METROPOLITAN GOVERNANCE

To reduce social inequity and promote economic growth
THE REAL CITY (SOCIAL & ECONOMIC RELATIONS) EXCEEDS THE JURISDICTIONAL AND HISTORICAL LIMITS

Local governments in the city

Local governments in the metropolitan area

METROPOLITAN AREAS CAN INCLUDE HUNDREDS OF MUNICIPALITIES YEAR 2008
METROPOLITAN AREAS SIGNIFICANTLY CONTRIBUTE TO THE COUNTRY’S ECONOMIC GROWTH

METROPOLITAN AREAS’ CONTRIBUTION TO ECONOMIC GROWTH
YEAR 2009-10

*Units indicate %

<table>
<thead>
<tr>
<th>País (n de ciudades)</th>
<th># de ciudades</th>
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<td>Eslovaquia (1)</td>
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<tr>
<td>Total</td>
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The productivity of a metropolitan area is directly related to the size of its population.
THE PRODUCTIVITY OF A METROPOLITAN AREA IS DIRECTLY RELATED TO THE SIZE OF ITS POPULATION

METROPOLITAN AREAS IN THE USA
THE PRODUCTIVITY OF A METROPOLITAN AREA IS DIRECTLY RELATED TO THE SIZE OF ITS POPULATION
THE PRODUCTIVITY OF A METROPOLITAN AREA IS DIRECTLY RELATED TO THE SIZE OF ITS POPULATION

METROPOLITAN AREAS IN THE UK

[Graph showing city productivity normalized vs. population in millions for various metropolitan areas in the UK]
THE PRODUCTIVITY OF LAC CITIES – SLIGHTLY ABOVE AVERAGE BUT BELOW THE GLOBAL FRONTIER

LAC COUNTRIES EXHIBIT AVERAGE PRODUCTIVITY GIVEN THEIR URBANIZATION LEVELS

- NAC & WESTERN EUROPE
- CENTRAL AMERICA
- SOUTH AMERICA
- CARIBBEAN
- ROW
LAC CITIES OVERALL ARE MORE PRODUCTIVE THAN EXPECTED GIVEN THEIR POPULATIONS

RESULT IS DRIVEN BY SOUTH AMERICAN AND MEXICAN CITIES (GREEN MARKER); CITIES IN THE REST OF THE REGION TEND TO PERFORM AROUND THE GLOBAL AVERAGE
FEATURES OF LAC CITIES TO EXPLAIN WHY THEY LAG THE GLOBAL FRONTIER:

1. UNUSUAL DENSITY

80% OF LAC CITIES HAVE A POPULATION DENSITY ABOVE THE GLOBAL MEDIAN

If not managed appropriately, this high density may be excessive so that congestion costs prevail over positive agglomeration forces.
FEATURES OF LAC CITIES TO EXPLAIN WHY THEY LAG THE GLOBAL FRONTIER:

2. MULTICITY AGGLOMERATIONS (MCAs)

40% OF LAC’S URBAN POPULATION RESIDES IN MCAs (COMPA Red WITH A THIRD OF THE WORLD’S URBAN POPULATION)

Thus, LAC cities may be particularly vulnerable to the shortcomings of MCAs, which arise when their local jurisdictions fail to coordinate governance and the provision of public goods and services.
FEATURES OF LAC CITIES TO EXPLAIN WHY THEY LAG THE GLOBAL FRONTIER:

3. PRODUCTIVITY VARIATION ACROSS CITIES

THE WITHIN-COUNTRY PRODUCTIVITY DISPERSION IN LAC COUNTRIES IS RELATIVELY HIGH

So, LAC systems of cities are not well integrated and thus not fully productive.
More populous LAC cities have higher shares of skilled labor. Compared with the USA, skilled people are more concentrated in a few large cities. This may help to explain high productivity dispersion across cities in LAC countries.
5. UNSUAL HIGH INEQUALITY

Not only are LAC cities more skilled – they are also more unequal.

In LAC a 10% point increase in city population is associated with a 0.29% increase in income inequality (Gini); in the USA the corresponding increase is 0.12 percent, indicating a stronger tendency toward income inequality in large LAC cities.
FEATURES OF LAC CITIES TO EXPLAIN WHY THEY LAG THE GLOBAL FRONTIER:

6. UNDEVELOPED TRANSPORT NETWORKS

RAIL IS NOT PREVALENT IN LAC AND NOR IS PAVED-ROAD DENSITY

In NAC, Asia Pacific, and Europe, about 40% of surface freight is shipped by rail, reflecting well-developed and well-used national rail networks. In LAC rail captures only 22% of surface freight (close to the 19% captured by rail in Africa).
GENERALLY, METROPOLITAN AREAS THAT ARE LARGER IN POPULATION SIZE, EVIDENCE HIGHER LEVELS OF INCOME INEQUALITY.
GENERALLY, METROPOLITAN AREAS THAT ARE LARGER IN POPULATION SIZE, EVIDENCE HIGHER LEVELS OF SOCIO-SPATIAL SEGREGATION

% OF ARABS AND AFRICANS BORNE AS A % OF THE TOTAL POPULATION PARIS METRO AREA 2011

PARIS

AVERAGE HOUSEHOLD INCOME

0-2.0
2.1-4
4.1-6
6.1-8
8.1-10
10.1-12
12.1-14
14.1-16
16.1-18
18.1-20
20.1-22
22.1-24
24.1-26
26.1-28
28.1-30
30.1+
Sin datos

21000
18000
16000
GENERALLY, METROPOLITAN AREAS THAT ARE LARGER IN POPULATION SIZE, EVIDENCE HIGHER LEVELS OF SOCIO-SPATIAL SEGREGATION.
GENERALLY, METROPOLITAN AREAS THAT ARE LARGER IN POPULATION SIZE, EVIDENCE HIGHER LEVELS OF SOCIO-SPATIAL SEGREGATION

NEW YORK
\% OF PEOPLE LIVING IN POVERTY

- <0.5\%
- 0.5\% - 3\%
- 3\% - 5\%
- 5\% - 10\%
- 10\% - 15\%
- 15\% - 25\%
- 25\% - 35\%
- 35\% - 50\%
- 50\% - 75\%
- 75\% - 90\%
- 90\% - 100\%

NEW YORK
SOCIO-SPATIAL SEGREGATION

- < 10\% black population
- < 10\% white population
GENERALLY, METROPOLITAN AREAS THAT ARE LARGER IN POPULATION SIZE, EVIDENCE HIGHER LEVELS OF SOCIO-SPATIAL SEGREGATION
Generally, metropolitan areas that are larger in population size, evidence higher levels of socio-spatial segregation.

RIO DE JANEIRO
BRAZIL
SEGREGATION
BY RACE

RIO DE JANEIRO
BRAZIL
AVERAGE
HOUSEHOLD
INCOME

Black
Colored
White
WHAT DO METROPOLITAN GOVERNANCE AGREEMENTS PROVIDE?
THEY MITIGATE FRAGMENTATION AND IMPROVE ECONOMIC PERFORMANCE

AVERAGE GDP GROWTH PER CAPITA

RELATIVE DEGREE OF FRAGMENTATION

LOW
LOW-MIDDLE
LOW-HIGH
HIGH
THEY MITIGATE FRAGMENTATION AND IMPROVE ECONOMIC PERFORMANCE

GDP PER CAPITA IN METROPOLITAN AREAS WITH GOVERNANCE AGREEMENTS IS 7% HIGHER
THEY MITIGATE FRAGMENTATION AND IMPROVE ECONOMIC PERFORMANCE

GOVERNANCE AGREEMENTS IMPROVE THE EFFECT OF FRAGMENTATION ON PRODUCTIVITY BY 50%
THEY HAVE THE POTENTIAL TO REDUCE INEQUALITY

THE MOST FRAGMENTED CITIES CREATE SOCIO-SPATIAL DISPARITIES
Equitable redistribution of resources
They provide economies of scale in the provision of urban infrastructure (provision of water, electricity and transport) and agglomeration economies.
THEY HAVE THE POTENTIAL TO REDUCE INEQUALITY

**INFRASTRUCTURE PROVISION**

**HOUSEHOLDS WITHOUT ELECTRICITY**

- **Johannesburg**
  - 2010: 14%, 2013: 15%

- **Cape Town**
  - 2010: 9%, 2013: 9%

- **Durban**
  - 2010: 6%, 2013: 5%

**HOUSEHOLDS WITH ACCESS TO PUBLIC BATHROOMS**

- **Johannesburg**
  - 2010: 3%, 2013: 1%

- **Cape Town**
  - 1996: 0%, 2001: 0%, 2004: 0%  
  - 2010: 0%, 2013: 0%

- **Durban**
  - 2010: 10%, 2013: 9%

**HOUSEHOLDS WITHOUT WATER CONNECTION**

- **Johannesburg**
  - 2010: 4%, 2013: 4%

- **Cape Town**
  - 1996: 0%, 2001: 0%, 2004: 0%  
  - 2010: 5%, 2013: 5%

- **Durban**
  - 2010: 4%, 2013: 4%
THEY HAVE THE POTENTIAL TO REDUCE INEQUALITY

CHANGE IN URBAN GROWTH

Low-density and uncontrolled growth (sprawl) is less common and 20% more dense with governance agreements.

LOWER INFRASTRUCTURE COSTS

The densest and most compact cities have lower basic infrastructure costs. Between 35% and 50% lower.

TEGUCIGALPA CASE

Tendency Density is maintained

2,182.28 MILLION USD

+53%

Intelligent Density is steeply increased

1,462.98 MILLION USD
Their air pollution levels are 9% lower than other metropolitan areas.

They have lower CO2 emissions per capita.
THEY INCREASE THEIR FINANCIAL AUTONOMY AND FISCAL PERFORMANCE

1. Decreases externalities during tax collection
2. Reduces negative inter-municipal competition
   - Reduces the ‘free-rider’ effect (when commuters pay less taxes)
3. Municipal indebtedness becomes possible
4. Increases own revenue sources (broader tax bases)
GLOBAL COMPETITION BETWEEN CITIES / CITY BRANDING - 'WORLD CITY'

METROPOLITAN GOVERNANCE AGREEMENTS ALLOWS TO HAVE A ‘VISION’ AS PART OF A MARKETING STRATEGY & DEVELOP AN ECONOMIC DEVELOPMENT STRATEGY

LONDON
‘Promoting the World City’ (2000)
Memo for the Mayor and the GLA London Plan 2008
WHAT TYPE OF GOVERNANCE MODELS EXIST?
Two or more local governments cooperate flexibly to address a mutually beneficial issue. This implies collaboration to better fulfill their individual legal mandates.

EXAMPLE

Committees, commissions, working groups, consultative platforms.

It may involve subcontracting from one municipality to another.

FOR

• Easy to establish
• Answers to local government needs
• Flexible
• Local autonomy
• Can achieve economies of scale
• Useful in case of limited interdependence

AGAINST

• Limited institutionally
• Uncertain legal framework and decisions are not binding
• Usually of limited scale and short duration
• Limited participation
VOLUNTARY COOPERATION INTERMUNICIPAL AGREEMENTS

Communities around Marseille formed a special community with 11 municipalities.

BOLOGNA (1994-2015)
48 municipalities signed the agreement called ‘Accordo por la Ciudad Metropolitana (ACM)’ which included local mayors and was governed by the governor.

The ‘ABC Paulista’ was constituted by 7 mayors to face the negative impact on employment and income levels caused by the decline of the automotive industry.

LOS ANGELES COUNTY
Subcontracted services to other suburban municipalities.

OTHERS: Ruhr, Germany
METROPOLITAN AUTHORITIES FOR SPECIFIC PURPOSES

It’s an independent legal entity with one or more specific purpose. It can be constituted as an NGO or company, and is established by local governments for the planning and / or provision of one or more services at the metropolitan level. Their responsibilities are delegated by municipalities.

**FOR**
- Well defined legal / institutional framework
- Greater efficiency and operational capacity
- Can autonomously take on debt
- While it is constituted as a fixed entity with greater permanence, it can still provide a degree of flexibility to members (municipalities)

**AGAINST**
- Difficult coordination amongst agencies (governments)
- Difficult economic transfers within sectors.
- Weak accountability
- In case it only deals with planning, the risk is having a limited impact
- Requires significant institutional capacity and resources
METROPOLITAN AUTHORITIES FOR SPECIFIC PURPOSES

COPENHAGEN REGIONAL TRANSPORT
The coordination entity is a regional / municipal common agency

GREAT VANCOUVER REGIONAL DISTRICT
Consolidates all functions of special districts: solid waste management; water and budget spending. Resources come from tax collection and all municipalities have representation

STOCKHOLM & LAUSANNE
Coordinates municipal enterprises for housing, real estate, water and port services. Income is transferred to the city.

BOGOTA
Special agency manages the city’s transport system. The operations are wholly financed by a charge imposed on gas.

NEW YORK
Regional Planning Association (RPA), Metro Transport Authority (MTA) and Port Authority

MUMBAI
Municipal Corporation of Greater Mumbai and the Municipal Corporations of Thane, Kaylan Navi Mumbai and Ulhasnagar
TWO-LEVEL METROPOLITAN GOVERNANCE

It’s a permanent government structure that has the legal mandate and competence to provide certain services delegated by municipalities.

First level of governance is responsible for addressing regional issues and the second level is in charge of local ones.

**FOR**
- Balance entre eficiencia y equidad (regional) VS rendición de cuentas (local)
- Estructura permanente.
- Líderes electos o designados.
- Normalmente tienen mayores capacidades y autonomía financiera que municipios.
- Puede ofrecer servicios especializados.

**AGAINST**
- Efectividad depende de autonomía fiscal y mandatos atribuidos.
- Rendimiento de cuentas menos directo relativo a municipios.
- Burocracia.
MADRID COMMUNITY
Conglomerates 179 municipalities and has extensive competencies

GREATER LONDON AUTHORITY
Created in 1999 as the a strategic tier of governance. Citywide administration is coordinated by the the GLA while local administration is carried out by 33 smaller authorities

BARCELONA
Is composed by 36 local municipalities and directed by the ‘President’ (chief of government committee) who is directly elected by the Council.

OTHER CITIES
Quito, Ecuador; Dar es Salaam, Tanzania; Budapest, Hungary; Stuttgart, Germany; Portland, USA; Shanghai (and every big Chinese city); China.
Municipal governments are merged in one only level. Top-down decision.

The new municipality / city covers all the area under economic influence

This new government assumes responsibilities from all fused governments

**FOR**

- Facilitates the coordination of the entire metropolitan area.
- Allows an equitable distribution of services; harmonizes tax collection and facilitates the provision of infrastructure (economies of scale).

**AGAINST**

- Reduces the power of local constituencies to influence on local budget—which often brings intergovernmental conflict with other levels of government.
AMALGAMANTED GOVERNMENT / ONE-LEVEL GOVERNMENT

LOUISVILLE, KENTUCKY
Consolidates the central city and one suburban municipality. However, cooperation is not extended to a regional level.

CAPETOWN, SOUTHAFRICA
Is composed by 61 local governments to guarantee more equitable services. Manages water, sanitation and drainage services. Social services are shared with the provincial government.

METRO TORONTO, CANADA
With a population of 2.6 million people, it amalgamates municipalities that were once surrounding Toronto’s city center.
WHAT GOVERNANCE MODEL DO OECD CITIES OPT FOR?
More than 90% of all metropolitan areas of more than 500 thousand inhabitants are in the OECD.
METROPOLITAN GOVERNANCE IN OECD COUNTRIES

Average population of OECD metropolitan areas by model of metropolitan governance:

- Metropolitan areas with large populations require more complex agreements.

- No agreement
- Voluntary cooperation
- Intermunicipal agreements
- Metropolitan authorities for specific purposes
- Two-level metropolitan governance
- Amalgamated government / one-level government
METROPOLITAN GOVERNANCE IN OECD COUNTRIES

From 263 surveyed metropolitan areas:

- Governance agreements exist in at least 63% of them (178)
- Only 27% (48) can apply legal binding frameworks

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<th>Category</th>
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<tr>
<td>With governance agreements and legal powers</td>
<td>178</td>
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<td>With governance agreements but without legal powers</td>
<td>48</td>
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<tr>
<td>Without governance agreements</td>
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THE DEVELOPMENT OF GOVERNANCE AGREEMENTS IS AFFECTED BY POLITICAL CYCLES

NUMBER OF AGREEMENTS CREATED PER YEAR

METROPOLITAN GOVERNANCE IN OECD COUNTRIES
The most frequent coordination areas are:

1. Economic development planning
2. Transport
3. Spatial planning (territorial / urban planning)
DIRECT ELECTION (11%)

INDIRECT ELECTION (89%)
Municipalities, higher organisms, private sector / civil society.

LEADERSHIP IN METROPOLITAN GOVERNANCE

- Municipal governments representatives: 55%
- Public elections for metropolitan governance: 14%
- Representatives of civic society or private sector: 11%
- Representatives of other levels of governments: 13%
- H / D: 7%
HOW ARE THESE METROPOLITAN AREAS FINANCED?
In the OECD, municipality incomes represent on average 10.1% of the national GDP and 33.2% of the total government revenues.

48% of local governments’ budget depend on other levels of government.
FINANCES IN METROPOLITAN AREAS
FINANCES IN METROPOLITAN AREAS

Usually there is no relation between individuals’ income levels and metropolitan population levels.
TAKEAWAYS
TAKEAWAYS

1. There is no ideal model
   - The model needs to be adapted to regulatory needs and local socio-economic particularities
   - Municipal governance is a process. It can be evolutionary. Examples: Barcelona, London, Toronto.
   - The process is highly affected by politics both in industrialized and developing countries

2. Reasons
   - Efficiency in the provision of services vs. Reduction of inequality and spatial and socioeconomic polarization through the redistribution of resources
   - Global economic competition: ‘World City’ Concept
TAKEAWAYS

3.1 CORRELATIONS

SCALE ECONOMIES

ACCOUNTABILITY

FRAGMENTATION
3.2 CORRELATIONS

Takeaways

- Fragmentation
- Amalgamation
- Intermunicipal Coordination

Inequalities

Fragmmentation
LESSONS LEARNED

3.3 CORRELATIONS

PRODUCIVITY

FRAGMENTATION
TAKEAWAYS

4

Special treatment – it's not a ‘city’ anymore

Fiscal decentralization

Economic and financial independence

Economic incentives to stimulate and accelerate governance processes

Clear definition of responsibilities and competencies between parties
TAKEAWAYS

Direct election
Control or legislative

COUNCIL

COMMISSIONS
Water, Solid waste management etc

SUB-COUNCILS
PER NEIGHBORHOOD

Strengthens contact with citizens

MAYOR

ADVISORY COMMITTEE

Private sector
NGOs
Academia
### TAKEAWAYS

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<td>1.</td>
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<td>2.</td>
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<td>3.</td>
<td>Economic development</td>
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Need of a territorial logic that replaces the sectorial one

| 7 | The lack of capacity of some municipalities must be replaced by an institutional actor |

| 8 | Authorities direct election: not only provides credibility and hierarchy, but also establishes loyalty to the institution |

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<th>A determined political will at the national level is required</th>
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<td>- Only “Formal” efforts do not work</td>
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<td>- The federal governments have shown high interest in the last decade</td>
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THANK YOU