



Metropolitan Governance: International Experience

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Presentation outline

- What is a metropolitan area? What is metropolitan governance?
- Why does metropolitan governance matter?
- How do we evaluate governance models?
- Models of governance used around the world
- Foundations of strong metropolitan governance
- Considerations in the short, medium, and long term

What is a metropolitan area?

- Densely populated urban core surrounded by a number of less populated cities, towns, villages, suburbs
- Single economy, single labor market, community of interest
- Strong and complex interdependencies among local jurisdictions – social, economic, environmental, political, administrative
- Greater Kampala Metropolitan Area (GKMA) defined in law to include Kampala, Mpigi, Mukono, Wakiso

What is metropolitan governance?

- Process by which governments (all levels) and non-government actors (civil society, business associations, unions, etc.) in the metropolitan area collaborate to:
 - deliver services
 - formulate public policy

Why does governance matter?

- Metropolitan governance is critical to how:
 - service delivery is coordinated across the metropolitan area
 - consensus is achieved on economic development strategies, land use planning, etc.
 - productivity and economic growth are fostered
 - costs and revenues are shared
 - accessible, accountable, and responsive are local governments

Why does governance matter?

- Metropolitan governance matters for service delivery:
 - **Transportation:** coordinate transportation across municipal boundaries (e.g. taxis, roads in GKMA); ensure access to employment and services; coordinate transportation and regional land use (transit-oriented development needs to be regional GKMA)
 - **Water:** determine where to locate treatment facilities
 - **Solid waste:** determine where to locate garbage disposal sites (where should landfills go in GKMA?)

Why does governance matter?

- Metropolitan governance matters for economic development:
 - Impact on **productivity**:
 - larger cities enjoy agglomeration economies
 - fragmented governance could increase cost of doing business because of need to deal with many local offices, ineffective planning and traffic congestion
 - **Coordination** of economic development activities reduces harmful competition within the metropolitan area
 - Greater Kampala economic development strategy recognizes the need for metropolitan cooperation

Criteria to evaluate governance models: balancing regional and local interests

- Economies of scale – costs per unit fall as quantity of service increases
- Regional coordination/spillovers – ability to coordinate services and policies that cross municipal boundaries
- Equity -- ability to share costs and benefits of services fairly across the metropolitan area
- Local responsiveness, accessibility, accountability

Four Metropolitan Governance Models

- One-tier fragmented government structures
- One-tier consolidated government structures
- Two-tier government model
- Voluntary cooperation/special purpose districts

A metropolitan area can reflect more than one model

One-Tier Fragmented

- Many local governments operate in metropolitan area with ability to choose own level of public services, fees, taxes, and debt financing
- Local autonomy, responsiveness, competition
- Inability to address spillovers; lack of coordination of services, planning and economic development; cost of services not shared equitably across metropolitan area

One-Tier Fragmented Structures

- Los Angeles – 200 cities and 5 county governments
- Buenos Aires – Autonomous City plus 32 municipalities
- Manila – 16 municipalities
- Mumbai – 7 municipal corporations, 13 municipal councils, parts of two districts, more than 900 villages, 21 parastatals

Examples of inter-municipal cooperation to follow



One-Tier Consolidated

- Metropolitan government with powers to deliver services and raise revenues across metropolitan area
- Economies of scale; redistribution between rich and poor areas; coordination of service delivery; internalizes externalities; more choices for efficient taxation
- Threat to local autonomy, responsiveness, and citizen engagement
 - Innovative mechanisms – open government; participatory budgeting
- Reduces competition among municipalities – weakened incentives to be efficient
- What is the appropriate boundary?

One-Tier Consolidated Structures

- Cape Town – geographic boundary coincides with economic region
- Toronto – a city too big and too small
- Shanghai – divided into administrative units (urban districts and street offices)
- Abidjan – combines 10 communes plus 3 prefectures on the outskirts of the city



Two-Tier

- Upper tier provides services that are region-wide; lower tiers provide local services
- Upper tier: economies of scale, redistribution, internalize externalities
- Lower tiers: access and accountability
- Costs may be higher because of duplication
- May be less transparent and more confusing for citizens

Two-Tier Structures

- Greater Manchester Combined Authority – regional authority plus 10 district councils
- Barcelona – metropolitan council plus 36 lower tiers
- Paris – Metropole du Grand Paris established in 2016; includes inner city and suburban arrondissements
- Dar es Salaam – Dar City Council plus five lower tiers



Voluntary Cooperation

- Local autonomy; economies of scale; address externalities
- Relies on trust among municipalities; lacks legal protections that come with more formal contracts
- Potential problems of accountability
- Cost sharing arrangements can be challenging
- Can work for one service but no overall vision for the region

Special Purpose Districts

- Single function placed under control of special district; may have access to dedicated revenue stream (e.g. user fee or earmarked tax)
- Easy to create politically; easy to disband; local autonomy; economies of scale; address externalities
- Voters have less control and possibly less access to these bodies than they do with a municipally-elected council

Special Purpose Districts

- Greater ABC Region in São Paulo (“bottom up”)
- Bogotá – public company implemented transportation plan for metropolitan area
- Parastatals in Mumbai deliver a range of services



Governance Structure	Criteria Satisfied				
	Economies of scale	Regional coordination	Spillovers	Equity	Local responsiveness, accessibility, accountability
One-tier fragmented					✓
One-tier consolidated	✓	✓	✓	✓	
Two-tier					
<i>Upper Tier</i>	✓	✓	✓	✓	
<i>Lower Tier</i>					✓
Voluntary cooperation	✓		✓		
Special purpose districts	✓		✓		

Foundations of Strong Metropolitan Governance

- Legitimacy
 - Political legitimacy through direct election
 - Institutional legitimacy through national or state legislation
 - A process that involves all stakeholders in early stages of restructuring
- Clearly defined and effective authority
 - Clear assignment of expenditure responsibilities and revenue sources
 - Geographic boundaries that match boundaries of economic region
 - Fiscal autonomy
- Adequate capacity
 - Adequate staffing and training
 - Revenues that match expenditures

Considerations in the short, medium and long term

- Short term:
 - Voluntary cooperation on delivery of specific services (e.g. transportation for metropolitan area)
 - Build trust among the parties involved
 - Establish a structure for coordinating central government involvement on metropolitan issues (determine which ministry will take the lead)
- Medium term:
 - Undertake a study of alternative metropolitan governance models, including the advantages and disadvantages of each
 - Public consultation on different models
 - Determine the most appropriate structure for the GKMA
- Long term:
 - Introduce legislation that sets out powers and resources (fiscal and human) for proposed structure

Considerations in the short, medium and long term

- “Bottom up” (driven by local authorities and communities) and “top down” (driven by central government)
- Bottom up: need to bring together all stakeholders at the initial stages (public, NGOs, local authorities, central government)
- Top down: role for central government to bring legitimacy to the process (even in a bottom up process)