

# The Raffles Review

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## Cracking up in the Megacity?



### SOURCES

Two reports released this year: [“East Asia’s Changing Urban Landscape: Measuring a Decade of Spatial Growth”](#), by the World Bank, and [“The Metropolitan Century: Understanding Urbanisation and its Consequences”](#) by the OECD have both highlighted the problem of “fragmented” administration in rapidly growing cities.

### BIG IDEAS

- If well managed, increasing densification of urban areas can be good for the environment and can lead to more efficient provision of services to citizens.
- There is a direct link between urbanisation and income growth; over the last decade, economic output per capita rose throughout East Asia as the percentage of the population living in urban areas increased.
- However, expanding urban areas often cross over administrative or political boundaries such as municipal borders, which fragments government management and revenue sources. In some cases, multiple cities are merging into a single entity while they continue to be administered separately. In Manila, no less than 85 municipalities are involved in the megacity’s governance. The city of Jakarta has spread across three separate provinces. 135 of nearly 350 urban regions surveyed in East Asia had no dominant local jurisdiction.
- Administrative fragmentation of a metropolitan area into many small municipalities can reinforce inequality. If poorer municipalities have lower tax revenues and consequently fewer funds for public services and infrastructure, this creates geographical separations of wealthy and poor areas.
- It also impacts on productivity. The OECD estimates that for regions of equal population, doubling the number of local governments reduces productivity by 6%.

### IMPLICATIONS FOR PUBLIC SERVICE

- Fragmentation requires new models of metropolitan governance, and strategies can include consolidation or amalgamation of authority. Alternatively, strengthening local municipalities may be needed to offset too much central authority as part of a trade-off.
  - Common reasons for the persistence of administrative borders are strong local identities and high costs of reforms, but also vested interests of politicians and residents.
  - Even if policy makers try to reorganise local governments according to functional relations within urban agglomerations, it is often difficult to identify boundaries between functionally integrated areas.
  - Resolving fragmented management will involve tackling the logistical and political complexities of forging multi-jurisdictional coalitions among participants that may have conflicting priorities.

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*aims to ruffle your thinking!*

*This weekly offering summarises insights on public service matters to challenge assumptions and question the status quo.*