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Urbanization in Southeast Asia

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Urbanization in Southeast Asia **ISSUES & IMPACTS**

EDITED BY Yap Kioe Sheng AND Moe Thuzar

CENTRE for
LiveableCities
SINGAPORE

 **ASEAN
Studies Centre**
Institute of Southeast Asian Studies

ISEAS

INSTITUTE OF SOUTHEAST ASIAN STUDIES
SINGAPORE

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MESSAGE from Head, ASEAN Studies Centre

The Centre for Liveable Cities and the ASEAN Studies Centre initiated a series of three regional workshops in December 2009 that brought together experts, academics, and practitioners from Southeast Asian countries to discuss urbanization issues in the region, particularly the challenges and prospects for regional collaboration on this matter. The regional workshops would not have been possible without the keen interest and enthusiasm of Andrew Tan, who headed the Centre for Liveable Cities at the time, and who first mooted the idea of convening the workshop series to find a pathway towards closer collaboration in the region's actions and responses on this issue.

Through the workshops, we attempted to identify priority issues that Southeast Asia — and ASEAN member states — need to tackle to ensure that urbanization occurs as an integral part of regional efforts to realize the open, dynamic and resilient ASEAN Community envisioned by leaders of ASEAN. When the workshops concluded in July 2010, ASEAN's efforts for greater connectivity among and within its member states provided an additional impetus for our suggestions to facilitate closer partnerships among ASEAN member states to address urbanization concerns that would inevitably arise from greater regional connectivity.

The workshop recommendations, which were brought to the attention of high- and working-level ASEAN meetings, support the larger strategic objectives of ASEAN community building. Papers presented at the workshop have been developed into thoughtful contributions to help policymakers understand what we as a region face in addressing challenges associated with rapid urbanization, and also identify, for ASEAN as a collective, opportunities to overcome these challenges and enhance the region's prospects.

The ASEAN Studies Centre hopes that this publication will be the catalyst for similar exercises that assist responses to urbanization concerns at the regional and national levels in ASEAN. At the very least, the workshops have created a space for discussion and debate on what countries face in addressing urbanization in their local context. Information sharing will help further identify and clarify concerns that merit closer attention.

RODOLFO C. SEVERINO
Head
ASEAN Studies Centre
Institute of Southeast Asian Studies
Singapore

MESSAGE from Executive Director, Centre for Liveable Cities

The story of urbanization gaining pace is a familiar one in many parts of the world. The Southeast Asian region is no different. In 1950, the rate of urbanization was only 15.4 per cent. The rate today stands at slightly over 40 per cent and is projected to increase to 49.7 per cent by 2025.

While the circumstances surrounding each city within Southeast Asia are unique, the challenges that cities can identify with and collectively address as a region are common. Overburdened cities struggle to supply essential urban infrastructure, services, and shelter to residents, but they have also lifted hundreds of millions out of poverty. Cities are now also more interconnected and share more anxieties — from financial crises and rising inequality to climate change.

Governments need to find creative mechanisms to mobilize the private sector and civil society to generate economic growth and reduce poverty, improve productivity and living conditions, protect the environment, and adapt to climate change.

Against this backdrop, liveability and sustainability have become central concerns for many urban leaders. At the Centre for Liveable Cities (CLC), we believe that good urban governance and integrated planning, demonstrated through sound policies and effective legal and institutional frameworks that mobilize human and financial resources, can result in a city being adaptable to changes in environmental, social, and economic systems over the long term.

Over a series of three workshops, the CLC was most fortunate to have partnered the ASEAN Studies Centre (ASC) in bringing together experts in the region to gain a better understanding of urbanization trends in Southeast

Asia. This included an Expert Panel Session at the World Cities Summit 2010 (WCS) in Singapore on 30 June 2010, which provided a platform for regional leaders to share and discuss experiences on the subject. In all, the workshops had allowed for regional urban researchers and policymakers to exchange views on challenges, identify opportunities, and exchange experiences and practices associated with rapid urbanization.

I am happy that the research arising from the proceedings and discussions of the workshops has been captured in the rich and diverse discourse in this book on Southeast Asian cities. This will extend the influence of the ideas and best practices far beyond the workshops and summit.

KHOO TENG CHYE
Executive Director
Centre for Liveable Cities
Singapore

ABOUT THE CONTRIBUTORS

Fitria Pramudina Anggriani ARIFIN is a knowledge-worker in community and urban development. She is also A LEAD (Leaders in Environmental and Development) Fellow for Sustainable City. She is currently involved in developing sustainable city indicators.

Alex B. BRILLANTES, Jr. is Professor at the National College of Public Administration and Governance (NCPAG), University of the Philippines (UP), President of the Philippine Society for Public Administration (PSPA), and Board Member of the Asian Association for Public Administration (AAPA). He earlier served as Secretary General of the Association of Schools of Public Administration of the Philippines (ASPAP), Deputy Secretary General of the Eastern Regional Organisation for Public Administration (EROPA), and Chairman of the Philippine Social Science Council (PSSC).

Anthony T.H. CHIN is Associate Professor of Transportation Economics at the Department of Economics, National University of Singapore. He is a Fellow of the Society of Logisticians of Malaysia, Chief Editor, *Journal of Logistics and Sustainable Transport*, Associate Editor, *Singapore Economic Review*, Member of the Networking Committee, Air Transport Research Society and Track Leader, Centre for Maritime Studies, National University of Singapore (NUS).

Herisadel P. FLORES is a researcher at the Centre for Local and Regional Governance (CLRG), National College of Public Administration and Governance, University of the Philippines (UP).

GOH Ban Lee is Senior Research Fellow of the Penang Institute, Penang. He is also a columnist for the *Sun* newspapers in Malaysia, focusing on issues related to urban governance, housing, and urban planning.

Anna Maria M. GONZALES is Sustainability Manager of Ayala Land Inc. She is an architect and environmental planner by training, and a social development worker by avocation. During the time this book was being written, she was working with the Partnership of Philippine Support Service Agencies (PHILSSA) as part of the National Project Monitoring Office of Urban Partnerships for Sustainable Upliftment, Renewal Governance and Empowerment (UPSURGE).

Chuthatip MANEEPONG is Affiliate Faculty at the School of Politics and Global Studies, Arizona State University (ASU).

Nutavoot PONGSIRI is Assistant Governor (Human Resources and Organisation Development Group) at the Bank of Thailand. He is also Visiting Researcher at the Centre on Regulation and Competition (CRC), United Kingdom.

Wicaksono SAROSA is Executive Director of the Partnership for Governance Reform (or Kemitraan), a multi-stakeholder organization and trust fund aimed at promoting good governance in Indonesia.

Victor R. SAVAGE is Associate Professor in the Department of Geography and Environmental Studies Programme (BES) in the National University of Singapore (NUS). He also teaches in the Southeast Asian Studies Department. He is the Deputy Director of the Masters in Environmental Management Programme (MEM) in NUS. His research interests are on historical-cultural landscapes, cross-cultural and eco-development issues in Singapore and Southeast Asia.

Felix SEEBACHER is Managing Director and Partner of Donauconsult and a resource person for the Environment and Development Division of UNESCAP.

Rony SOERAKOESOEMAH is Assistant Director and Head of the Initiative for ASEAN Integration & Narrowing the Development Gap Division of the ASEAN Economic Community Department at the ASEAN Secretariat.

TAN Ern Ser is Associate Professor of Sociology, Academic Convener of the Singapore Studies Programme, and former Vice-Dean of Students at the

National University of Singapore (NUS). Dr Tan was Principal Consultant of the National Orientations of Singaporeans (NOS) survey series I–IV. He is also Principal Investigator of the Asian Barometer-Singapore and World Values Survey-Singapore. He is a member of Singapore’s Economic and Social Research Network, the Family Research Network, and the HDB Research Advisory Panel. He also chaired REACH’s policy study workgroup on integration.

TAN Peng Ting has been Senior Associate at the Centre for Liveable Cities, Singapore, since 2009. She is currently pursuing a Masters of Social Sciences in Geography at the National University of Singapore (NUS). A nature lover and volunteer nature guide, she organizes capacity-building workshops for other volunteers in her free time.

TI Le-Huu is the Chief of Sustainable Development and Water Resources Section of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP).

TOH Mun Heng is Associate Professor of the Department of Strategy and Policy, NUS Business School, National University of Singapore. He serves as Economic Consultant to the Ministry of Trade and Industry and is the Associate Editor of the *Asian Economic Journal* and the *Singapore Economic Review*.

Myo THANT is Principal Economist at the Asian Development Bank (ADB) in Manila, the Philippines. He is at present the focal person for regional public goods in the ADB.

Moe THUZAR is Lead Researcher (ASEAN Socio-Cultural Community) at the ASEAN Studies Centre of the Institute of Southeast Asian Studies in Singapore.

YAP Kioe Sheng retired from UNESCAP in Bangkok in June 2009. Before his retirement, he was Chief, Social Protection and Social Justice Section at UNESCAP, and in charge of the Centre for the Alleviation of Poverty through Secondary Crops (CAPSA) in Bogor, Indonesia. He is currently Honorary Professor at the Cardiff School of City and Regional Planning, Cardiff University.

INTRODUCTION

Yap Kioe Sheng and Moe Thuzar

It is not easy to identify challenges common to the cities and towns of Southeast Asia as the region is diverse in demographic, economic and sociocultural terms. All Southeast Asian countries strive for better standards of living and sustainable livelihoods, but the urban scenarios across the region require different prescriptions for their development goals. However, ASEAN member states are also moving towards regional and economic integration by improving connectivity between existing and potential centres of economic activity. This will have immense repercussions for urbanization and urban development in the member states.

To assist policymakers address these challenges, the ASEAN Studies Centre at the Institute of Southeast Asian Studies (ISEAS) and the Centre for Liveable Cities (CLC) of Singapore organized a series of regional workshops on urbanization in Southeast Asian countries from December 2009 to July 2010 to:

- Provide opportunities for ASEAN countries to learn from one another by sharing information and exchanging good practices;
- Assess the preparedness of countries in the region for an increasingly urban future; and
- Discuss and recommend options on how regional cooperation could assist national and subregional efforts in addressing urbanization issues.

The workshop discussions helped to identify urbanization issues that ASEAN member states could address at national and regional levels. The

recommendations that resulted from the discussions were submitted in the form of a preliminary report to relevant ASEAN ministerial and senior officials meetings and the ASEAN Summit. These recommendations now appear in this book together with papers presented and discussed at the regional workshops.

The authors contributing to this book have tried to go beyond an analysis of a particular set of urban challenges within one city or one country, and instead have drawn conclusions and lessons for all the countries of the region. In the opening chapter, Yap Kioe Sheng provides an overview of the urban challenges that Southeast Asian countries face. He summarizes the key challenge as “to promote urban economic growth, while reducing urban (and rural) poverty and protecting the local, national, regional and global environment”. Another challenge he identifies is enabling a more effective and efficient delivery of urban services through decentralization and privatization, when many local governments lack the capacity (and willingness) to use measures for the benefit of the city as a whole. Capacity development and good governance are critical to making urban areas productive, inclusive, and sustainable.

Cities drive economic growth in Southeast Asia, but they need to remain competitive in the global economy to sustain the growth. In his chapter, Toh Mun Heng argues that cities allow agglomeration to happen. This facilitates economic growth, but enabling factors are needed concurrently to make growth possible. The government must play an active role as facilitator by developing infrastructure, promoting R&D to improve products and processes, and encouraging trade. Cities should apply principles of globalization, localization, diversity, sustainability, and responsibility to generate a diverse local economy that is protected from market volatility. The development of industry clusters is the key to the development of a competitive urban economy which guards against diseconomies. Developing a competitive economy is more than maximizing business efficiency. There must be a dynamic equilibrium between wealth creation and social cohesion.

Cities in Southeast Asia need to develop urban infrastructure to support economic development, but costs are a serious obstacle. Public-private partnerships are seen as a possible solution. Nutavoot Pongsiri identifies issues and challenges in the area of public-private partnership for infrastructure provision and finance in Southeast Asia. He notes both successes and failures in the region and stresses the importance of an effective legal and regulatory framework to enable the smooth and efficient

delivery of infrastructure services. Underlying this is the implementation of good governance and accountability frameworks. Failures are often the result of a lack of adequate guarantees for long-term investment return and of political interventions by local government. He warns that private investors will stay away and seek more hospitable places to invest unless there is a limited, transparent, fair, and consistent regulatory regime, and the government keeps its promises.

Urban development is not just a sub-national issue; it is also shaped and affected by regional cooperation. Myo Thant observes that international trade facilitation has a profound impact on the urban landscape, particularly on the growth of secondary cities and small towns. Regional cooperation and trade facilitation encourage two types of cross-border development: growth triangles (such as the Singapore-Johor-Riau cooperation) and economic corridors. Cross-border economic corridors link production, trade, and infrastructure in a geographic region with a clear economic rationale for such links. Myo Thant sees positive impacts of an economic corridor on urbanization: it reduces uncertainty about urban areas likely to grow; it affects intermediate-sized cities in the interior rather than primate cities and coastal areas; and it changes the relationship between urban areas within and across borders. There are also challenges, including the lack of institutional capacity to deal with cross-border economic activities and their social impacts.

Chuthatip Maneepong analyses rural-urban linkages in Southeast Asia in her chapter. Cities do not function in isolation from the surrounding rural areas in the same or a different country. Their relationship and the impact they have on one another intensify and grow more complex due to peri-urban developments, increased connectivity, growth of rural industries, regional migration, and cross-border trade. Mitigating the unintended impact of economic growth on the environment and longer-term sustainability of development through cooperation and coordination of development efforts is essential. Other priorities are support for human resource development, capacity development of local government and other stakeholders, private sector involvement in the development of peri-urban areas, the development of accessible and affordable communications systems, and the facilitation of labour mobility. Regional cooperation is thus imperative to facilitate these processes.

As cities in Southeast Asia grow through internal and international migration, their populations become more diverse. Nowhere in Southeast Asia is this more apparent than in Singapore where almost one in four

residents comes from another country. What happens in Singapore is a likely precursor to what will happen in other cities of Southeast Asia. Tan Ern Ser reviews the multi-ethnic character of public housing in Singapore, where the government consciously prevents the formation of ethnic, class, and generational enclaves. He asks if the diversity spells social tensions and conflict involving opposing values and interests, but concludes that although social divides are present, they do not lead to social conflict. Social distance has narrowed through the development of social capital and communities. Conditions in Singapore differ from those in other cities in Southeast Asia, but important lessons can be drawn from its experience. Community building policies and programmes and infrastructural designs and town planning that facilitate social interactions can transform public housing into more than just a physical shelter in a high-density urban environment.

Victor Savage sees dealing with the impacts of climate change as one of the greatest challenges facing Southeast Asia and its cities. He does not expect governments to adopt adaptive measures proactively, given the lack of specific information on the impacts of climate change. In Savage's view, tackling the impact of climate change is not a problem of knowledge, but of management and decision making. Governments must review their long-term developmental programmes and bridge the economic and environmental divide. They must find environmentally sustainable ways to deal with consumerism, capitalism, the growth fetish, and the industrial production process. Climate change thus delves into philosophical issues about human morality and about manageable, politically desirable, and generally expedient ways of dealing with these challenges.

Felix Seebacher and Ti Le-Huu present the outlines of a "Waste water Revolution in Asia" to reduce untreated urban waste water that pollutes water bodies. Treating waste water is important because the available per capita water is dropping in Southeast Asia due to climate change, increased demand for water as a result of urbanization, and other trends. The authors estimate that the urban population in Southeast Asia of almost 250 million produces more than 30 million cubic metres of waste water daily. Much of it is discharged untreated into open water courses or seeps underground. They see compact, small waste water treatment plants as a solution. The technology has improved and space requirements are much reduced; even in crowded spaces they can operate. Advantages include the feasibility of rapid, local decision-making and implementation, and unit costs within an affordable range.

Green space is an important contributor to urban liveability; the quality of urban life depends largely on the amount and quality of green space within it or close to it. In her chapter, Tan Peng Ting notes the multiple benefits of urban green spaces for the social, environmental, and economic well-being of urban communities and for environmental sustainability. To achieve this well-being, cities need good urban governance, including integrated master planning and a competitive economy. Unfortunately, cities in Southeast Asia do not give green spaces a high priority due to a lack of capability, funding, or perhaps political will. In fact, urbanization and economic growth are often associated with deforestation. Regional exchanges amongst cities in the region on issues ranging from creative infrastructure financing and practices to implementation woes may help provide a plethora of solutions for cities to consider.

Goh Ban Lee reviews the reality of good governance in Southeast Asian cities with a focus on accountability: those who hold power or influence decision-making that affects the lives of others must be held responsible for their actions. Key players are politicians and bureaucrats, civil society, and corporate capital. The mechanism of accountability is the periodic election, but an election alone does not guarantee accountability; the entire electoral process is important. Corruption and bribery of politicians and bureaucrats often influence decision-making in Southeast Asia. The accountability of NGO leaders also requires scrutiny: they may be true to the causes of their members, but their voices do not always reflect the wishes of the majority of the people. The ubiquitous act of non-compliance in most Southeast Asian cities is a clear sign of the lack of accountability and a reason Southeast Asian cities are not among the top internationally recognized liveable cities. Goh calls for studies on the lack of accountability in Southeast Asian cities.

Wicaksono Sarosa and Anggriani Arifin seek to identify the challenges of engaging local government in sustainable urban development. They distinguish five ways to do so: national policies and programmes, donor-funded or donor-initiated programmes, civil society led initiatives, peer-to-peer learning, and visionary and innovative local leadership. These modalities are well known, but implementation is not easy. There is a lack of human and financial resources; the legal framework often does not allow for the introduction of good urban practices; local governments do not understand the goals of decentralization. There is also the problem of sustainability. A good practice introduced by an external actor may not continue after the end of the programme and local initiatives depend on

local leaders. National government must provide guidance, opportunity, and facility for local governments to enhance skills and change mindsets. Civil society should put pressure on local government and advocate the adherence to sustainable urban development principles.

Alex Brillantes and Herisadel Flores note that decentralization seems unable to improve public service delivery despite its perceived advantages. Some problems are the result of the hesitant, half-hearted way decentralization is implemented; other problems are temporary, but inevitable consequences of the transition. There is also the self-serving behaviour of those who try to take advantage of the new situation. Local governments become self-centred and efforts by national and local governments to pursue development are often uncoordinated, leading to duplication and misallocation of funds. Decentralization has also spawned good practices in urban management based on values such as equity, transparency, accountability, participation, and environmental protection. Some local governments built alliances with the private sector and civil society to address common problems. Because it is relatively new; decentralization requires capacity building that equips local governments with appropriate knowledge and skills on effective urban management.

Rony Soerakoesoemah and Moe Thuzar explore how ASEAN can address urbanization under the regional cooperation framework. They highlight the importance for ASEAN to consider urbanization as part of the regional agenda. Recognizing the diversity of the ASEAN landscape and the need to bridge developmental and other gaps between the member states, they see the Initiative for ASEAN Integration as a vehicle for ASEAN to put urbanization on the regional agenda, in support of the implementation of the Master Plan on ASEAN Connectivity adopted by the 17th ASEAN Summit in 2010. To ensure coherence in the activities, they propose an ASEAN Regional Forum on Urbanization as a platform for discussions on urbanization issues, and also as a platform for an ASEAN Cluster on Urbanization to present its recommendations and to institutionalize the informal network of urban experts, policymakers, and practitioners created by the regional workshop series of the ASEAN Studies Centre and the Centre for Liveable Cities.

Urbanization is a process that comes in tandem with development and, therefore, has economic, social, environmental, and political implications. Faced with continuing urbanization and growing populations, countries in the region need to build — individually and collectively — the capacity of

cities and towns to promote economic growth and development, to make urban development more sustainable, to mitigate and adapt to climate change, and to ensure that all groups in society share in the development. This book highlights urbanization issues that have implications for ASEAN cooperation and provides practical recommendations for policymakers. It is a first step in assisting ASEAN members to navigate the cross-sectoral importance of urbanization, and take advantage of existing collaborative partnerships to address the urban transformation challenges facing countries in the region.

URBANIZATION IN SOUTHEAST ASIAN COUNTRIES

Recommendations

Yap Kioe Sheng and Moe Thuzar

Southeast Asia is urbanizing and the challenges emanating from the urbanization are numerous and complex. The ASEAN Studies Centre (ASC) and the Centre for Liveable Cities (CLC) jointly organized three workshops in December 2009 and March and July 2010 in Singapore to discuss these challenges on the basis of a regional overview paper and a number of other topical papers. Based on the overview paper, the thematic papers, and discussions by participants in the workshops, the following recommendations were formulated for ASEAN's consideration.

NETWORKING

1. ASEAN currently does not have a formal network of researchers on urbanization in Southeast Asia. With the CLC-ASC regional workshops as the starting point, ASEAN can develop a network of urban researchers and practitioners in the ASEAN member states, leading towards the establishment of a network of experts on urbanization in Southeast Asia.
2. Most countries of ASEAN have an association or league of municipalities in one form or another. These associations/leagues can be formed into a regional federation of associations/leagues of municipalities to

facilitate cooperation, the exchange of information and experiences, and their capacity development.

3. Networking can be further enhanced through regular annual round tables which bring together urban researchers, policymakers and the private sector, with the aim of developing recommendations for more responsive policies to address the challenges of urbanization in Southeast Asia, for consideration by ASEAN decision-makers.

DEVELOPING MORE RESPONSIVE POLICIES

4. Urban-specific data are required to formulate effective policies on critical urban issues, especially data on the impact on urbanization and urban settlements of increased connectivity and economic integration in the region. Building on the CLC-ASC regional workshop series. ASEAN can further develop a series of workshops for policymakers, statistical offices, and researchers from member states to discuss the collection and use of urban-specific data.
5. Economic globalization, decentralization, privatization, and climate change mitigation and adaptation are largely uncharted territory for cities and towns in Southeast Asia. It is timely for ASEAN to commission a series of studies on good practices in urban development under these conditions.

INCREASING CAPACITY

6. Many local governments lack the capacity to make use of the opportunities offered by decentralization, privatization and economic globalization, and to deal with climate change. This hampers the development of cities and towns. In conjunction with the commissioned studies on good practices in urban development, ASEAN can organize seminars at national and regional levels for local governments to review good practices in urban development.
7. In order to develop the capacity of local governments on a sustainable basis, ASEAN should identify research and training institutes in member states that can provide training on urban issues for local governments through existing or new training programmes, and encourage member states to facilitate participation by local government staff.