Dr. Ogawa came to Jiading to discuss the start of the project with the local government and the WHO Collaborating Centre for PHC. In May 1994, a technical task force was organized by the District Government; this task force was led by the Health Department Director and consisted of political leaders and professors (to ensure adequate political and technical support) from Shanghai Municipal Departments, as well as the Jiading District Government and its departments. The entire operation fell within the WHO Collaborating Centre's jurisdiction. Members of Shanghai's Congress, the Department of Health, and Jiading's government were invited as advisors.

The task force was further subdivided into five groups in charge of general planning, city infrastructure, environmental protection, public medical services, and urban sanitation.

It investigated 34 items, including district social economy, city infrastructures environmental protection, disease control, medical services, social insurance, and sanitation management. It also invited opinions and suggestions from leaders, professors, the public, and progressive cities elsewhere.

Based on the group's findings, the city's main problems were identified as solid waste treatment, greenery, water pollution, recent health hazards, lack of funding, poor management of the infrastructure, and a high floating population.

After making predictions as to the district's future social and economic development using the *District Social and Economic Development Ninth Five-Year Plan and 2010 Future Outline* and the WPRO'S *New Horizons* paper on health, the task force created a *Five Year Plan and 2010 Jiading Healthy City Programme*, which discussed, in 46 items under seven categories, its objectives for the next five years and for the 21st century. The plan complied with the ten qualities of a healthy city outlined by the WHO in April 7, 1996.

The programme will be implemented in two stages: the first will complete the initial construction by the year 2000; the second stage will take place between 2001 and 2010 and will develop Jiading in to an healthy city under international standard.

The Jiading Healthy City Committee met to discuss how to best implement the plan. They came up with the following five points:

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- **Strengthen city management** with the district government, social sectors, and communities;
- **Expedite city infrastructure construction** by increasing input into improving environmental sanitation, drainage, greenery, and roads;
- **Clean up the environment** on road waysides, residential areas, construction sites, markets, and public areas;
- **Improve primary health care** by relocating health institutions, expanding community health services, and placing priority on disease prevention;
- **Promote health education** on a large scale to inform people about healthier life styles and public health regulations.

On April 3, 1996, a conference concerning healthy cities was held in Jiading. Attendees included the vice minister of the National Ministry of Health, the WHO Vice-Mayor and staff of Shanghai, officials from other districts and Jiading (including all its towns), and WHO representative Dr. Gee. All emphasized the importance of creating healthy cities. The head of Jiading District, along with local and departmental leaders, signed a healthy city contract to declare their intention of promoting healthy cities.

All of the initial activities of the plan are currently under way.

Upon completion of the project's first phase, the Ministry of Health and the WPRO sponsored a national workshop in Jiading to allow exchange between cities and promote healthy cities activities throughout China. Dr. Gee and Dr. Ogawa attended and gave speeches. Jiading presented a report of the project's first phase, and all participants involved agreed that all urban areas should make efforts to gain healthy city status by the year 2000, and that local and central governments should form a national network of support for these activities.

Afterwards, the head of the task force attended an information exchange workshop in Malaysia held by the WPRO, UNDP, UNCHS and the World Bank.

That same year, the task force and the Ministry of Health published a handbook on Healthy Cities, which featured collected documents from the WHO, speeches made by WHO advisors, pilot district plans, and examples from other countries. This handbook is referred to throughout the nation.

In June 1996, the task force and the Shanghai Health Education Institute shot a video with WHO/WPRO support to introduce Jiading's experience in creating a healthy city for the purpose of international information exchange.

From our experience, we feel that in order to implement healthy city strategies, a city must:

- **Gain support from local government.** The head of the district's administration must act as the leader in creating a healthy city committee.
- **Involve all social sectors as members of the committee.** Building a healthy city requires social engineering—the whole society should do their part.
- **Involve the communities** and let them know what they can do to improve their own neighborhoods.
- **Create and schedule a practical initial plan** based on local social and economic developments and on the findings contained in the WPRO's *Health Document of New Horizons*.
- **Form an official organization** to implement the plan and monitor its progress.

Although healthy city activities are on the rise, emphasis is still given to large priority projects. Considering the recent general lack of funds, these types of projects cannot adequately meet the needs of society and the economy. Focus on the community in the form of a healthy cities program would improve the city as a whole. I believe that the next period of healthy cities activities will emphasize the importance of the community as a fundamental building block of a city.

Towards People-Friendly Cities

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