Session-V
Metro Regions in Federal Countries

Introduction: In this morning session we will explore the issue of "Metro Regions in Federal Countries". To tell us more about the intergovernmental issues, processes and modalities in a federal set up, Mr Marco Costa from the Office of Planning and Institutional Coordination Government of Brazil, and Prof Phil Harrison, Professor of Development Planning from the Wits University in Johannesburg. Patrick Heller would be chairing the session. Patrick is a Professor of Sociology at the Brown University. He is currently a Research Fellow at the Centre for Policy Research, Delhi. The panellists in this session are Kalpana Sharma who is an independent journalist and columnist with The Hindu. We have Mr A Ravindra who is the Urban Adviser, Government of Karnataka and Darshri Mahadevia, who is a Faculty Member in the School of Planning and Public Policy, CEPT University. I ask Marco to please make his presentation.

Presentation by Mr Marco Aurelio Costa:
Good morning everyone, *Namaste* as I should say. It is a pleasure to be here and my purpose is presenting Brazilian experience in metropolitan vision management and governance. It is not bringing the best practices or things like that. We do know it is not the case. It is rather bringing our experience, our challenges, difficulties and specifically in this session sharing a federative perspective on governance experience. You know where Brazil is, I suppose. This blue point is Brasilia. It is not Buenos Aires. Brazilian federal structure has the union, 27 States and 5569 municipalities. All our territory is divided in municipalities. There is no gap, no empty space. Every corner belongs to a municipality. This is a huge country; 8.5 million sq km. Our population in the last Census (2010) is a 190 million and our degree of urbanization is 88.4%. It is definitely a urbanized country. Our GDP is 2.2 trillion US dollars and our per capita is about 11, 500 dollars. Each of these levels in our federation has, of course the executive heads, the president, governor in the case of states and the mayors and of course there are also the legislative chairmen and so on. They are all elected, direct elections, the three levels. We used to say we are the biggest democracy in the world because of the direct elections. The president and the governor are elected are for a four years mandate. He can be re-elected once and 2010 it was our last presidential and state government election and average four years. Last year (2012) we had our municipality elections. So it is not matched, which may be an advantage and also a problem how to do with these horizontal and vertical relations in a federative country when you don't have these elections matched.

In this map you have the annual growth of population between 2000 and 2010. The blue (municipalities) had decrease of population. The yellow ones between 0 - 2.5% per year and the orange and red are really the municipalities that experienced a big growth. As you can see just in our Amazon region we have more municipalities growing over the average. In southeast and in the south our population is quite stabilized. Our municipalities has a long history due to our Portuguese influence. Since the colonial times we have municipalities. It was just 177 when the independence came and down today we see clearly two periods of a huge increment of municipalities and 1946 to 1966 there was a municipalism movement and more than 2000 were created in these years and after the federal constitution, the new federal constitution of 1988, after the dictatorship we also experienced a huge increment of municipalities in Brazil. These are just some figures to understand. They will be important in the end. I said we have 2.2 trillion dollars as GDP. The union budget this year is 1.2

trillion dollars. A quarter of Brazilian GDP is public budget, just the union. 120 billion is discretionary expenses. The other 88.4% are compulsory expenses. The government can change it and legal and constitutional transparencies and this 122 billion is expended on healthcare mainly. The acceleration growth programme (it is a programme created in 2007), education and "Brazil without poverty" (it is a huge social programme since 2003-04). The PAG (acceleration growth programme) is expended 26 billion this year, transport and logistics 9.5 billion, housing 6.9 billion and World Cup and Olympics 1 billion.

This is our structure, legally speaking. We have some administrative matters that belong just to the union. International relations, national defence and so on. We have private competencies in legislative area. Our civil, criminal, procedural, electoral laws are federal and belong to the union. You don't have this case of someone commits a crime in states, cross the border and is free to go. It is federal, the union. We have some concurrent legislative competencies shared by the union and the states and here the matter of urbanism and metropolitan governance is included and we have a long list of common and horizontal administrative laws and issues. There is no subordination. It is quite a mess, I have to say. Justice has always been asked to respond. Each level in our federal structure must respond to a certain question, to a certain activity and everything is there – public health, social security, education, environmental, everything is in this common and horizontal competencies. Other entities/responsibilities expressed in the federal constitution; the states, especially after 1988 they are defined by complementary laws, the metropolitan regions, the micro regions and urban agglomerations. They can create and establish how they will be managed and maybe possibly based on what we call the public functions of common interest and municipalities have supplement federal and state laws; organize and provide local public services, including public transport, education, especially the first nine years belongs to the municipalities, public health although there is a national system and promoting territorial planning by land use and subdivision control it belongs to the municipalities. So you have 5569 municipalities controlling land use and land subdivision itself.

The metro regions' genesis: our first metropolitan regions were established before 1988 (in 1973 and 1974) by federal government during the dictatorship regime, the military regime. It was a time, the 1970s of economic growth. There was a lot of easy money in the markets. The government contract a big debt that became a problem years later. Politically we had a dictatorship and no social participation at all. Urbanization process going on; completely different from the information I gave you (in the last census) and a centralized public management. We call it the technocracy era and so the metropolitans regions were created in these times. You can imagine how people react in bad humour when you are talking about metropolitan regions. It is kind of connected to dictatorship and technocracy. There were created 9 metropolitan regions (Sao Paulo, Belo Horizonte, Curutiba, the major cities still in the country). The law defined what mutual the public functions of common interest, established some facilities for these regions to get financing, especially in economic and social infrastructure and there was a linkage between this metropolitan region creating strategy and a second national development plan. So creating the metropolitan regions in Brazil in the 1970s was kind of a strategy to push the economy forward and thinking in a regional perspective. The law bring institutional design that should be replied in every state, the 9 states that have metropolitan regions and there is a deliberative council appointed by the state governor, an advisory council and a fund was created to carry on the problems and finance the infrastructure. It worked in some cases. It was although of course technocratic and non-participatory process. It worked as we will see later.

After 1988 the new Federal Constitution did a shift in these competencies. The states are now responsible for creating and managing our metropolitan regions. It is quite a shift. As we see we have no criteria for creating metropolitan regions and there is a kind of dislocation between the social process, the economic process that configures a social, spatial metropolitan region and the metropolitan region itself legally speaking. We had a recession during the 1980s and the 1990s. It was not good economically speaking. This is one of the reasons that dictatorship came to an end, of course. They experienced of huge problems, increasing social demands and had no financing conditions to carry on the old model, the centralized model. We have the consolidation of democracy with presidential elections in 1989, an eager of social participation and decentralizing the public management. Centralization was equal, dictatorship, technocracy. Decentralization, it is democracy. It is like, after some years we understand it is not quite this way, not necessarily. But in the 1980s and the early 1990s that was everybody was thinking about. Decentralization is equal democracy. After 1988 we have (this is a 2012 balance because it is moving on. We have news every month. We have 55 metropolitan regions in Brazil which makes no sense at all and three integrated development regions). This integrated development regions is when we have a metropolitan region which some municipalities belongs to more than one state. You have two or more states' municipalities participating in the metropolitan region we have an integrated development region. I guess it is like Delhi. I don't know if the comparison works. But our statistic and geographic institution that carries on the census and all Brazilian data (IBGE) recognize just 12 metropolis in Brazil which means if I look in terms of socio-economic process I may say there are 12 metropolis in Brazil – those 9 from the 1970s and 3 more – but actually, legally 55 metropolitan regions exist. They also recognise that there is a big national metropolis (Sao Paulo), of course two national metropolis (Rio de Janeiro and Brazil the capital) and 9 metropolitan spaces. These metropolitan spaces are not looking for work through to being..... Of course, they want too but they are not seeking a better position in the global theatre system. Sao Paulo of course and Rio too but Brasilia and the other 9 are not really. I know Curitiba is a good example for a lot of things and they sell themselves very well. But they don't seek to be a global city exactly.

We have here a map. In your left you have the 55 metropolitans which exist in 2012 and on the right 12 metropolis. As you can see it is completely different and there are some strange things like this. In the left we have the state of Roraima in the in the north region and this is a satellite image. You see this like a fish. This is the urbanized area. The rest is the rainforest and it is a metropolitan region of 12000 people, as strange as it gets. On the other side we have Sao Paulo (39 municipalities and 19.5 million people, GDP 412 billion in 2010, of course a minor area). These both are metropolitan regions regarding the law which is quite strange. We have some figures here. These 12 metropolis are responsible for 45% of our GDP. It is huge. If you see the map how little they are, small areas in a big country. But they respond for almost half of our GDP. Here we have Sao Paulo. This is the perimeter of the official metropolitan region. This is what IBGE recognizes as a metropolis considering some economic and social data and here we have a comparison just to know that in that map comparing the 55 and the 20. Maybe the same region is there but the municipalities are not the same like Maranhão.... Maranhão is that green one in the north of Brazil. For the IBGE Maranhão is a city region. Finally I found one fillip, a city region. Maranhão is a city region. That is just one municipality. If you look, conurbation, economic and social data just Maranhão. But the metropolitan region of Maranhão have 5 municipalities. Some of them you have to go by boat 5-6 hours to get there. There is no conurbanized and things like that. So what the state government did create in these metropolitan regions was making a bit of a

mess and confusions. It is a huge distance between what is socially and economically a metropolis and what is in Brazil a metropolitan region.

Now I have brought to some figures about our 12 most important metropolitan regions, including Brasilia which is not a metropolitan region, is a huge development integrated area because it takes part of the federal district Brasilia, part of some municipalities from Goiás, the state of Goiás and part from state of Minas Gerais. So the metropolitan area of Brasilia takes municipalities from three different states. If you look to this data the numbers are not so bad I must say. I was hoping to console Mr Sivaramakrishnan but the numbers are quite good. Electric energy expansion is almost 100%. General water supply in Brazil 82.9%. In the metropolitan regions 91.2%. Here are the problems are in the north region Belém and Manaus. Of course, they are different cities because Amazon Basin it is completely a different world even for us in Brazil. We don't understand exactly how things work in the north because it is completely different. The network is made by rivers, creeks. The urban network is completely different and of course they have difference in the matters of supply and solid waste collection. The data of solid waste collection for the metropolitan goes to 97.5%. The houses with bathroom, no toilets (99.7%) in metropolitan regions....connected to the sewage of prevailed system 74.2%. Again, Manaus,...and the cities in the northeast brings the worst data and the population of our metropolitan region goes to 65. It is a third of our national population and the degree of urbanization in the metro regions go to 97.6. So it is an urbanized world.

It is the same map I showed you before, but pointing the 12 metropolitan regions we have. So you see Manaus is the one which is growing more rapidly. The others not really. A bit Brasilia area but Porto Alegre in the south is experiencing decrease of population and so on. We are carrying a project at my institution and we are analyzing the institutional arrangements in 15 metropolitan regions in Brazil. Of course, the most important ones (the 9 and 6 more). Some results we are getting, 46% of them these are the most important metropolitan regions (Sao Paulo, Rio de Janeiro, Curitiba, Belo Horizonte, Brasilia). 46% have specific management institutions; less than half really have someone to respond to the metropolitan questions. 56% have specific funds for metropolitan development but just 33% of them are actives, actives very largely speaking, not really actives but exist and have some money and 73% have deliberative councils but just 30% of them allow civil participation on their... It is almost non recent registration of activities. I was a former council in Belo Horizonte metropolitan region. Here we have some maps to show you how some public functions are expressed in territorial basis when it comes to who is responsible for management in these public functions. In case of health here is Sao Paulo. As you can see we have three different regional directorship, something like this. So we don't have one institution responding for the education in the metropolitan region. In this case you have three. In education in Sao Paulo it is a patchwork, a lot of scholars. In sanitation also we have again 7 different institutions responding for water and sewage.

In Rio the same. In health we have 5 different institutions. In education a patchwork and these are the two biggest cities in Brazil. These two cities we can call them megacities and you remember when I showed you the public budget, 120 billion dollars for discretionary expenses from the federal government and this is the whole budget for the State of Sao Paulo, city of Sao Paulo, the State of Rio and City of Rio which means they don't have money to invest, to carry on with all infrastructure needs. So analyzing the current situation there was an institutional metropolization, we call that institutional metropolization process partially reflecting Brazilian urban network, still concentrated far from polycentric but in process of

interiorization. This can lead to an institutional fragmentation. Metropolitan management per se became more fragmented, especially if you consider case by case each public function of common interest. There was a weakening of metropolitan management after 1988. So this shift passed from federal government to state government produced a weakening process in metropolitan management, at least in the first years. 11 states (we have 27), 11 do not define what is a public function of common interest. They don't have criteria for that. Only 10 states have at least an institutional design, a system of metropolitan management; an agency, a council, a fund. But 16 state laws provide for the creation of metropolitan councils. Since participation is a big issue they do their best to create these councils. But I must say these councils unfortunately are leading to nowhere. I was a councillor for two years in Belo Horizonte metropolitan region. It is a in law the liberated council which means we have to have some power. But in two years of work we deliberated nothing which is a quite frustrating experience. It is Just 9 provides for the creation of metropolitan funds. So financing is a big issue. Outcomes from the statute of the city are municipally restricted and the metropolitan regions remain open. We had this statute of the city. It is linked to the right of the city concept which is great and we have a couple of good experiences with master plans and participatory democracy in urban planning. We have quite a good experience in this area and there is a debate from these questions. Since the municipality is entitled to management of land use and land subdivision what can the state government do? There is in our Congress a law project, a project of law to create the statute of the metropolis. Since we realise the statute of the city becomes a world reference and the problems we experience in metropolitan governance they are trying to write a law on kind of a mirror law to the statutes of the metropolis.

Financing the metropolitan region development, especially social and urban infrastructure became an important challenge and it is important to ask how and who will finance metropolitan region development. If you look at the numbers, the public budget numbers who is financing metropolitan regions? The union, the federal government because the state government and municipalities just cannot do that, don't have resources. So the union, the federal government carry on with financing our infrastructure, urban, social infrastructure in Brazil. I know how you hate typologies. I am sorry. This is after studying these 15 metropolitan regions. We have a feeling that a tentative typology must work as a hypothesis in our project. There are some cooperative public functions. When you are looking to metropolitan governance we realize that we must look to specific public functions of common interest. This big metropolitan governance it is too big. But if you look to specific public functions you may understand a bit better how things work in this fragmented road. There are some cooperative public functions and some non-cooperative, less cooperative (we are not quite sure about it). But this is our experience. I won't explain everything. I will leave this presentation with you.

Transport is a cooperative public function. It works very well. Sanitation too. Health and education although they are quite cooperative since they have a social basis and delivering the social services in the local level it is easier. There is in Brazil kind of a structure, a national structure, national systems and there is not much thing to do, not much space for cooperatives because it is a federalist structure, a system like we have in health. There is a unified system and housing and land use control it is quite a challenge how to make municipalities and states cooperate. There are some new possibilities for metropolitan governance, a new consortial federal law that allows formal cooperation between federal representatives. There are national structural systems as I said before with financing and so on. We have good experiences in city metro region regarding transport. They have a

consortium there. In metropolitan region we also have some experiences in environmental area and transport. So we have different experiences from this consortial law and the result of the PPPs Sao Paulo has a metro line, entirely public sector financed. The union gave the money and the PPP was made only to operate the lines after constructing. So the big investment is public. The PPP was designed just to operate the system. So there is some kind of division of work in this PPP. Here we have a map with different inter-municipal organizations in metropolitan region of Sao Paulo, Sao Paulo metro region. As you can see there is a lot of experiences and one huge difficulty we are having is since the federal government is responding for the biggest part of the investment in urban infrastructure since 2003 there is almost a non-comparative public functions and the federal government is enforcing it. It is making the cooperation less possible.

The housing programme; *minya cas, minya vida* is my house, my life. We are very creative. We are creative when naming these programmes in Brazil, is example of a good programme that is facing a 7 million houses debt in Brazil and these 7 million houses is being constructed, there is a plan to 2023, has been constructed by federal movement. But it brings a lot of problems to the municipalities, especially going against the master plans and there is nothing the mayors can do because the entrepreneur comes and says I have land this way in the fringe of the city, you put infrastructure there. I put house, you put infrastructure.

So the last one being provocative. We are talking about metropolitan governance dealing with horizontal and vertical conflicts and tensions, specifically political agendas, historic and cultural differences. So there is not a pudding recipe that you take the ingredients and put all together. No, it must be seen case by case considering cultural, political agendas and so on recognizing the differences between management and governance and institutional design is not enough. Of course, it is important. But what we see it is not enough to carry on ourselves our problems. It is better when design is specifically for a public function of common interest. So what we are, maybe, bringing is this advice, look for the public functions case by case, individually, of course without losing the connections and influence in terms of the metropolitan level. You must see the case and see the interactions and taking advantage of other forms of cooperation including PPP, experimenting and trying at the same time and to balance the regulation principles of state, market and community. Metropolitan region is not about market. It is market of course, but is also a state and community. Thank you very much.

Presentation by Mr Phil Harrison:
I have listened with fascination to presentations on this wonderfully complex country and the wonderfully complex cities in India and of course the complexities in other parts of the world and of course I do speak with some trepidation as I am not sure what South Africa's particular experience as such to your challenges but I am comforted by the opening comments that we are here to console each other.

South African went through radical political transformations and that provided a rare moment for our country. But even so the change that happened was complex. The change required an extended transition period and often had ambiguous outcomes. So the key lesson before I get into the presentation just to put it upfront, if I could venture a key lesson, it is like getting institutions right is necessary but really far from sufficient. To some extent in South Africa we have got the institutions right, especially in the metropolitan areas as I will show you and this brought real benefits but we made mistakes in the process and in the rush to transform, for example, we ran down the capacity of the state, we allowed networks of patronage to

flourish within the state. We appointed those we shouldn't, overly politicised the bureaucracy and so we are currently, despite the fact that there has been radical institutional change, we are currently facing a situation where there is a real crisis of legitimacy in many local authorities. Now, in terms of institutional transformations they had been radical. If you look at your left, that is what pertained in terms of regional government before 1994. We had four provinces which were really extension of central government and then we had this extraordinary patchwork of what we call homelands. Every black ethnic group was confined politically to a particular homeland and some of these homelands were even granted independence by the South African government. Of course South Africa was the only country to formally recognize their independence. So you had this jigsaw puzzle and over a number of years that had to be transformed, in fact had to be transformed very quickly after 1994 to what you see on you right hand side, the 9 provinces within what we call or what I am calling a quasi-federal arrangement. You have to integrate the administrations of the provinces and the administrations of those old homelands into the 9 provinces.

So South Africa's post-apartheid constitution, post-1994 wasn't the results of sitting down in a technocratic fashion and designing the ideal institutional architecture. In fact, it was a negotiated compromise. The ANC, the strongest political party expected to win power nationally and so it argued, in its interests, for a centralized unitary state. Other parties which expected to win power within particular regions argued for a federal arrangement. So what emerged really was something that is quasi-federal, that something between, I think something between Canada and India and both Canada and India provided important informant models when South Africa's constitution makers were writing the document. What the 1996 National Constitution does it provides for three separately elected spheres of government, specifically spheres of government (I will show you), not tiers of government and I described, has been distinctive but interdependent and interrelated. So the municipal sphere is protected in the constitution. No one can take away the powers of the municipal spheres, not dependent on provincial government, for example, for its powers. So you can see in this arrangements there definitely elements of federalism but South Africa very carefully or the ruling party in South Africa has very carefully avoided the term "federalism" and certainly seized the conferring the power on the provinces as a compromise and the outcome of the negotiations and not the ideal.

There is the theory and there is the practice and the constitution talks about relationships of equality and partnership between the spheres. So in the constitution local government is not inferior to provincial or even to national government but in practice of course more of a hierarchy actually pertains and in practice national government often does have a paternalistic relationship to provinces and provinces to municipalities. On the left-hand side is the theory; distinctive spheres of government with some overlapping functions, concurrent functions as in the Brazilian Constitution and on the right-hand side is what often pertains but in realty it is somewhere between the two and in reality it is quite a complex arrangement requiring a lot of negotiation between the spheres. There is a recent study that draws was a comparison and between India and South Africa suggesting that at the time of the creation of the State of India and the State of South Africa much more recently there was a similar concern and obviously a concern with avoiding deepening conflicts in a divided society and because of this and this overriding imperative for national cohesion and national unity and, in both instances central government was given a fairly strong hand over time. Of course I don't understand the context well enough but over time, says the study, India has decentralized, become more truly federal, overtime. Perhaps in a fairly elaborate and sometimes confusion process and roles have began to be clarified but it is not clear whether South Africa, first

post-apartheid South Africa, much younger state, will follow this route and because in South Africa already there is a high level of disenchantment, particularly with provincial governments and so it is not certain that provincial governments will eventually strengthen their role and function and become what might look like federal states, and the ruling party, faced with opposition in some of the regions, is frustrated by its lack of ability to exercise full control over the whole country. So there is a very complex set of relationships between the three spheres and it requires a fairly level of capacity to manage those complex relationships and the new state that post-apartheid South Africa is often doesn't have the capacity to manage those relationships leading to some degree of dysfunctionality and leading to declining public trust towards public institutions.

There are a number of counterviews of the system 18 years into the new system. We are asking the question does the system of multi-level governance really enhance democracy, does it improve or undermine capacity, does it manage or exacerbate regional and ethnic conflicts and there is, as I said, a fairly high degree of scepticism about the model. But there is also a lot of caution about major overhauls so recent into the process, only 18 years into the process and so what we are likely to see are incremental reforms, reforms that would clarify functions, build capabilities rather than another radical overview in relation to the metros that I talk about in more detail. The idea is to go more coherent set of powers to the metro at the moment. For instance, transportation is not really a function of the metros but land use planning is and so to bring all functions relating to the built environment into the sphere of metropolitan government.

Very quickly in terms of local government there was transition period. We had very highly fragmented, racially structured local authorities (around 1100 across the country) and they were amalgamated in a five year period into 284 non-racial municipalities. Of course not only was it about amalgamation, it was also about democratization. Of course it wasn't a democratic system, and what emerged which is important for this discussion, what emerged from that process really was single-tier metropolitan governance. So for the rest of the country outside the metropolis we have got two-tier; our local authorities, but within metropolitan areas, within city regions we have single-tier, metropolitan councils that don't share power with any other local council and what is important, whereas perhaps in Brazil metropolitan governance was linked to the authoritarian regime before 1988, in South Africa the creation of metropolitan governance was seen as linked to liberation, was the outcome of the political struggle, grassroots political struggle and the clarion call was for one city, one tax base which would allow for redistribution, the twin wealthy are mainly white areas and poor are mainly black areas and so metropolitan governance really was welcomed in the country. So we have a system of wall to wall municipalities. This just shows local metropolitan municipalities (that little insert at the top shows the metropolitan municipalities). It also shows the political arrangement. It shows the green is the African National Congress which is in control of municipalities and the blue is the Democratic Alliance and showing, for example, why a party like the DA would want a federal solution as it can capture power within a particular region.

The assignment of government functions are quite complex because many of the functions (don't worry about the detail here), many of the functions are concurrent. They are shared across the spheres of government and that requires complex negotiations in terms of handling any particular function. Fiscal arrangements; sub-national government does account for quite a high percentage of state expenditure with provincial government being almost entirely dependent on national government for transfers, education and health or the big education

functions and local government varies in the cities, in the metros and local authorities are mainly self-funded and in that sense are more autonomous and stronger than provincial governments. Without the details (there is quite an elaborate framework, we can talk about) which tries to make the connections across the spheres and there have been some reforms to that system. Many of the reforms simply come from the High Courts, incrementally, resolving areas of ambiguity but there are new approaches now to try and achieve those better connections across the spheres of government. We can talk about that later if you wish.

Just in terms of planning; because there is no hierarchy in the system and different spheres of government prepare their own plans, those plans have to be mutually adjusted. So province cannot tell a municipality what should be in a plan and vice versa and so the difficulty of tying up the planning system without a hierarchy is quite a challenge.

Let me move quickly on to a big city government, particularly in metropolitan government with a focus on what we call the Gauteng City Region which consists of three metropolitan areas – the city of Johannesburg which is a metropolitan council, city of Tshwane which used to be called Pretoria and the city of Ekurhuleni which is to be known as the East Rand. This is a diagrammatic representation of the space economy of South Africa and you will see, towards the top-right, that is the Gauteng City Region, accounting for 34% of the national economy and such quite a high level of primacy within the country with the coastal city regions accounting for most of the rest of the economy and so the major urban areas in South Africa account for 85% of the GDP with single city region Gauteng accounting for 34% of the GDP. So Gauteng's share of the national economy is similar, for instance, to Stockholm's share of Sweden's national economy and that just shows the settlement distribution and also fairly high level of primacy about 22% of the population within the Gauteng City region and it is a region built on gold and of course we have lot of challenges, similar I think, and I don't know enough about it, to Mumbai's story and relation to the mills and the vacant land. The mill land is similar perhaps to the mining land we have in Johannesburg. So we have a region, the Gauteng City Region of about 12.2 million, which his about half I guess, of the population of the Mumbai region, similar to the population of Mumbai city.

Of course huge challenges; fairly rapid increase in population, high unemployment rates, one of the highest in the world. Our Gini coefficient is the highest in the world for any city (0.73), the international alert level, I am told, is 0.4. So it is an extremely unequal city. It is a very complex city in its city region, in its spatial structure, largely a legacy of apartheid and it is not a simple gradient, the international gradient profile of high densities near the centre and reducing towards the periphery. That is not the case in this city region. Historically densities were the lowest near the centre and highest on the periphery where the black population was often removed and so this presents enormous challenges. Just think of the transportation system, trying to connect these fragmented points of density across areas of very low density and one of our biggest challenges in the city region is mobility, just moving people and goods around the city region and this is rather out of date urban age diagram but it shows the Gauteng City Region at the bottom-right, in comparison the population (figures are out of date) but in comparison with some other city regions with similar population size in the world. So the bottom-right is the Gauteng City Region, the top-left is then London, Paris and Jakarta and it shows the fragmentation and the low density across much of the city region and in relation to those regions.

So institutionally speaking the city region is managed like this. There is a provisional government mainly dealing with health and education but with some overlapping functions with the municipalities. There are three metropolitan municipalities that don't share power. So J there in the centre is Johannesburg. It has got 4.2 million people. It is a metropolitan city with a single administration is Ekurhuleni. Tshwane it looks very large. In fact it has the largest municipal area of any city in the world. Its population is less than 3 million and that is because for political reason they have incorporated a semi-rural district into Tshwane which I won't go into, and then around the edges of those metropolitan areas we have a two-tier system of district municipalities. The yellows are district municipalities sharing power with three local municipalities. So although the system is relatively simple in international terms it is nevertheless complex and institutional coordination across the boundaries and between province and the municipalities with a metropolitan or district is still a challenge and there are areas of tension. So one of the areas of tension, for example, is in the field of housing. The Constitution says if a municipality has the capability to handle the housing function you must devolve the housing function from provincial to municipal sphere. The problem is provincial governments don't want to let go of the housing function. It gives them power and so there has been a bitter struggle between municipalities like the Johannesburg metropolitan council and the Gauteng Provincial Government around the housing function.

In terms of land use management the Constitution is ambiguous. The writers of the Constitution couldn't foresee every question of interpretation. So there is no function in the Constitution that says "land use management". There is simply a function that says "local planning and other functions", that says "regional development." Another one that says urban development and so questions of interpretation are really very difficult. So provincial government has interpreted the Constitution to mean that they can undertake, as a provincial government, land use management. But the city interprets the Constitution to mean that land use management is a municipal function and so what has happened is that we have had two parallel functions, two parallel systems; one managed by provincial, one managed municipal because of this ambiguity and developers of course play the system; Because they think they can get a permission easily through provincial government they will go provincial government or they will go municipal government and it makes coordinated planning really difficult and this led to a lengthy court battle that went right up to the Constitutional Court, the highest court in the land which eventually decided that land use management should be within the municipal sphere. So that has clarified the matter. But it was a long and difficult battle.

Transport functions are highly fragmented. You cannot put together an integrated transport system within our cities because transport functions are divided between national government, provincial government and local government and that remains the case and remains one of our big challenges. As I said mobility is perhaps is our biggest challenge in terms of spatial development in the city and the institutional arrangements don't make it easier to resolve. National government doesn't like the fact that municipalities (not all municipalities), metropolitan municipalities have their own police force and there has been a lot of tension within that area of safety and security and it is an important area for us. We live in a very high crime ridden city and so that is another example where ambiguity in the Constitution is leading to difficulties on the ground.

So, there is an idea, there is a discourse within South Africa, particularly within Gauteng that comes partly from the Randstad. That is the idea of city region governance. We have three metropolitan councils. How do they relate to each other? And so the idea is to conceive

Gauteng as a city region in the same way as the Randstad was conceived in the Netherlands and we have, for example, now setup Gauteng City Region Observatory as a partnership between provincial government and the universities which provides really very important information and analysis on how the city region really works. But it is an unfinished project and there is really a lack of shared vision as to what city region should be. So provincial government, for example, thinks city region governance should be provincial government taking over the power of the municipalities and becoming the super municipality. The municipalities, metropolitan municipalities don't like that obviously and talk about voluntary cooperation between the three metropolitan municipalities.

So where do we go? Do we simplify further? Do we look at a new overarching metropolitan authority, perhaps with a special relationship with national government that bypasses provincial government. That is a possibility. Do we really look at the models in the USA. We heard about that yesterday around voluntary collaboration and networking or in The Netherlands or in terms of the concordats between municipalities that you see in the UK, for example and the interests obviously behind this are very different, or should we be more cautious and look really at a gradual further simplification of arrangements, extending our metropolitan boundaries or perhaps just project based collaboration around transport networks? As I have said before there really is a lack of will to explore the more radical possibilities. We have been through extensive institutional restructuring. We know that that institutional restructuring is insufficient. We still have a fairly complex arrangement. This is the nature of our Constitution. So the idea is really, and where there seems to be consensus is what we call a "light approach" to integration, i.e. simplifying the institutional terrain without major reorganization and a lot of that might simply be clarifying powers and functions which, as I said, are currently ambiguous, and then incrementally building those strategic cross-border partnerships, particularly in terms of transport but also in terms of other areas, and then aligning our spatial framework and planning systems and this is beginning to happen.

I am almost at the end of the presentation, but I thought I should just say something about the internal structuring of the metropolitan area. So the city of Johannesburg which is one of the three metropolitan areas within the Gauteng City Region is also fairly large. It has got 4.2 million people. It is fairly difficult to administer that without any local councils. So what the city has done is that it has divided itself into 7 administrative units, what we call "regions". The terminology gets confusing, and they are not elected. There is just one elected municipal metropolitan council. So there are these administrative units and when the metropolitan city was set up in 2000 these administrative units were fairly powerful and they performed functions, the limited housing and health functions that were allocated to municipalities – health and recreation and so forth. But they were seen as too powerful by the elected officials and so they were significantly downgraded in 2006 and now only perform a very small range of functions and are fairly weak structures. But very recently, about a year ago they were seen so weak that they were ineffective and they have been enhanced again and strengthened again. So one tends to vacillate between strong internal regions and weak regions and that has to do with threats to the Centre. But it is a way of managing fairly complex metropolitan regions. Internally, you have a fairly strong Centre responsible for policy, strategic planning, some of the core functions. But we also have "city on company", companies, corporatized entities, they are not privatized entities. They are wholly owned by the city that provide for a service delivery and we have got about 15 of those, the main ones, dealing with water, power and refuse removal and it is the only city in South Africa that has these corporatized entities and corporatization did help stabilize a very precarious financial situation - Johannesburg faced near bankruptcy in the late 1990s – but have also added problems of institutional

coordination because we do of course have the CEO for the city who has a lot of power together with the executive mayor, non-elected executive mayor but elected by the elected metropolitan council and so there is a fairly strong Centre. But by creating corporatized entities we have created another issue of coordination. Although the city appoints the Boards they cannot directly instruct the companies and so there is a degree of oversight and so there is a debate within Johannesburg as to whether we should have gone the corporatization route and the response so far has not been to reincorporate these entities into the city administration but rather to strengthen political and administrative oversight of these companies.

Very quickly some conclusions. The key question that we face currently or a key question is how do we handle those intergovernmental relations in a fairly complex constitutional framework that does not formally allow for hierarchical flows and directives? Of course, some of those do happen. The other question is now, 18 years after our initial experiment we know what the flaws are, should we know restructure again, as I said, this little appetite for that, and then going back to the point I made at the beginning. Institutional structures, institutional architecture does matter. But there are some things that are more important than the institutional structure and so issues around capability, corruption patronage and so on actually have a greater effect on performance of institutions than does the institutional architecture, and so the pragmatic approach that is currently been followed, of course there was a great institutional upheaval, but now it is about systematically further reducing the complexities in the system, delineating roles, gradually establishing those voluntary networks of collaboration which may be a step towards another long term restructuring and strengthening coherence in the system without negating the benefits of (I will be careful of the term federalism), perhaps "quasi-federalism". The benefit of our Constitution is that it does force negotiation and that is a benefit and then really, very importantly, we need to build the capacity, the capability for those intergovernmental engagements, and let me leave it there. Thank you.

Chair: Thank you Phil. Thank you to both of our speakers. I think you both helped us disabuse ourselves of the notion that maybe only India is complex and there is obviously extraordinary complexities in the Brazilian and South African cases and I think there is a tremendous amount of learning that can take place by thinking comparatively through these cases, like many of the challenges that you have identified in Brazil and South Africa are quite similar to the challenges faced in India and we will be taking up some of these comparative themes throughout the afternoon. Unfortunately, we got a bit of a late start this morning and we are on a very, very tight schedule. It is imperative we start the next session at 11.30 and I think everyone would be quite angry at me if I deprive of them of their tea and coffee. So I want to make sure we have time for tea and coffee but we start at 11.30 because we have no room for extra time extending the session. I am going to start by taking myself out of providing any commentary and make some contributions later this afternoon. But I would ask that our panellists and I do apologize, keep their comments as short as possible and we might even defer your responses to this afternoon where we have two more open sessions that will allow us to think through these comparisons a little bit more. So, with the last plea that we tried to keep this as brief as possible I think over to Mr Ravindra.

Comments by Dr Ravindra: I am happy that other countries share our conflicts and tensions and I would also say, like maybe South Africa, India is not a purely federal state but it is quasi-federal in character. We have a Central List, State List and a Concurrent List but more often than not that a central government tries to prevail and in the Constitution we do not have the expression "metropolitan region". Although more than 1 million population cities

are called metropolitan cities and we have made provision for a Metropolitan Planning Committee and a Metropolitan Development Plan metropolitan region as such is a new concept even in India and let me say something about (in view of the shortage of time) of the Bangalore governance system since I come from Bangalore and yesterday somebody was saying that most of the discussion seems to veer around Mumbai or Delhi and the other cities are hardly mentioned.

Bangalore is peculiar in the sense we have 2 metropolitan development authorities. One is the Bangalore Development Authority which covers what is called the Bangalore planning or metropolitan area which is just about 1300 sq km. But the Bangalore Metropolitan Region is 8000 sq km and covers the entire earlier district of Bangalore. So we have about 9 municipalities in the Bangalore Metropolitan Region. We have similar problems of institutional fragmentation, coordination and so on. But I would like to draw attention to the fact that the forces that are operating in a metropolitan city or a metropolitan region I think we need to take note of that. Why does a city sprawl into a metropolis, metropolitan city and then a metropolitan region? Basically, I think I would say the most critical is the factor of land. The land market is the most important force that is operating in India. It may be the real estate, it may be the industry. These locations are divided by the industrialists or the developers and then the state comes into play and starts planning. In a way development by the private developers overtakes planning by the state or state government. But let me also say at this stage that so far as the infrastructure development, which is perhaps the most important that we talk about these days, the central government tries to, again, exercise control over the state governments through its own projects, like in South Africa or in Brazil it can be cooperative federalism or whatever the expression that is used.

We have the JNNURM for instance (Jawaharlal Nehru National Urban Renewal Mission) or the RAY or the earlier IDSMT, even in the rural areas MGNREGS. Through financing, through funding and projects the central government is able to exercise control over the state governments and state governments in turn exercise control over the city governments, whether they are a metropolitan region or a city. So it is for the state government to decide what sort of a metropolitan region they want to set up. For instance, now in Bangalore the state government has recently taken a decision in order to decongest the city. Bangalore city by itself becomes, it is becoming more and more congested. So we will set up 8 different city clusters within the metropolitan region, i.e. the industrial clusters or city clusters. That way you provide also proper connectivity. Ultimately next to land is transportation. You provide connectivity to these regions and then to that extent maybe you are able to plan better the development of the metropolitan region. But so far as the metropolitan structure is concerned, we have a Bangalore Metropolitan Region Development Authority as I said and a Bangalore Development Authority. What I would suggest is that certainly you need a single authority for the purposes of planning, capital budgeting and coordination. The two-tier structure should be that the municipalities can be smaller. In fact the Delhi Corporation has now split into three municipal corporations. In Bangalore also we have now floated the idea. Suddenly a municipal area of 235 sq km became 800 sq km and now they find it unmanageable. So recently we had a seminar to say or to raise the question whether we can have smaller municipalities. So for providing local services I think smaller municipal organizations are better and for the purpose of coordination, infrastructure development it would be better to have a larger authority whether it should a metropolitan planning committee as provided for in the Constitution or a metropolitan planning and development authority which perhaps even the CPR report in a way seems to suggest, or it should be a kind of a city-state (I think yesterday somebody was mentioning that if at all you want to

have a proper leadership and we are speaking about the mayoral type of government, whether a strong mayor. Political leadership is certainly extremely important. Whatever cities lack today is political leadership. Unlike a Chief Minister in a state and the Prime Minister of the country, if we ask the question who is the leader of the city there is no single answer. Is it the Mayor, the Commissioner or perhaps the Chief Minister himself as some people would say). If we want a Chief Minister like power structure at the metropolitan level maybe metropolitan region could also be a metropolitan state, if at all. But the region should be large enough. But whether the state governments would go in for such an arrangement is the moot point. The Chief Minister himself doesn't let go of the powers. This is the crucial question. So I would say in conclusion that any kind of changes that we are now contemplating would certainly need an amendment to the 74th Constitutional Amendment itself, what I have been propagating or suggesting all along. Unless you think of a thorough overhaul of the 74th Constitutional Amendment we will not be able to put in place a proper or appropriate structures both at the city and the metropolitan level. So role delineation, the delineation of metropolitan area which was discussed for long yesterday, would also mean an amendment to the 74th Constitutional Amendment. I think that is the final message that I would like to leave at the moment. Thank you.

Ms Darshini Mahadevia: Since the time is short I would like to raise certain issues which have come out from yesterday's and today's discussion and also which are the points which are for consideration of the CPR team for taking this dialogue further.

Since yesterday, when metropolitan planning and governance is being discussed I think it is assumed and all international case studies present us this policy framework of no-liberal paradigm and I think there is very little connection between the issues of governance and development policy paradigm. I think today's individual country case studies have brought that out better and I think that is a need of the CPR study to locate the whole discourse on regional development and metropolitan regional development within the policy discourses that we had. For example, in India we had earlier a policy discourse of balanced regional development built on the equity and the principles of "socialism". From there we are moving into more economic growth paradigm and that is when this idea of regional entities or regional governance emerges and I think we need to look at this whole linkages between the development paradigm and governance paradigm that one is talking about and especially in the Indian case explore it more with a little more historical trajectories. I think these two cases studies today given the situation that the countries have gone through in political terms, one coming from the apartheid regime and the other from the dictatorial regime, there are clear-cut dates and periods when this transitions occur and so that needs to be seen. Second, in India we also have states which have a very different development trajectories and so metropolitan region within Mumbai could be a different political trajectory compared to Delhi and I think this little more disaggregated and analysis of historical trajectories of metropolitan regions also need to be done.

Second, I think we have been assuming urban governance, urban areas and it has been stated even in the JNNURM preamble that urban areas are centres of economic growth. I think that is tautological. Historically it is tautological. It is trying to push for certain kind of paradigm shift. What is not talked about is that urban areas and including metropolitan regions are also habitats of people and the entire policy discussion yesterday does not bring out these nuances how one would look at urban areas and habitat versus a growth centre. In Brazilian case he very nicely put it as "proper definition of public functions". That gets missed out. I think we need to have this discussion on India. When we talk about governance issues,

decentralization, etc., are we also looking at cities that are habitats and what does it mean, imply in terms of policy and governance issues, including setting up of institutional case systems that we have.

I think Mr Ravindran said very nicely what I think we also need to have distinction in Indian discourse on differences between authority and a government. (And unfortunately lot of) I think Sivaramakrishnan's own studies earlier have shown and he has been showing his discontentment with lack of implementation of 74th Amendment itself because cities don't have powers today and the entire game of implementation of JNNURM projects, including the infrastructure projects, including housing projects which is I think of minister's interests, there is lot of centralization of way things are happening. The states are not listening because what we find is fairly high... In last 10-15 years we do find states emerging as entities which are powerful entities than the national government and there is already a big tension between the states and the central government and we do see that getting played out in the implementation of JNNURM and especially the BSUP, the housing component has much, much more tension. For example, Rajiv Awas Yojana comes up with an idea of in-situ redevelopment which gets translated in practice in the state as a real estate project of affordable housing and it is not necessarily that both are the same because one does find that when the housing is addressed through only FSI and affordable housing projects has lot of gentrification and displacement of the poor population that we see in various cities the BSUP housing itself has shown that the low incomes groups, about bottom 40% (that is what I think our understanding is in various cities) they do not become part of such programmes and with increasing urbanization if India's growth has to be retained there has to be urbanization to bring in labour in the cities and if the labour in the cities have to be in the approach to urbanization and housing through FSI and the definition of affordable housing is not going to give us answers that we are looking for. So there is this warning. In that case what I like this two case studies today presented give us this detail,In-depth analysis of central, state and local government relationship I think that we need to explore more in various studies that we have.

Last thing, that I do want to ask a question to the South African speaker Philip. You did mention about what is the share of sub-national governments in terms of their expenditures. But I think one would like to know more about their, maybe not now but in the tea, is how much is the tax collection because that is where the vertical imbalance in terms of decentralization can be seen in India. It is a paradox in India. The states want more authority but states don't want to decentralize authorities to lower levels of government.

Ms Kalpana Sharma: I am not a planner and today we have had a bird's-eye view. My job as a journalist has often been to get the worm's eye view of what goes on in cities. I think there are some questions that I would like to present which I think should remain also centred when we are talking about institutional changes we certainly need to take place. But I think we have to ask who is it for? What are we making these institutional changes for, and I would suggest that quite often in the language of planning and discussion the person right at the bottom of the heap is forgotten and in India certainly since December 16th and that horrific gang rape that took place in Delhi, the issue of cities and public spaces and safety of the most vulnerable has become central to the discussion of urbanization. So I think we must keep that in account that cities are people, and I think you mentioned this, that I think that somehow the people element seems to be forgotten and therefore I think also in terms of what are the priorities, both in terms of institutional change and investment, tend to get sidelined into either economic growth or profitability of cities and institutions that run it rather than

making cities liveable, again, for the people who are the most vulnerable, who at the bottom of the heap, and therefore, priorities such as public transport, priorities such as sanitation which is very much a women's issue, priorities such as affordable housing these are not priorities. We can see this, I am a resident of Mumbai and this is a city that is totally dysfunctional because the priorities have been dictated entirely by the interests of 8 to 10 per cent of the people who live in this city and not the 90 per cent of the people who live here, and the other thing I would say is the common wisdom in India over the last 65 years has been that the more you decentralize the more you give power to people who actually create efficiencies of another order, not of the type that the corporate world talks about but efficiencies because you actually deliver services to the people. So I think any counter trend that leads to centralization of power in institutional building is dysfunctional, especially in the Indian context. I cannot speak of any other context.

The last thing I would like to say is in all our countries now we have an informed citizenry. It doesn't matter what class they belong to; because of Right to Information, because of the spread of information people are aware. They are asking questions. They want to know. So it has to be, again, regardless of the institutions it has to be a responsive system of governance. A system of governance where the distance between the governed and those who govern is reduced and I think if you build that into the discussions on the structures that we require then you will have something that will actually work on the ground. Otherwise it will remain in the realm of discussion and reports and studies and not necessarily make the life of the ordinary urban citizen any better.

Chair: Marco and Phil thank you very much for your extraordinary presentations and I apologise again for short-circuiting the discussion, and to the panellists for raising so many fascinating questions which I think are almost perfect segways into our next session which will be taking up the political space in which institutional reforms might take place, and then this afternoon we will have occasion to revisit and I hope interrogate all the questions that you have raised and discuss South Africa and Brazil through Indian lenses a little bit more. Again thank you much.

End of Session V