



Governing the City

Policy Highlights



This brochure is a summary of the publication *Governing the City* (OECD Publishing, Paris). The full publication is available on the OECD iLibrary at <http://dx.doi.org/10.1787/9789264226500-en>.

Acknowledgements

This brochure was prepared as part of the OECD “Urban Trends and Governance” project, which benefitted from financial support of the European Commission – DG Regional and Urban Policy.

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Why does metropolitan governance matter?

Metropolitan areas are centres of economic activity and home to half the population within the OECD. Due to their socio-economic complexity, policies in metropolitan areas are highly interdependent on each other. In this context, it is crucial to find the governance arrangements that take these interdependencies into account.

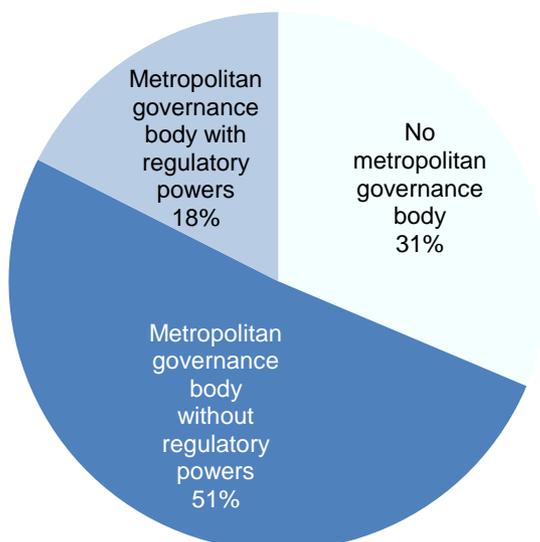
Empirical analyses show that the choice of governance arrangements has important consequences for economic performance, for the well-being of citizens and for environmental outcomes in metropolitan areas. The better governance arrangements work in coordinating policies across jurisdictions and policy fields, the better the outcomes along the abovementioned dimensions. Coordination of policies is especially important in light of the often outdated municipal borders in metropolitan areas that do not correspond to today's functional realities. This mismatch contributes to coordination problems and increases the need for governance structures that compensate for it.

How are OECD metropolitan areas governed?

The renewed interest in metropolitan governance in recent years has led to the creation of a wide range of organisations that are dedicated to the issue – hereafter referred to as metropolitan governance bodies. More than two thirds of OECD metropolitan areas have established such a governance body in charge of organising responsibilities among public authorities for metropolitan-wide development. Most of these bodies have been created in the past 20 years.

There is considerable diversity in terms of the legal status, composition, power, budget and staff of these organisations. For example, less than one-quarter of OECD metropolitan areas has a governance body that can impose binding regulations. Where these bodies do exist, their budgets vary significantly, from less than USD 1 per capita to several thousand USD per capita. Generally, budgets of a few USD per capita are most common.

Most metropolitan areas have a governance body without regulatory power



Note: Share of metropolitan areas depending on whether they have a metropolitan governance body and whether it has regulatory powers.

Source: Ahrend, R., C. Gamper and A. Schumann (2014), "The OECD Metropolitan Governance Survey: A Quantitative Description of Governance Structures in large Urban Agglomerations", OECD Publishing, Paris.



Four types of governance bodies can be distinguished according to the way they operate:

Informal/soft co-ordination bodies: Often found in instances of polycentric urban development; lightly institutionalised platforms for information sharing and consultation that are relatively easy both to implement and to undo. These bodies typically lack enforcement tools and their relationships with citizens and other levels of government tend to remain minimal.



Inter-municipal authorities: When established for a single purpose, the objective of such authorities is to share costs and responsibilities across member municipalities – sometimes with the participation of other levels of government and sectoral organisations. Multi-purpose authorities embrace a defined range of key policies for urban development, such as land use, transport and infrastructure

Supra-municipal authorities: These organisations form an additional layer

above municipalities that is introduced either by creating a directly elected metropolitan government or with an upper-level of government imposing a non-elected metropolitan structure. The extent of municipal involvement and financial capacity often determine the effectiveness of such an authority.

Special status of “metropolitan cities”: Metropolitan areas that exceed a legally defined population threshold can be upgraded to a special status as “metropolitan cities”, which puts them on the same footing as the next upper level of government and gives them broader competencies.

These four different types of governance body vary according to how much influence over the metropolitan area they typically have. Those based on informal co-ordination are the least stringent in terms of formal rights and responsibilities, whereas metropolitan cities tend to be the most stringent. Inter-municipal and supra-municipal authorities form intermediate cases that have varying degrees of stringency.

Depending on the population size of the metropolitan area, some governance arrangements are more common than others. Metropolitan areas without any formal metropolitan-wide governance arrangement tend to be the smallest, whereas metropolitan areas that are governed as metropolitan cities tend to be the largest. Metropolitan areas have one of the other types of governance bodies fall in between.



Effective metropolitan governance has many facets

Experiences among several regions recently analysed by the OECD and beyond suggest that good metropolitan governance may not be the *only* solution for improving growth and well-being, but it is certainly a *critical part* of any solution.

Many metropolitan areas with poor metropolitan governance arrangements are wedged in sub-optimal socio-economic results (e.g. Athens-Attica could benefit from more effective inter-municipal co-ordination to better control sprawl; Puebla-Tlaxcala could better leverage the currently state-driven Metropolitan Fund to exploit economies of scale in infrastructure and other projects). Evidence shows that where metropolitan co-ordination has occurred, it often helped to unlock significant development potential (e.g. when Marseille conceded

collaborative efforts, it achieved notable results such as the success of the European Capital of Culture 2013; the efficient integration of public transport around Frankfurt contributes to the region's economic buoyancy).

Even wealthy metropolitan areas could further exploit their agglomeration benefits through more effective governance (e.g. finding win-win solutions to overcome high administrative fragmentation in Chicago could help to solve transport bottlenecks). Finally, even those areas endowed with a metropolitan arrangement need to revisit its potential to reach out further (e.g. Daejeon enjoys strongly integrated metropolitan governance but could reinvigorate its sluggish growth by better co-ordinating with surrounding municipalities).







Integrating transport and land-use planning is crucial

Better integrating the governance of transport and the governance of spatial planning – which are, respectively, the main fields of work for 70% and 60% of OECD metropolitan governance bodies – would contribute significantly to higher growth and well-being.

Both of these policy fields are highly complementary with each other. Without good transport links, even the best planned new development will not flourish. Conversely, a transport network that is not adequately adapted to the urban form of a city will not serve citizens well. Therefore, it is of crucial importance that policies in both fields are well co-ordinated.

While there is widespread consensus that better connecting transport and spatial planning decisions helps prevent costly consequences of urban sprawl and promotes harmonious development, institutional barriers to closer coordination of both policy fields often remain. Although the responsibility for transport planning and spatial planning occasionally lies within the same entity, it is more commonly located with different entities. Co-ordination mechanisms need to be put in place to align strategic decisions and serve a common overarching goal for the development of the metropolitan area.



Effective governance reform

Encourage long-term co-operation

While the OECD does not endorse a specific model of metropolitan governance over another, experience suggests that metropolitan governance reforms need to reach beyond purely institutional changes to build a long-term process of co-operation, in which central governments can play a critical role by providing leadership and effective incentives.

Fit governance arrangements to local conditions

The presence of a metropolitan authority does not, in itself, guarantee better policy co-ordination. As metropolitan areas continue to evolve, even once well-functioning governance structures may eventually need to be adapted. A risk commonly encountered is that governments may attempt to replicate a specific type of metropolitan governance arrangement that is considered successful in one place, but which may not be entirely transferable elsewhere given the considerable variety of contexts.

Focus not only on the outcome of the governance reform but also on its process

When looking to adopt a metropolitan governance arrangement, governments are invited to assess not only the trade-offs associated with each reform, but also the process of designing, implementing and sustaining the reform. The following steps can guide effective metropolitan governance reforms.





Steps for a successful reform process

Motivate collaboration by identifying concrete metropolitan projects.

Seizing the right window of opportunity in the economic, social and political context of a given territory will help to lay the basic foundations for the reform. Broad awareness of the socio-economic benefits of metropolitan-wide collaboration will reduce resistance to the reform. A clear electoral mandate helps municipal governments to push through reforms.

Kick-starting collaborative initiatives around tangible projects on key public services can help rally forces at the initial stage and progressively lead to setting a “bigger picture”. Flagship events are another potential occasion to gather momentum for metropolitan reform.

Examples of such occasions are major sports events, cultural events or high-level political meetings and conferences.

Build metropolitan ownership among key stakeholders.

Metropolitan governance reforms need one (or more) strong advocate(s) as driver of the process. A relevant personality or institution often plays a pivotal role in steering change and creating or maintaining momentum for reform. Beyond municipalities, the national government, intermediate levels of government, the private sector, civil society and universities need to be actively engaged in the reform process.





Ensure national government support.

Leadership by the national government can be a crucial factor for the success of reforms. Even when the reform process occurs through a bottom-up process that is driven by local actors, it is unlikely that it can be successfully completed if there is no support from the national government.

Tailor reliable sources of metropolitan financing.

The reform needs to take into account how the new governance structure can respond to the financial needs of the metropolitan region, and how to match the new governance structure's responsibilities with corresponding financial resources. Securing an appropriate, reliable stream of funding helps to avoid unfunded mandates and facilitates effective collaboration.

Design incentives and compensations for metropolitan compromises.

Co-operation among municipalities works best on a voluntary basis, with incentives provided by higher levels of government. This also implies implementing strategies to engage those who feel threatened by the reform and leveraging their buy-in (sometimes by compensating for their anticipated losses).

Implement a long-term process of metropolitan monitoring and evaluation.

Solid background research and scrutiny from unbiased experts creates and sustains credibility for the reform by strengthening the evidence base. Independent expertise and research capacity are required to demonstrate the need for change and the desirability of the proposed solutions to key stakeholders.

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With the financial assistance
of the European Union