



Metropolitan Regions
as Governance Systems

Unpacking Metropolitan Governance for Sustainable Development

Analysis of Case Studies

Summary Reports of Case Studies

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Preface

Urbanization is a megatrend which will significantly shape the economic, political and social transformation of societies and their spatial impacts. It is estimated that up to 70% of the global population will be living in cities by 2050. Future urban growth will almost exclusively take place in developing countries. Thereby, spatial and functional interrelations between cities, settlements and their surrounding areas are increasing and the metropolitan scale is gaining more and more relevance for integrated urban and city-regional planning, financing and implementation.

The Sector Project “Sustainable Development of Metropolitan Regions”, implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), develops action-oriented advisory services on the role of metropolitan regions as drivers for sustainable development. Within this approach, the Sector Project operates in four focus areas to address the diverse social, economic and ecologic challenges in urban agglomerations.

The four focus areas refer to:

- Metropolitan governance structures and cooperation beyond administrative boundaries / urban-rural linkages
- Integrated resource-efficient development / Urban NEXUS
- Regional economic development and innovative business regions
- Inclusive labor markets and residential centers in metropolitan regions.

This case study analysis forms part of the publication series “Sustainable Development of Metropolitan Regions” that gives conceptual guidance and recommendations for hands-on approaches for development organizations as well as partner countries in the field of sustainable development of metropolitan regions.

We encourage a critical and intensive discussion about the findings and recommendations offered by the discussion papers, conceptual studies, case study reports, and analyses through policy makers and practitioners as well as academia. The publication series shall serve as a reference point for the ongoing international discussion on transforming urbanization, implementing the Sustainable Development Goals at the local and metropolitan level and thereby contribute to the Habitat III debate.

Carmen Vogt
Head of GIZ Programme
“Sustainable Development of Metropolitan Regions”

Unpacking Metropolitan Governance for Sustainable Development

Analysis of Case Studies

Summary Report of Case Studies

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List of Abbreviations

DA	Development Agency
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GMA	Guadalajara Metropolitan Area
GUGP	Good Urban Governance Principles
IDP	Integrated Development Plan (in eThekweni)
LAP	Local Area Plans
LG	Local Government
LUMS	Land-use Management System/ Precinct Plans (in eThekweni)
MB	Metropolitan Bandung
MG	Metropolitan Governance
MoU	Memorandum of Understanding
MR	Metropolitan Region
SDF	Spatial Development Framework (eThekweni)
SDP	Spatial Development Plan
SIAPA	Inter-Municipal System for Water, Drainage and Sewers (in Guadalajara)
SPLUMA	Spatial Planning and Land-Use Management Act (South Africa)
UN	United Nations
UNH	UN-Habitat

Executive Summary

GIZ and UN-Habitat published in 2015 a joint discussion paper on metropolitan area governance “Unpacking Metropolitan Governance for Sustainable Development”, giving insights into ways metropolitan regions are governed. The study analyzes different forms of institutional governance structures at the metropolitan level and presents thematic entry points for governance reforms, as well as mechanisms and instruments for metropolitan management. Local and national governments, urban decision makers as well as international development organizations will find in this discussion paper a set of policy recommendations. This publication aims to feed the international discussions on transforming urbanization and the relevance of rural-urban linkages and should contribute to the Habitat III debate and the elaboration of the New Urban Agenda.

As part of this study, GIZ and UN-Habitat conducted three case studies to document practical examples of strategies, structures, instruments and mechanisms for metropolitan governance and their effectiveness. The selected metropolitan regions are Metropolitan Bandung (Indonesia), Guadalajara Metropolitan Area (Mexico), and eThekweni (Durban, South Africa). They were prepared by local consultants in collaboration with local institutions under the coordination of the Global Fund for Cities Development (FMDV).

The three cases, although unique, are representative of the diverse situation of metropolitan governance in the global South. eThekweni has an already matured culture of metropolitan governance. In Guadalajara, instruments and tools are currently being defined at national and regional levels to respond to the metropolitan reality. Metropolitan Bandung displays an example of metropolitan governance with ad-hoc cooperation initiatives that can be found in many of de facto metropolitan areas in the world (spatially and socio-economically existent). The case studies exemplify some of the core concepts of metropolitan governance developed in the discussion paper. The present report (Part I - analysis) adopts a comparative approach and provides an analysis of the most relevant metropolitan governance mechanisms/instruments in these cases, and extracts key aspects of general interest; in particular regarding institutional, financial and operational mechanisms. The report also comments on the transferability of the findings of the case studies to other metropolitan regions.

The three selected metropolitan regions – although not the largest ones – are economically very important for their countries. eThekweni is Africa’s largest port and very service based (including tourism). Guadalajara Metropolitan Area (GMA) has significant electronics and information technology manufacturing. Metropolitan Bandung (MB)’s economy is dominated by manufacturing and services (trade, tourism, creative and textile industry, and higher education institutions). While the local governance structures in Indonesia and Mexico appear reasonably similar, eThekweni benefits from a significantly higher decentralization level and independence, particularly in terms of planning of municipal matters (higher governments can only intervene in South Africa on such matters if it goes against the national interest).

All three metropolitan regions comprise large areas of high density informal settlements on the periphery of the city, with low levels of amenities and employment opportunities nearby. They all have significant informal economies (household enterprises, informal traders, etc.). While this is perceived in GMA and Bandung to be a problem (from a nuisance perspective, forgone tax revenues, etc.), eThekweni has taken a proactive approach by providing trading space on some sidewalks, training opportunities, etc., recognizing that the informal sector is important for the livelihood of a great portion of the active workforce. A particular local issue usually triggers a metropolitan governance initiative – by the local authorities in the region (“bottom up”), or by a higher level government (“top down”). In the case of eThekweni, the transition in South Africa from the apartheid system to a constitutional democracy triggered a need for reform. This resulted in restructuring local governments including eight large, metropolitan municipalities (eThekweni being one of them), each jurisdiction corresponding to their metropolitan area. In Indonesia, as in most countries, local governments in metropolitan regions are not treated differently than other local governments. In Mexico, the current urban reform should create a new legal and regulatory environment, conducive for betterment of the metropolitan culture in the country and its administrations.

The main “triggers” for metropolitan discussions in the GMA (8 local governments) have been “top down” initiatives, including: (i) a Metropolitan Fund, a federal program that assigns resources to cities for metropolitan scale investment projects; (ii) a metropolitan level water authority; and (iii) a metropolitan planning institute; all with strong provincial government influence. Similar to GMA, Metropolitan Bandung (5 local governments) represents fragmented metropolitan governance, with coordination initiatives mostly related to investment projects managed by national ministries. The need for a joint waste disposal site and a joint water supply system for part of the metro area has triggered “bottom up” driven agreements though.

All three cases have regional/provincial governments. Due to strong independence of the municipalities in Indonesia, the West Java provincial government has limited influence over municipal affairs of MB. The Jalisco state government for GMA on the other hand, has extensive influence over the local and metropolitan matters. South Africa has a particularly strong national legal framework for local governance as provincial governments are very weak. The national government tends to deal with eThekweni and other metropolitan municipalities directly. Most important, local government powers are enshrined in the Constitution (1996), recognizing local government as a distinct sphere of government, with high decentralization level and independence, particularly in terms of planning of municipal matters (on which higher governments can only intervene if it goes against the national interest).

While the Mexican constitution gives a municipality organizational autonomy and responsibility to provide certain basic services, it specifically prohibits an intermediary authority between a municipality and the State government, such as a metropolitan level local government. A legal provision exists for municipalities within a State to create alliances, but this has not been applied in Guadalajara to date. The new GMA *Metropolitan Coordination System* is based on cooperation and collaboration. After decades of slow implementation and few successes in sectorial inter-municipality arrangements, GMA has yet to prove whether its laws, institutions and stakeholders are now mature to collaborate within formal frameworks.

The municipal (local government) councils are key entities in each of the cases. Since eThekweni is a single jurisdiction metropolitan area, the municipal council is the “metropolitan council”. The city also has a Municipal Manager (a “CEO” for the municipality appointed by the mayor and approved by the council), providing for full-time, professional city management. In Bandung, institutional mechanisms for metropolitan scale coordination and initiatives are lacking. In the GMA case, the State of Jalisco government has very strong influence on the metropolitan region (e.g. on public transport and investment coordination). A State Government run Metropolitan Council exists ‘on paper’, but has had little, if any, broader influence on developments in the region to date. A recently established Metropolitan Planning Institute in Guadalajara may in due course prove to be an important entity.

In terms of service delivery, GMA has a regional water and sanitation authority (SIAPA) with elected representatives on its Board from all municipalities. Some services have strong involvement of the Jalisco State Government, particularly public transport. In MB, contracts exist between some municipalities for the water and solid waste sectors. eThekweni has five major network services Units – for water and sanitation, electricity, public transport, roads and solid waste management – all reporting through the City Manager to the Mayor’s executive committee.

With regard to finances, inter-governmental transfers represent the dominant vehicle for recurrent revenues in Bandung and Guadalajara. eThekweni has significant own source revenues (80-85% of the total revenues), whereas in Metropolitan Bandung they account for only 13% and in the GMA for about 40% of total budget. Regarding capital investments, MB and GMA mostly depend on contributions from the higher level governments as well. The mentioned Metropolitan Fund in Mexico promotes coordination and collaboration among municipalities, and some pooling of funds with State governments. While the inter-governmental relations in South Africa are defined in the Constitution and other laws, they tend to be bureaucratized and function mostly as solely information sharing meetings. On the other hand, inter-governmental developmental (investment) initiatives are far more successful - a distinction which is also reflected in the MB and GMA cases. However, all three cases have challenges of coordinating plans and projects managed by the national/regional governments and a local government respectively. This is the case even in eThekweni, with extensive legislated requirements for inter-governmental coordination.

Political party agendas significantly influence the governance in all three case cities, albeit somewhat less in eThekweni due to its stronger municipal independence. The relationships between the local councils and the national and

regional/provincial governments appear to be particularly critical in both Guadalajara's and Bandung's case for the development of the area. Regarding the role of local stakeholders, all three cities provide opportunities for participation and input on issues to various degree. However, interviews in GMA highlight a general lack of public participation in local government affairs and engagements are being very politically driven. Although extensive mechanisms exist in eThekweni for public participation, interviews in the case study report reflect risks of one-way communication only; inputs not being acted upon; and limited participation.

Metropolitan-scale operational mechanisms in MB are essentially absent, or under construction for GMA, mainly due to extensive "silo mentality". Even coordination mechanisms *within* each municipality appear to be lacking. The metropolitan-wide efforts in GMA appear to be driven by the State Government (e.g. on public transport planning, and investment coordination). In contrast, many operational mechanisms exist in eThekweni, in particular for planning and public participation, with committee meetings at both municipal and Ward level. Although all case cities have various planning instruments, e.g. in GMA, a Development Plan, Urban (Land Use) Plan, and an Urban Development Plan; and in MB various levels of spatial plans; these are developed and applied individually by each local government not coordinated or harmonized at a metropolitan scale. In contrast, eThekweni has a comprehensive municipal (and thereby metropolitan) set of planning instruments. In addition to a Municipal Plan¹ and an Integrated Development Plan (reviewed annually), four statutory plan levels are applied for spatial planning.

The following aspects appear to particularly hamper metropolitan governance in the respective region:

- In Bandung, the **lack of harmonized "agendas"** between the national, provincial and local government level (particularly between the provincial and the local governments), resulting into fragmented planning.
- In GMA, a strong **parochialism** among the local governments. This is a key issue in most metropolitan regions, i.e. the municipal councilors focus on improving the economy, services, amenities, etc. in their own jurisdiction only (where their voters are).
- In eThekweni, **different party political agendas**; disagreements causing deadlocks; and councilors largely only interested in delivery in their Ward. Even though different political views are intrinsic elements of a democratic system, excessive focus on political party interests may become serious obstacles for any development.

The following lessons of general applicability are drawn from the case studies:

- **Common vision and mission are fundamental**
- **A neutral broker can help, particularly for avoiding parochialism**
- **Ensure coherent and constructive engagements by national and provincial governments**
- **Be realistic and focus a governance reform process initially on items with high probability of success or on topics with clear inter-municipal scope or spillover effects**
- **Anticipate (and allow) the governance arrangements to evolve over time**
- **Consider all options for improved metropolitan governance**

In highly fragmented governance situations with strong "silo mentality", such as in Bandung and GMA, or when intense party politics characterizes decision-making (or the lack thereof due to "paralysis"), as often in eThekweni, initiatives at metropolitan scale run the risk of getting derailed. In such situations, external stakeholders can be helpful partners in facilitating for the stakeholders to arrive at a common vision and mission for their region.

The findings on metropolitan governance in MB and GMA, although showing slow metropolitan construction, would particularly be of interest to other metropolitan regions in developing countries.

- **The Metropolitan Fund concept in Mexico, which illustrates the not uncommon need for, and power of, incentives from a national or regional government for regional collaboration.**

¹Includes land use planning (zoning etc.), transport planning, infrastructure planning and local economic/tourism and other developmental planning.

- **SIAPA in GMA, an inter-municipal water agency which transitioned from State Government control to being governed by a Board with the Mayors of the municipalities being served, and one (still very influential) representative from the State Government.**
- **A Metropolitan Institute of Planning in GMA and a Municipal Institute of Learning in eThekweni, as examples of metro-scale initiatives with limited or no controversy.**
- **Cooperation among five local governments in Metropolitan Bandung for a joint landfill.**

While eThekweni operates under a fairly unique structure as a metropolitan municipality, it provides an important example to cities around the world (in developed as well as developing countries) of the potential benefits – and challenges – of amalgamation of local governments.

MB has very limited mechanisms and instruments for metropolitan-wide coordination and development and the ones in GMA are yet to be fully operationalized. This is not an uncommon situation in developing countries. As reflected in the two case studies, this is usually due to (a) a history of strong central government control (limited decentralization in the past); (b) limited human and financial capacity in the local governments to meet large and increasing local development needs (and therefore metropolitan issues are often being perceived as lower priority); and (c) different political affiliations in the local government councils and/or at the different government levels.

PART I: ANALYSIS OF CASE STUDIES

1. INTRODUCTION

GIZ and UN-Habitat published in 2015 a joint discussion paper on metropolitan area governance “Unpacking Metropolitan Governance for Sustainable Development”², giving insights into ways metropolitan regions are governed. The objective of the study was to look at how and why a metropolitan region works - or not - and how effective metropolitan governance³ can be operationalized by application of institutional arrangements, mechanisms and instruments for metropolitan management. The study analyzes thematic entry points and triggers for governance reforms and gives policy recommendations for decision makers, local and regional governments as well as international development organizations. The discussion paper as well as this case study analysis and case study reports aim to feed the international discussions on transforming urbanization and the relevance of metropolitan level cooperation—an essential element for the way towards Habitat III, the implementation of the urban dimension of the Agenda 2030 and beyond.

Three city case studies on metropolitan regions have been developed as input to the discussion paper by documenting examples of strategies and mechanisms of metropolitan governance. They were carried out by local consultants in the respective metropolitan region (MR), under the coordination of the Global Fund for Cities Development (FMDV). The case studies have been conducted in Metropolitan Bandung (Indonesia), Guadalajara Metropolitan Area (Mexico), and eThekweni (South Africa).⁴

The three city-region cases are in-depth analyses of the metropolitan governance instruments (see separate documents for each full case study). They were selected taking into consideration the diversity of geography in the global South, their “middle” size (less than 10 million inhabitants), the existence of basic governance structures or initiatives, the potential for interesting learning experiences and the fact that they represent diverse governance structures at the metropolitan level. eThekweni has an already a mature culture of metropolitan governance. In Guadalajara Metropolitan Area (GMA), instruments and tools are currently being defined at national and regional levels to respond to the metropolitan reality. Metropolitan Bandung (MB) is representative of the many de facto metropolitan areas in the world (spatially and socio-economically existent) with slow political and institutional construction and ad-hoc initiatives from the regional level or local level.

In this regard, the case studies exemplify the concepts developed in the discussion paper and provide examples of structures, instruments and mechanisms for metropolitan governance and their effectiveness in the respective case. Based on the extensive report of each case study, the present paper (Part I - analysis) adopts a comparative approach, showing that despite different cultures, context, history, political and institutional settings, some common trends can be identified and valuable lessons learned can be drawn. The report provides an analysis of the most relevant metropolitan governance instruments of the case studies and extracts key aspects of general interest from them, in particular regarding the institutional, fiscal and operational mechanisms. An attempt is made to highlight how these mechanisms and instruments relate and contribute to the framework of Good Urban Governance Principles (GUGP) developed by UN-Habitat (i.e. Sustainability, Equity, Efficiency, Transparency and Accountability, and Civic Engagement and Citizenship). The report comments on the transferability of the findings of the case studies to other metropolitan regions and to a broader approach on metropolitan governance.

Further details about the specific cases can be found in annexes, including a compilation of basic data about the three metropolitan regions (Annex A); a summary table of key mechanisms and instruments applied in the regions (Annex B); and a comparison of the functional responsibilities of the case cities (Annex C).

The summary of the three case studies are found at the end of this report.

The full case study reports developed by local consultants are available as separated documents.

² <http://unhabitat.org/books/unpacking-metropolitan-governance-for-sustainable-development/>

³ Metropolitan governance can be defined as a set of institutions, rules, and actions that delineate policies and conditions for the life and economy of a metropolitan region.

⁴ Bandung and Guadalajara are the second largest metropolitan areas (by population) in the respective country. eThekweni (Durban) is one of eight large municipalities (the third largest) in South Africa defined as metropolitan municipalities.

2. ANALYSIS OF THE CASE STUDIES

2.1 Basic Characteristics of the Case Regions

The cases reflect different national frameworks and metropolitan governance approaches. They illustrate specific mechanisms and instruments for metropolitan governance, and provide examples of common issues and challenges for governing at a metropolitan scale.

Basic data on the case regions is presented in Table 1 below and their geographical extensions and local jurisdictions can be found in illustrative maps provided in the summaries of the cases (Part II).

Table 1: Basic Data on the Case Metropolitan Regions

DATA	Bandung (Indonesia)	Guadalajara (Mexico)	eThekwini (South Africa)
Type of State	Unitary	Federal	Unitary
Metropolitan Area Population (million)	9.4 (2013)	4.4 (2010)	3.4 (2011)
Area	4,804.7 (km ²)	2,734.1 (km ²)	2,297 (km ²)
No of local governments within the MR	5 (2 municipalities; 3 regencies)	8	1
Population density	1,953 /km ²	1,622 /km ²	1,480 /km ²
Recent annual pop. growth rate	2.0%	1.7%	1.1%
Recent GDP growth rate of the MR	7.2%	About 3%	5.6%

Source: Compiled by the author

Bandung. The Bandung metropolitan region is the largest of the three case regions, both in population and geographical area. It is composed of 5 local governments (2 municipalities and 3 regencies) that largely follow their own agenda instead of a regional vision, contributing to fragmented governance in the metropolitan region. Coordination initiatives among the local governments are mostly related to investment projects managed by national ministries. However, the need for a joint waste disposal site and a joint water supply system for part of the metro area has triggered “bottom up” driven agreements among local governments in the region.

Guadalajara. The Guadalajara metropolitan area (GMA), with 8 local governments, also reflects fragmented metropolitan governance. The main metropolitan scale discussions and efforts have been related to a Metropolitan Fund. This is a mainly federally-financed fund, established for each metropolitan area in the country for major metro-wide investment projects. The main project in Guadalajara is the ongoing development of a third subway line. Other metropolitan scale features are a police force coordinated at provincial level (demanded by the federal government), a metropolitan level water authority, and a metropolitan planning institute; all with strong provincial government influence.

eThekwini (Durban). As part of the transition in South Africa from the apartheid system to a constitutional democracy, an independent national-level Municipal Demarcation Board was established. In 1998, this Board established a new categorization of local governments, including eight metropolitan municipalities (called category A) in the country, one of them being eThekwini. Each of these eight municipalities forms a “consolidated” municipality, covering their respective metropolitan area. They have a larger scope of power than other municipalities, and receive some special financial support, including “a portion of the petrol tax and large specific grants for the provision of public transport etc.” These municipalities are also given an opportunity to engage directly with the national government (the National Treasury) on budget matters at a “City Budget Forum”, while other local governments are represented at the Forum by the local government association in the country. Approximately 45% of eThekwini is rural, 30% is peri-

urban, and the remaining 25% urban. Whilst the whole area is divided into wards which elect ward councilors, about 90% of the rural areas also have traditional leadership on land that falls under communal ownership.

2.2 Similarities and Differences among the Cases

Similarities

Economically important: All three selected metropolitan regions – although not the largest ones in their countries and with different economic profiles- contribute significantly to the respective country's overall GDP. eThekweni is Africa's largest port and very service based (including tourism); Guadalajara has significant, mostly foreign owned electronics and information technology manufacturing; and Bandung's economy is dominated by manufacturing and services (trade, tourism, creative and textile industry, and many higher education institutions).

Uneven distribution of economic opportunities/employment: All three MRs have large areas of high density informal settlements, with low levels of amenities and employment opportunities nearby. There is high income inequality in all three MRs. eThekweni is confronted by an additional challenge of attempting to gradually integrate rural areas with traditional leadership and authority.

Large informal sectors: All three MRs comprise significant informal economies (household enterprises, informal traders, etc.).

Differences

Local governance structure: A main difference between eThekweni and the other MRs is the unique legacy of South Africa, having changed the former apartheid system to a completely new structure of local government during the 1990s, with eight large metropolitan municipalities. The local governance structures in Indonesia and Mexico appear reasonably similar.

Level of decentralization: eThekweni benefits from a significantly higher decentralization level and independence than Bandung and Guadalajara, particularly in terms of planning of municipal matters (higher governments can only intervene in South Africa if it goes against national interest).

Special treatment of a metropolitan region: While the local government in metropolitan regions in Indonesia and Mexico are not treated differently than other local governments (as in most countries), South Africa has defined eight of its municipalities as metropolitan municipalities, with a larger scope of powers than other municipalities, and with some special financial support. The metropolitan municipalities are also given an opportunity to engage with the national government (the National Treasury) on budget matters in a "City Budget Forum".

Role of the regional/provincial government: All three cases have regional/provincial governments; in MB and GMA, de-concentrated entities of national governments; in eThekweni's case, an elected provincial government. The one related to Guadalajara in particular, has extensive influence over the local and metropolitan matters, while the provincial governments in South Africa are weak in terms of capacity and influence over municipalities (national government tends to deal with metropolitan municipalities directly). Due to the independence of municipalities in Indonesia, to quote Bandung case report: "*In many situations, invitations from the provincial government to develop interaction between municipalities/regencies fall on deaf ears.*"

The approach to the informal sector: Perceptions in GMA and MB appear to be that the informal sector is a major problem (nuisance, forgone tax revenues, etc.), eThekweni has taken a proactive approach by providing trading space on some sidewalks, training opportunities, etc., recognizing that the informal economic sector is important for the livelihood of a significant part of the active workforce.

2.3 Entry Points for Metropolitan Governance Initiatives

In each case of metropolitan governance reform, a particular local (sometimes national) issue usually triggers the reform process – sometimes by the authorities in the region ("bottom up"), sometimes by higher level governments

(“top down”). In the case of **eThekweni**, as part of the transition in South Africa from the apartheid system to a constitutional democracy, an independent national-level Municipal Demarcation Board was established. This Board established a new categorization of local governments, including eight metropolitan municipalities, one of them eThekweni, forming “consolidated” municipalities covering their respective metropolitan area.

The main “trigger” for metropolitan scale discussions and efforts in **Guadalajara metropolitan area** has been a Metropolitan Fund, a mainly federally-financed fund, established for each metropolitan area in the country for major metro-wide investment projects. There is a notable impulse with a new *Metropolitan Coordination System* that aims to mesh the different agencies, of various municipalities and to build trust relationships. The most substantial project in GMA is the ongoing development of a third subway line. Some other critical coordination needs have represented “top down” entry points, particularly regarding a coordinated police force at provincial level (demanded by the federal government), a metropolitan level water authority, and a metropolitan planning institute; all with strong provincial government influence.

Similarly, **Metropolitan Bandung** represents fragmented metropolitan governance, with coordination initiatives mostly being related to investment projects managed by national ministries. The need for a joint waste disposal site and a joint water supply system for part of the metro area has triggered “bottom up” driven agreements though.

2.4 Metropolitan Governance Mechanisms and Instruments

MB and GMA have very limited mechanisms and instruments for metropolitan-wide coordination and development. This is not an uncommon situation in developing countries. Reasons tend to be, as generally reflected in these two cases, a combination of: (a) a history of strong central government control (limited decentralization in the past); (b) limited human and financial capacity in the local governments to meet large and increasing local development needs (metropolitan issues are often being perceived as lower priority); and sometimes due to (c) different political affiliations in the different local government councils in the MR.⁵

2.4.1 Legislation and Policies

A particularly strong national legal framework for local governance exists for **eThekweni**, with an Urban Development Framework, a National Development Plan, and various municipal Acts. Most important though, local government powers are enshrined in the 1996 Constitution, recognizing local government as a distinct sphere of government, interdependent and interrelated. Strong laws for municipal governance exist in Indonesia as well, but in South Africa, stronger decentralized powers are devolved to the metropolitan municipalities, which have single political and administrative authorities, democratically constituted.

While the Mexican constitution gives a municipality organizational autonomy and responsibility to provide certain basic services, it specifically prohibits a second level local government. It allows formal alliances among local governments, but this has not yet been applied very much in the country and not in **Guadalajara Metropolitan Area**. An urban reform based on the revision of the *Federal Law on Human Settlements* is now at an advanced stage of debate at the national level (Senate) and includes a dedicated chapter on Metropolitan issues, acknowledging the advanced process of metropolization in Mexico.

In Indonesia, there is no explicit statement on the metropolitan concept in any law. The most explicit reference is that an urbanized area can include more than one municipality /regency located geographically near each other. With regard to **Metropolitan Bandung**, a Spatial Plan of Bandung Basin was completed in 2013, positioned between a National Spatial Plan (2008) and spatial plans at the regency/municipal level (for 2012-27). This Bandung Basin plan was meant to guide development of spatial plans at the regency/municipality level. However, the plan was rejected by

⁵ In addition, MRs tend to be the larger cities in a country, and its leadership may be perceived by a higher level government as a political threat; this is not uncommon in the case of capital cities. The Guadalajara case indicates, for example, that the MR's current political profile is aligned with the national government one, which helps both local and metropolitan level developments.

the West Java Provincial Government as not being broad enough, and has therefore not been implemented or funded. This has had implications for the advancement of metropolitan governance in Bandung.⁶

2.4.2 Mandates and Institutional Arrangements

Municipal (local government) councils are key entities in each of the MRs. In **eThekwini**, the municipal council is the “metropolitan council” since the metropolitan area coincides with the municipal area. Although a “Metropolitan Council” exists in **Guadalajara**, it still needs to be strengthened to have full activity or influence on developments. The recently established Metropolitan Planning Institute in Guadalajara could in due course prove to be an important entity, although not yet the case. The State of Jalisco government has very strong involvement in the affairs of the GMA.

eThekwini is one of eight metropolitan municipalities in South Africa, with exclusive municipal executive and legislative authority in its area. In **Indonesia and Mexico** prevails the “one size fits all” approach in terms of national local government policies. The inter-governmental relations in South Africa also appear much more formalized than in those and many other countries. A framework for these relations in South Africa is defined in the Constitution and in other national legislations (see the case report for details). Inter-governmental *developmental* initiatives tend to be most successful according to the case study. In sectors such as health, transport etc., where other spheres of government play a role, inter-governmental committees exist. This distinction is also reflected in the **MB and GMA** cases. With concrete investment projects, they are at least partly funded by a higher level government and attract more engagement than general “coordination discussions”.

In terms of institutional arrangements for public service delivery, **GMA** has a regional water and sanitation authority, with representatives of all local governments on its Board. **eThekwini** has five major basic network service Units – for water and sanitation, electricity, public transport, roads and solid waste management – which report through the City Manager to the Mayor’s executive committee. Since 2009, eThekwini has an agreement with three universities in the region, for strategic research collaboration, and sharing of knowledge, resources and expertise. The public services in **MB** are provided by the local government units, contracting out some service provision.

2.4.3 Access to Finance

Inter-governmental transfers represent the dominant vehicle for recurrent revenues for Bandung and Guadalajara. While own source revenues in **eThekwini** account for more than 80% of total revenues, they also receive some equalization transfers, a share of a fuel levy (collected nationally), and conditional and unconditional grants. In contrast, in **MB**, own source revenues represent 13% of total budget (ranging from 10% to 20% depending on the local government); in **GMA** it is about 40% (ranging from 25% to 50%). All three MRs benefit from property tax revenues, and eThekwini and Bandung may independently decide on the tax rate. User charges (tariffs) and minor taxes/fees are also applied by the three MRs.

MB and GMA tend to mostly depend on contributions from the higher level governments for their capital investments.⁷ **eThekwini** may borrow domestically, contingent on significant consultations (international borrowing only after approval by the National Treasury), as may **GMA**, with national government approval (Guadalajara has a high debt load compared to other metro areas in the Mexico) and **MB** as well (however Bandung has no loan at present). In South Africa, a City Budget Forum at the national level provides an opportunity for metropolitan municipalities to engage with National Treasury on budget matters.

⁶ The West Java provincial government has instead launched a Metropolitan Development Management (MDM) policy to deal with three metropolitan areas and three growth poles within its administrative boundary (including Metropolitan Bandung). MDM focuses on studies of spatial trends, demographics, and urban public services. In July 2014, the province issued a law on Cooperation of Metropolitan Areas in West Java, specifying a need to develop Economic Grand Master Plans for metropolitan areas with horizon 2050. This is supposed to be followed by metropolitan Spatial Plans to guide public infrastructure investments.

⁷ Although not in Bandung, in Central Java province, five local governments pool funds annually to fund a trade agency that promote their agricultural products.

2.4.4 Main Projects and Plans

In Guadalajara, the dominating metropolitan level initiatives are:

- the subway line project
- the Metropolitan police force (Fuerza Unica metropolitana)
- the SIAPA, Intermunicipal water, sewer and drainage system

In Bandung, the following recent investment initiatives have been taken:

- the cooperative memorandum for the development of a mass transit system for Metropolitan Bandung (2014).
- the contract for a common solid waste disposal site (located in Garut regency) signed by Bandung and Cimahi municipalities, and three regencies (2013) currently under development.
- the Memorandum of Understanding (MoU) for a piped drinking water system, including investment in a water treatment plant (for Bandung municipality and Bandung regency, initiated by the Ministry of Public Works).

eThekwini has various significant ongoing development initiatives, the main ones being:

- Expansions at the Durban Port;
- A large mixed-use area development;
- Dig-out Port at old airport site;
- Major shopping center developments;
- Industrial development areas;
- A major integrated transport and housing initiative; and
- Developments at a Trade Port.

Planning Instruments: Although all case cities have various planning instruments, e.g. in Guadalajara, a Development Plan, Urban (Land Use) Plan, and an Urban Development Plan; and in Bandung various levels of spatial plans; these are developed and applied individually by each local government in the MRs. No coordination or harmonization of the plans or planning at a metropolitan scale appears to occur. On the other hand, eThekwini has a very comprehensive municipal (and thereby metropolitan) set of planning instruments. In addition to a Municipal Plan⁸, and an Integrated Development Plan (IDP, with annual reviews), four statutory planning levels are applied for spatial planning:

- Spatial Development Framework;
- Spatial Development Plan (SDP);
- Local Area Plans (LAPs); and
- Land-Use Management System (LUMS) / Precinct Plans.

2.4.5 Key Relationships and Actors

Political party agendas significantly influence the governance in all three case MRs, albeit somewhat less in eThekwini due to its stronger municipal independence. The relationships between the local city councils and the national and regional/provincial governments appear to be particularly critical in both **GMA's and MB's case**.

With regard to the role of local stakeholders, all three MRs provide opportunities for participation and input on issues to various degree. However, the case studies indicate that the pure existence of participatory processes may not be sufficient to ensure active dialogues or concrete influence on the decision-making. The processes may be partly compromised by one-way communication (information dissemination), input not being acted upon, or simply by a lack of participation. **eThekwini** has a particular local governance structure with a City Manager appointed by the mayor (and approved by the city council), providing for full-time, professional city management.

Constraints that appear to particularly hamper metropolitan governance in the respective MR are:

- In **Metropolitan Bandung**, a lack of harmonized “agendas” between the national, provincial and local government level (particularly between the provincial and the local governments).

⁸Includes land use planning (zoning etc.), transport planning, infrastructure planning and local economic/tourism and other developmental planning.

- In **Guadalajara Metropolitan Area**, a strong parochialism across the local governments.
- In **eThekweni**, party politics; disagreements causing deadlocks in decision-making; and councilors mainly focusing on their respective Ward.

2.5 Contribution to Good Urban Governance Principles

This section indicates how the identified metropolitan governance mechanisms/instruments in the three MRs relate or contribute to the good urban governance principles (GUGP): sustainability, equity, efficiency, transparency and accountability, and civic engagement and citizenship.

Box 1: Bandung Metropolitan Area

Sustainability⁹

The Ministry of Home Affairs, the responsible ministry to promote cooperation between local governments, has issued Guidelines for Initiating Cooperation among Local Governments. These are simple and outline procedures to be followed. For specific sectors such as water supply and solid waste disposal, the guidelines require additional sector specific guidance. Borrowing is facilitated by the province through a Centre of Government Investment, a central government funding agency to help local governments fund strategic projects.

Equity

Equity is mainly impacted via the transfer system. The central government provides funding to those areas that cannot be financially independent, such as newly established regencies or areas considered economically deprived for other reasons (e.g. remote or border areas).

Efficiency

Recent cooperation memorandums with higher level governments have been established related to investments in the water supply and solid waste sectors.

Transparency and Accountability

A Law on Transparency of Public Information allows citizen access to public records (data collected by public agencies). A related regulation on public information facilitates request of data by the public, and defines what data is confidential. Many institutions have been established in the province in support of such laws (Data Centre for Development, ICT for Transparency, etc.).

Civic Engagement and Citizenship

A regulation encourages citizens to be involved in the formation of plans, their implementation and evaluation. It has become common to use focus group discussions, panel discussions and brainstorming meetings to involve as many different groups of stakeholders as possible.

Box 2: Guadalajara Metropolitan Area

Sustainability

National Urban Development Program was adopted with the objective to “*control the expansion of the cities [...] and make the metropolitan areas structured spaces for development*” and draft General Law “on Cities and Territory” is under preparation. A new inter-municipal Metropolitan Coordination System with the Metropolitan Planning Institute and Metropolitan coordination Board has been established. The Subway Line Project will help commuters and sustain economic development.

Equity

Inter-municipal System for Water, Drainage and Sewers (SIAPA). Some harmonization of the service coverage level

⁹ The inter-governmental fiscal transfer systems in the respective country can also be considered an instrument for sustainability.

would normally be expected across the various municipalities through such a system. The provincial government has an opportunity to allocate funding to the Metropolitan Fund (for capital investments with multiple funding sources) with some equity objectives. The Subway line project particularly facilitates transport for low-income commuters to/from work.

Efficiency

Efficiency is promoted by various of the metropolitan scale initiatives, e.g. the Inter-municipal System for Water, Drainage and Sewers (SIAPA); the Metropolitan Fund, the Subway line project, Metropolitan Police Force and occasional meetings between departments, between municipalities, and with higher level departments

Transparency and Accountability

Transparency and accountability is enhanced

- Open council meetings
- The Mexico Act of Transparency and Public Information
- Municipal web-sites
- City of Guadalajara corruption office
- Metropolitan Fund (providing higher government oversight of capital investment funds)

Civic Engagement and Citizenship

The Zapopan municipality has facilities for online chats, and booths to print birth certificates, pay municipal taxes and get help regarding permits. The establishment of the Metropolitan Citizen Council is another step towards participation at a metropolitan level.

Box 3: eThekweni

Sustainability

The comprehensive planning framework in eThekweni is a significant instrument for the city's sustainability (financially, environmentally, etc.).

Equity

Equity related policies:

- Free housing and basic public utility services for the lowest income groups
- Attempts to reduce the need for long commutes for people in remote areas and informal settlements
- Training programs offered to people in the informal economy

Efficiency

A comprehensive framework for planning and coordination across the MR:

- Strategic Management Team meetings (weekly)
- Cluster meetings of senior managers (weekly)
- Broader management fora (monthly)
- Capital projects delivery meetings (weekly)
- Inter-departmental meetings to coordinate service delivery and investment aspects
- City-wide committees on specific subjects (e.g. strategies to address AIDS).

Two national government instruments that contribute to efficiencies in the urban sector:

- Urban Development Framework
- National Development Plan

Transparency and Accountability

Transparency and accountability are supposed to be ensured through open council meetings. As per a *Public Access to Information Act* all input made, and reasons for all decisions, must be recorded and easily accessible by the public. Documents must be made available to the public. By law, all policies and budgets go through a legislated consultative process, with Ward and sector meetings before council can finalize budgets and policies (a multi-(3) year budget is

used). Further initiatives comprise:

- Independently managed corruption hotline
- Own city newspaper (fortnight) in English and Zulu
- Thorough procurement process (bid specification, evaluation, and adjudication committees)
- Publicly available quarterly reports on Service Delivery and Budget Implementation
- Municipal Annual report
- Use of social media, website, chat forum, online enquiries, call center
- Labor unions must be consulted & involved when service delivery program not using public sector staff
- City ombud's office (but this tends not to generate much confidence due to insufficient independence, accessibility, and transparency)
- More than 200 local municipal offices for customer service across the municipality (the metro area).

Civic Engagement and Citizenship

The Constitution and local government laws afford communities a range of rights of engagement, participation, consultation, access to information and involvement in all aspects of the local government decision-making (a legislative imperative that citizens are actively involved in the governance process). All stakeholder engagements must be reported to council structures and a "Big Mama" participatory workshop is held annually in the municipality, accompanied with sectorial meetings in the municipal administration. The municipality has a database of all civil society organizations to facilitate engagement. Additionally, Ward Committees and Ward meetings exist, however the ward level structures are generally weak according to the case study, characterized by contestation, with little scope for deliberate dialogue.

3. LESSONS LEARNED FROM THE CASE STUDIES

3.1 Reflections from the case studies

This section adds a few reflections beyond the more structured analysis above.

Parochialism: This is a key issue in most metropolitan regions, i.e. the municipal councilors focus on improving the economy, services, amenities, etc. in their own jurisdiction only (where their voters are). Even with strong attempts to prevent this in the electoral system, as in South Africa, parochialism has become strong. To quote the eThekweni report (where 50% of the councilors are elected across the municipality, and 50% by Ward): *"Whilst the mix of ward and party list councilors aims to strike a balance between local and city-wide issues, in practice it does not quite work out that way."* The report continues to say that it requires strong political and administrative leadership to address this.

Lack of coordination among governmental spheres ("fragmented planning"): All three case studies reflect challenges of coordinating initiatives or projects managed the national/regional governments and a local government respectively. This is the case even in eThekweni, with extensive legislated requirements for intergovernmental coordination. The case reports: *"provincial and national spheres of government often make their own decisions about their projects and programmes, without referring to the municipality's IDP and SDF."* The eThekweni report also mentions another common intergovernmental issue in many countries: *"similar roads within communities falling under different authorities"*(this may create uncertainty about who is responsible for maintaining what).

"Politics": Even though different political views are intrinsic elements of a democratic system, excessive focus on political party interests may become serious obstacles for any development. From the eThekweni report: *"Overall, the governance system is driven by party-political agendas. This does lead to "paralysis". An example from Guadalajara: "A metropolitan planning body has been promoted for at least years with several recent efforts to create it. Most of the delay*

has to do with political interests of the political actors.” The approach taken by South Africa, of a Municipal Manager (a “CEO” for the municipality) may alleviate some political complications in the management of a city.

3.2 Transferability of the findings

Although there is a lack of governance approaches in the case of MB and GMA, these case studies still have useful components of interest to other cities in developing countries, where the circumstances are likely quite similar. Examples of particularly useful items are:

- The Metropolitan Fund concept in Mexico illustrate the not uncommon need for, and power of, incentives from a national or regional government for regional collaboration.
- SIAPA in Guadalajara, an inter-municipal agency which transitioned from complete State Government control to being governed by a Board composed of the mayors of the municipalities being served, and one representative from the State Government.
- The Metropolitan Institute of Planning in Guadalajara (although not yet in full operation) and eThekweni’s Municipal Institute of Learning, as examples of metro-scale initiatives that cities in a metro area sometimes can agree on with relatively less political complications.
- Cooperation among five local governments in Metropolitan Bandung to jointly invest in and construct one solid waste landfill.
- The cases illustrate that a national framework in terms of legal/regulatory provisions on metropolitan governance can be enabling and supportive, as in the case of South Africa, or constraining, as partly in Mexico (where the constitution prohibits a level of government between the local and state governments; inter-municipal alliances are allowed however).

While eThekweni and the metropolitan municipalities in South Africa operate under a fairly unique structure, it provides an important example to cities around the world (in developed as well as developing countries), of the potential benefits of amalgamation of local governments. This includes how concerns about a lack of access by citizens and responsiveness of a very large municipality, can be mitigated (in the eThekweni’s case through Ward Committees and various other fora for participation and dialogue with civil society, albeit possibly not perfect, as indicated in the case report); and how coordination of developments across a large geographical area can be achieved (in the eThekweni’s case through various committees at both inter-governmental, central municipal, and local, Ward level). Insights into how related challenges can be addressed also represent value for other cities in their quest for improved metropolitan governance.

3.3 Conclusions and Lessons Learned

Common vision and mission are fundamental. In highly fragmented governance situations with strong “silo mentality”, such as in MB and GMA; or when intense party politics characterizes decision-making (or the lack thereof due to “paralysis”), as often in eThekweni, metropolitan initiatives run the risk to go by the wayside. Metropolitan governance needs to reflect a core vision between government, business and civil society (“what is to be accomplished?”) and a mission among the involved parties (“what needs to be done and how to get there?”) in order to have a chance to be enduring and produce successful outcomes for residents and businesses. It is fairly easy to come together and create a “partnership” with a MoU, but there must be a vision, a plan, and a governance structure to make things happen, and to avoid duplicate or conflicting efforts. Articulating and documenting the commitments that all parties are making is also essential. Leaders must maintain transparency and communications among the stakeholders and engage in active, adaptive decision-making. It helps if a “champion” exists for the cause, to keep the momentum and focus on what matters most.

A neutral broker can help. There is an important role in bringing together various audiences and interests. Many metropolitan reforms or initiatives fail because the groups involved don’t understand one another and have different aims. Trusted “translators” - people who understand the needs and motives of the various stakeholders - can assist in identifying and explaining the potential productive intersection between different interests and plans. Such neutral

broker can also facilitate effective communication and active follow up, so that the initial enthusiasm for an initiative does not wane and get lost in miscommunication, confusion and inertia. It is important to highlight the advantages of cooperation and action at metro level, and facilitate knowledge sharing and networking on the subject.

People may have different ideas about what metropolitan governance mean, yet a focus is needed on what the core of metropolitan governance really is: *relationships*; between local as well as with higher level authorities, and with the community and businesses in the MR. A neutral broker can help finding the nexus where different understandings, perspectives and interests would intersect. This may include support for public participation mechanisms and processes.

Ensure coherent and constructive engagements by national and provincial governments. A supportive and enabling (and practical) national framework is helpful and facilitates sustainability. Even more important though, policies and processes across the different levels of government are consistent and well aligned (e.g. planning processes), and dialogues are effective and constructive. The Metropolitan Fund concept in Mexico illustrates the strong influence that incentives from a national or regional government can have for regional collaboration.

Focus governance reform process initially on items with high probability of success. In MRs with limited metropolitan governance experience, and possibly with strong hesitations, it can be useful to start with “low-controversial” items, such as the Metropolitan Institute of Planning in GMA (although yet to be fully operationalized) and eThekweni’s Municipal Institute of Learning; metro-scale initiatives with relatively less political complications. One may also seek items with “obvious” (clear) rationale; for example, the cooperation of five local governments in Metropolitan Bandung to jointly invest in the construction of one solid waste landfill.

.... or with clear inter-municipal scope or spillover effects. For example, regional tourism promotion, and crime prevention (GMA, eThekweni); or coordinated approaches with regard to the informal economy (household enterprises). The informal economy is perceived as a serious issue in GMA, and MB; but has been actively supported at metro scale in eThekweni.

Anticipate (and allow) the governance arrangements to evolve over time. As conditions change, it may be effective to transition from one form to another. This happened very comprehensively in South Africa and eThekweni, with local government amalgamation (redefinition of boundaries) in conjunction with transition to a constitutional democracy. In GMA, an inter-municipal agency transitioned from State Government control to being governed by a Board of mayors plus one representative from the State Government (the case report highlights though that the State is still very influential in any decision-making).

Be realistic – design arrangements with high probability of success. In situations with limited human and financial capacities at the local government level (e.g. MB), additional governance arrangements may put significant stress on the system. However, sometimes a joint arrangement can be part of the solution to such weakness, by allowing economies of scale in the administration of a particular service or sector. A common pitfall is to repeatedly devote resources to detailed planning without realistic implementation plans. To embark on a constructive metropolitan governance trajectory, the stakeholders - both in the local environment and at higher government levels - need to be motivated by initial positive experience on the subject.

Annex A: Comparative Overview of Basic Information from the Case Studies

CATEGORY OF DATA	Metropolitan Bandung (Indonesia)	Guadalajara Metropolitan Area (Mexico)	eThekweni (South Africa)
Type of State	Unitary	Federal	Unitary
Levels of Sub-national Government	2 (regional, municipal)	2 (regional, municipal)	1 (municipal)
Elections / Appointments	<ul style="list-style-type: none"> • Mayors (in municipalities) and Regents (in regencies) are directly elected 	<ul style="list-style-type: none"> • Mayors directly elected • Council members directly elected • (second term re-elections allowed) 	<ul style="list-style-type: none"> • Mayor elected by the Council • City Manager appointed by the Council • 205 Councilors (50% from Wards) directly elected • Elections in each ward of a ten person Ward Committee chaired by the ward councilor. Ward Committees can have powers devolved to them
Constitutional provisions		<ul style="list-style-type: none"> • Prohibits 2nd level local gov't (LG) • Allows alliances among LGs • Gives a municipality organizational autonomy and responsibility to provide certain basic services. • Is clear on main sources of revenue for municipalities 	<ul style="list-style-type: none"> • LG powers enshrined in the constitution (the 1996 Constitution recognizes LG as a distinct sphere of government, interdependent and interrelated)
Key national urban instruments	<ul style="list-style-type: none"> • Law No 23/2014 on Local Governance; (prohibits the creation of any entity with independent authority for metropolitan management) • Law No 6/2014 on Villages • Law 2015 on Direct Election of Local Heads • Law No 33/2004 on Local Financial Measures 	<ul style="list-style-type: none"> • National Urban Development Program 	<ul style="list-style-type: none"> • Urban Development Framework • National Development Plan • Local Government: Municipal Demarcation Act, 1998; • Municipal Structures Act, 1998; • Municipal Electoral Act, 2000; • Municipal Systems Act, 2000; • Municipal Property Rating Act, 2005; • Municipal Finance Management Act 2005
National municipal system	“One size fits all”	“One size fits all”	<ul style="list-style-type: none"> • Single tier Category A municipalities –

CATEGORY OF DATA	Metropolitan Bandung (Indonesia)	Guadalajara Metropolitan Area (Mexico)	eThekwini (South Africa)
			metropolitan municipalities with exclusive municipal executive and legislative authority in its area.
			<ul style="list-style-type: none"> • Two-tier local government in Category B and C municipalities. • A Category C (District) municipality shares jurisdiction with a number of Category B (Local) municipalities.
Key metropolitan instruments	<ul style="list-style-type: none"> • Ministry of Public Work (MPW) recognizes 8 metropolitan areas (with > one jurisdiction) that are also defined as National Strategic Areas (KSN or Kawasan Strategis Nasional) in the National Spatial Plan 2008 – 2028 • Decision of the Ministry of Home Affairs No 22/2009 on Guidelines for Initiating Cooperation among Local Governments • MOU MPW - Bandung Municipality and Bandung Regency on piped drinking water provision (SPAM). • The Spatial Plan 2012 for Metropolitan Bandung (Bandung Basin) • Province of West Java: • Metropolitan Development Management (MDM) • Regional Law No 12/2014 on Cooperation of Metro areas in West Java 	<ul style="list-style-type: none"> • Nation law re. cross-state metro areas • State Metropolitan Coordination Law • Metropolitan Fund by area (earmarked funds) • Metro water/sewerage authority • Metropolitan Council for GMA • Metropolitan Planning Institute • Higher level initiatives through investment funding (mandating “coordination”) or direct service or works provision 	<ul style="list-style-type: none"> • Single tier metropolitan municipalities • Independent Municipal Demarcation Board • Re. laws, see above • Sectorial council committees • Inter-governmental sectorial committees • “Imagine Durban” visionary plan • Long Term Development Framework (10,20, 50 years, with corresponding visions for the city defined) • Municipal plan • Integrated Development Plan (IDP, with annual reviews) • Spatial Development Framework (SDF)
Metropolitan Area Population (million)	9.4 (2013)	4.4 (2010)	3.4 (2011)
Area	4,804.7km ²	2,734.1km ²	2,297km ²

CATEGORY OF DATA	Metropolitan Bandung (Indonesia)	Guadalajara Metropolitan Area (Mexico)	eThekwini (South Africa)
Percentage of Rural Area within MR	<i>Not available</i>	<i>Not available</i>	45%
Population density (hab/km ²)	1,953/km ²	1,622/km ²	1,480/km ²
Recent annual populationGrowth	2.0%	1.7%	1.1%
MR GDP as percent of the national GDP (approx.)	3.2%	5-6%	10.7%
Recent GDP growth rate (in the MR)	7.2%	3% (approximately)	5.6%
Economy (main features)	Manufacturing, services (trade, tourism, creative and textile industry, and many higher education institutions).	Significant, mostly foreign owned electronics and information technology manufacturing.	Africa's largest port and very service based economy (including tourism).
No of employees in the local government sector (in the MR)	<i>Not available</i>	<i>Not available</i>	25,000
Annual budget of the local government sector (MR)	<i>Not available</i>	<i>Not available</i>	US\$ 3.5 billion
No of local governments (LG)	5 (2 municipalities;3 regencies)	8	1
No of sub-areas	<i>Not available</i>	<i>Not available</i>	103 Wards
Spatial structure	Multipolar	Multipolar	Multipolar / sprawl structure
<i>Largest LG</i>	<i>Bandung Municipality</i>	<i>Guadalajara Municipality</i>	N/A (one municipality)
<i>Population (million)</i>	2.6	1.5	-
<i>Area</i>	1,756.7km ²	151.4km ²	-
<i>Population density</i>	14,765/km ²	9,874/km ²	-
Population living in informal settlements (%)	<i>Not available</i>	<i>Not available</i>	20%
Spatial segregation (by income)	High	High	High
Unemployment (%)	10% (2012)	<i>Not available</i>	20% (2011)
Informal employment (of total employment)	48%	<i>Not available</i>	24%
Population in informal sector		0.5 million	> 1 million
Ratio informal/formal sector (number of	2	2.7	3

CATEGORY OF DATA	Metropolitan Bandung (Indonesia)	Guadalajara Metropolitan Area (Mexico)	eThekwini (South Africa)
establishments)			
Informal economy mechanisms	Dialogues site by site: e.g. in Bandung morning market, and in Dago Terminal.	<i>Not available</i>	<ul style="list-style-type: none"> • National level Informal Traders Fora • Trading space on some sidewalks • Training programs
Gini Coefficient (level of inequality)	<i>Not available</i>	<i>Not available</i>	0.62 (2010)
Total in poverty (below domestic poverty line)	9.5% (2011)	59.7%	30%
<u>Metro scale service provision</u>			eThekwini has five major basic network service Units – dealing with water and sanitation, electricity, public transport, roads and solid waste management. They all report through the City Manager to the Mayor’s executive committee.
Public transport	In 2014, the provincial government of West Java arranged a cooperative memorandum for the development of a mass transit system for MB.	State (regional) run	See above
Police		‘FuerzaÚnica” National/State Police coordination	
Traffic police		State (regional) run with municipal involvement	
Water supply and sewerage service	MoU for a piped drinking water system has been initiated by the Ministry of Public Works (MPW) - for Bandung municipality and regency - including investment in a water treatment plant.	An inter-municipal water, drainage, and sewerage authority (SIAPA)	See above
Solid waste disposal	In 2013, facilitated by the provincial government, Bandung and Cimahi	Contracting of services by the city of Guadalajara	See above

CATEGORY OF DATA	Metropolitan Bandung (Indonesia)	Guadalajara Metropolitan Area (Mexico)	eThekweni (South Africa)
Municipal planning instruments	municipalities, and three regencies signed a contract for a common solid waste disposal site, currently under development.	<ul style="list-style-type: none"> • Development Plan • Urban (land use) Plan • Urban Development Plan 	<ul style="list-style-type: none"> • Municipal plan (includes land use planning (zoning etc.), transport planning, infrastructure planning and local economic/tourism and other developmental planning) • Integrated Development Plan (with annual reviews) • Four planning levels: • Spatial Development Framework • Spatial Development Plan (SDP), • Local Area Plans (LAPs) • Land-Use Management System (LUMS) / Precinct Plans
Management Instruments (e.g.for coordination and integration of plans)			<ul style="list-style-type: none"> • Weekly Strategic Management Team meetings • Weekly Cluster meetings • Monthly broader management fora • Weekly capital projects delivery meetings • Periodic Inter-Departmental meetings (on service delivery) • Special committees (such as AIDS Champions, etc.)

CATEGORY OF DATA	Metropolitan Bandung (Indonesia)	Guadalajara Metropolitan Area (Mexico)	eThekwini (South Africa)
<u>Municipal finance</u>			
General	<ul style="list-style-type: none"> • “One size fits all” approach • Strong reliance on transfer from higher level (usually the national level). Range 41-57% (51% for the metro area), through: <ul style="list-style-type: none"> • DAU (Generic Allocation Fund) • DAK (Specific Allocation Fund) • Dekon (De-concentration Fund) • TP (Support Function Fund) • No borrowing 	<ul style="list-style-type: none"> • Rely heavily on transfers, and capital funding from national gov’t • All local tax and fee schedules are approved by the state • Borrowing requires state approval • High level of accounts payables 	<ul style="list-style-type: none"> • One law for both provinces and municipalities (annual Division of Revenue Act) • Metro councils are more fiscally independent than non-metro ones • LGs, particularly metro ones, have significant fiscal capacities • Equitable Share System. • Many conditional and unconditional grants from national government • Three year rolling budget process
Main own revenue sources	<ul style="list-style-type: none"> • Property tax • Various other smaller taxes • Hotel Tax • Restaurant Tax • Entertainment Tax • Advertisement Tax • Street Lighting Tax • Tax on Non-Metal Mineral and Rock • Parking Tax • Tax on Ground Water • Tax on Swallow’s Nest • Land and Building Tax in Rural and Urban Areas • Fee for Acquisition of Right to Land and Building 	<ul style="list-style-type: none"> • Property tax • Property transaction fees • Commerce fee 	<ul style="list-style-type: none"> • Property tax (revaluation every five years; municipality decides tax rate) • User charges (tariffs) particularly on water and electricity (nationally set ceilings) • Metro areas receive share of fuel levy (collected nationally).
Level of own source revenues	13%	About 40%	80-85%

CATEGORY OF DATA	Metropolitan Bandung (Indonesia)	Guadalajara Metropolitan Area (Mexico)	eThekwini (South Africa)
	(range 10-20% by LG)	(range 25-50% by LG)	
Expenditure structure	<ul style="list-style-type: none"> • About 80% on: • personnel costs • public goods • law and order 	<ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> • About 1/3 on public goods (no revenue opportunities) • About 2/3 user charge services (water, electricity).
Capital investments	Cities may borrow domestically (but no loans in Bandung at present)	Cities may borrow domestically (Guadalajara has significant debt compared to other cities in Mexico)	Cities may borrow domestically (after significant consultation); international borrowing with approval by Treasury.
Recent attempts / proposals for metro instruments	<ul style="list-style-type: none"> • Not in Bandung, but in Central Java province, five regencies pool funds to fund management of a trade agency that promotes their agricultural products. 	<ul style="list-style-type: none"> • Metropolitan Institute of Planning • (metropolitan planning body; “ad hoc” operation; no budget) 	<ul style="list-style-type: none"> • Move towards a Standard Chart of Accounts for LGs • Municipal Institute of Learning • Extensive international networking
Main recent/ongoing metro projects / large projects	<ul style="list-style-type: none"> • In 2014, the West Java provincial government arranged a cooperative memorandum for the development of mass transit for Metropolitan Bandung. • In 2013, Bandung and Cimahi municipalities and three regencies signed a contract for a common solid waste disposal site (under development). • MoU for a piped water system has been initiated by the Ministry of Public Works, including investment in water treatment plant (for Bandung municipality and regency). 	<ul style="list-style-type: none"> • Subway line 	<ul style="list-style-type: none"> • Expansions at Durban Port • Mixed-use area development • Dig-out Port at old airport site • Major shopping center devmt. • Industrial development area • Developments at Trade Port
Key weaknesses	<ul style="list-style-type: none"> • Fragmented governance in the metropolitan area. • Challenges exist in coordinating initiatives or projects managed by the 	<ul style="list-style-type: none"> • Fragmented governance in the metropolitan area. • Urban planning (by municipality) not coordinated with transport planning (by 	<ul style="list-style-type: none"> • Regarding inter-governmental relations, lack of integration between levels of government, has been a cause for concern. No system or governance

CATEGORY OF DATA	Metropolitan Bandung (Indonesia)	Guadalajara Metropolitan Area (Mexico)	eThekweni (South Africa)
	national/regional governments and a local government respectively.	<p>the state).</p> <ul style="list-style-type: none"> • Limited mandate and resources for education and health services – these services are of high priority of the residents. • No land use (zoning) plan at metropolitan level • Environmental pollution of waterways going through various municipalities • No formal involvement of residents to enhance public safety • Departmental “turf wars” in the municipal administrations 	<p>processes to guide how collaboration should operate: e.g. sectors failing to work with municipalities on planning. These processes can be very laborious particularly when trying to resolve disputes. The constitution requires conciliation and mediation first before legal action taken; may take years.</p> <ul style="list-style-type: none"> • (No joint longer term strategic planning by the national, provincial and municipal governments to date.) • Uneven spatial distribution of economic opportunities (most employment and consumption opportunities in central core areas) • The economically active residents must commute. • Population density is a challenge: large areas of ultra-low density (less than 3 dwellings per/ha make up > 55% of area). Higher densities in townships and informal settlements on the periphery (but not supported by amenities).

Annex B: Summary of Key Mechanisms and Instruments for Metropolitan Governance

Metropolitan Bandung

M&I Principles	Political M&I	Institutional M&I	Financial M&I
Sustainability			The transfer system
Equity			Central government programs
Efficiency		Spatial planning provisions	
Transparency and Accountability			Law of Transparency
Civic Engagement and Citizenship	Legislated provisions to arrange involvement in spatial planning		

Guadalajara Metropolitan Area

M&I Principles	Political M&I	Institutional M&I	Financial M&I
Sustainability	Metropolitan Coordination Board	Metropolitan Planning Institute	
Equity		Inter-municipal System for Water, Drainage and Sewers (SIAPA)	Metropolitan Fund
Efficiency	Metropolitan Coordination Board	Inter-municipal System for Water, Drainage and Sewers (SIAPA)	Metropolitan Fund
Transparency and Accountability	The Mexico Act of Transparency and Public Information	Open council meetings Web-sites Corruption office	Metropolitan Fund
Civic Engagement and Citizenship			

eThekwini

M&I Principles	Political M&I	Institutional M&I	Financial M&I
Sustainability		Comprehensive planning framework	
Equity		Training programs for informal economy	
Efficiency	Many political committees to coordinate and integrate plans	Comprehensive planning framework At the national government level: Urban Dev. Framework National Dev. Plan	
Transparency and Accountability	Documents must be made available to the public. Public Access to Information Act in place	Open council meetings Independent corruption hotline Legislated consultative processes	Move towards a Standard Chart of Accounts for LGs
Civic Engagement and Citizenship	Constitution / LG laws give communities rights of engagement, participation, consultation, access to information	Annual Big Mama workshop Sectorial meetings Ward Committees and Ward meetings	

Annex C: Division of Functions – Local, Metropolitan and National

Group	Function	Metropolitan Bandung				Guadalajara Metro Area				eThekweni		
		Metro level	Local Gov't	Higher Gov't	Private Sector	Metro level	Local Gov't	Higher Gov't	Private Sector	Metro level	Higher Gov't	Private Sector
Economy	Strategic city development planning		X				X			X		
	Economic development		X	X		Promo. only		X		X	X	
	Tourism promotion & mgmt.		X				X			X	X	
	Major markets		X				X			X		
	Informal economy		X				X			X		
Land management	Regional land use planning			X				X		X	X	
	Local land use planning		X				X			X	X	
	Land allocation		X				X			X	X	X
	Land surveying		X				X			X		
	Titling / provision of tenure		X				X				X	
Housing and amenities	Housing		X				X			X	X	
	Social (low income) housing		X				X			X	X	
	Community upgrading		X				X			X	X	
	Cultural facilities		X	X			X	X		X	X	
	Parks and recreation facilities		X				X			X		
Transport	Roads and bridges		X	X			X	X		X	X	
	Public transit		X	X			X			X	X	
	Street lighting		X				X			X		
	Street cleaning		X				X			X		

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	Car parking		X		X		X		X		X		X
Safety and emergencies	Police /security		X		X				X		X		X
	Traffic management		X						X		X		
	Fire, emergency/rescue service		X					X			X		
	Ambulance services		X					X			X		X
	Water, drainage, sewerage, and waste management	Water supply system	X	X		X		X			X		X
	Drainage/flood protection		X				X			X			
	Piped sewerage system		X				X			X			
	Solid waste collection		X				X			X			
	Solid waste disposal	X					X			X			
Social services	Education (primary/secondary)		X		X			Support access	X				X
	Public health		X		X			Support access	X		Environ-mental		X
	Welfare assistance		X					Promo. only	X				X
	Child care services		X					X					X
Electricity	Power supply (electricity)				X			X		X		X	
Other	Libraries		X					X			X		
	Business licensing		X					X			X		X
	Local agriculture		X					X					X

PART II: SUMMARY REPORTS OF THE CASE STUDIES

Guadalajara Metropolitan Area, Mexico – Summary Report

1 Introduction and Background

The Guadalajara Metropolitan Area (GMA) is located within the State of Jalisco (regional sub-national government) of Mexico, and comprises eight municipalities: Guadalajara (capital city of the State), San Pedro Tlaquepaque, Tonalá, Zapopan, Tlajomulco de Zúñiga, El Salto, Juanacatlán and Ixtlahuacán de los Membrillos¹⁰.

Figure 1: Guadalajara Metropolitan Area – Geographical Location in Jalisco State



Source: (INEGI, 2010), National Institute of Statistics and Geography

GMA is the second most populous metropolitan area in Mexico with around 4.8 million inhabitants (60% of total population of the State of Jalisco), just after the Mexico City Metropolitan Area and before Monterrey Metropolitan Area.

Table 2: Basic Data on the Guadalajara Metropolitan Area

Metropolitan Area Population (million)	4.8 (2015)
Area (km ²)	2,734.1
No of local governments (LG)	8
Population density (Hab./ha)	62,65
Recent annual pop. Growth	1.7%
GMA GDP (billions US\$ - 2012)	46
% GMA GDP/Jalisco GDP (2012)	66,1
% GMA GDP/National GDP (2012)	4,13

Source: National Institute of Statistics and Geography

The GMA shares several trends with most of Mexican metropolitan areas. The peripheral municipalities are becoming spaces for new housing, while the central ones are under-occupied. In the GMA, the municipalities with higher population growth are Tlajomulco, Tonalá and El Salto, creating a multipolar structure in GMA, in which the urban

¹⁰ In 2015, the city of Zapotlanejo was authorized by State Decree to join the GMA. Yet, as its integration was not yet completed in the GMA at the time of the case study realization, the study analyses the GMA with 8 municipalities.

sprawl has reached the neighbouring municipalities, and the central municipality Guadalajara reports losing population every year.

1.1 Social inequalities, social vulnerability and poverty

GMA faces deep social, economic and institutional inequalities. According to the 2010 National Council for Evaluation of Social Development Policies' (CONEVAL) analysis, out of the overall population in the GMA, an average of 32.2 % lives in poverty, 3.13% in moderate poverty and 24.4% lives in extreme poverty. The GMA has large high-density informal settlements, reflecting high-income inequality, and a large informal economy (household enterprises, informal traders, etc.).The income inequality is severe, despite better conditions than in the national aggregate. The GMA is more unequal than the State as a whole, and the central municipalities of Zapopan and Guadalajara than the rest of the municipalities.

1.2 The size of formal and informal economy

In 2010, the gross domestic product (GDP) of Jalisco was 787.147 million pesos at current prices and 553,794,000 pesos at 2003 prices, representing 6.29% and 6.62% of national GDP, respectively. Jalisco is the fourth federal State with greater production of wealth, after the Federal District, State of Mexico and Nuevo Leon, and one of the six states which together generate more than 50% of the national economy.

Manufacturing is one of the main economic activities in the GMA (42%), followed by electronics, technology, beverages, food, jewellery, textile and footwear industry. In terms of employment, although unemployment is low, job quality is below individual skills. The promotion of the services sector is one of the most convenient economic alternatives, both for its high productivity and the high number of jobs generated. The regional economy is closely linked to external factors, which makes it sensitive to international economic changes.

As a constant in the Mexican economic reality, the informal economy remains a complex issue in the GMA. The percentage of workers in the informal economy accounts for over a quarter of Jalisco's working population, currently 27.1%. In GMA, these informal workers in the trade sector represent 44% of the total workforce formally registered in the national social security program. The GMA's informal sales represent 10.5% of Jalisco's GDP.

GMA can be characterized as an average Mexican metropolitan area. In several and core aspects, the area is situated in the national mean: economic performance, investment, socio-economic profile and institutional capabilities.

2 Legal Framework and Operating Institutions for Metropolization

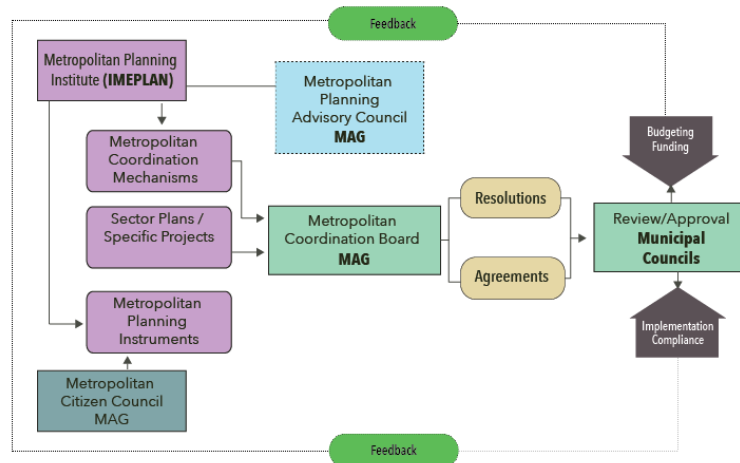
2.1 Institutional arrangements

In contrast to what occurs in other metropolis in the country, the geographic boundaries in the GMA are formally established in the local legislation. The State Congress issued a Decree for the creation of the GMA on December 9th 2009, using the same process established by the just approved law for Jalisco Metropolitan Coordination. The Decree did not take effect until April 2012 but includes definition and processes for establishing new metropolitan areas. To date, the State counts with 4 other metropolitan areas.

Jalisco Metropolitan Coordination Law establishes the management processes for metropolitan coordination and characteristics and powers of three metropolitan authorities under the State Constitution:

- a. **The Metropolitan Coordination Board.** Composed of the mayors of the eight municipalities that comprise the GMA, plus a Jalisco Government representative. The Board meets regularly and counts with a rotating Mayor presidency (every 6 months).
- b. **IMEPLAN**, the Metropolitan Planning Institute. Entity responsible for the development of tools for metropolitan coordination like the Metropolitan Development Program and the Metropolitan Land Use Plan. As an inter-municipal institution, its main resources include annual municipal contributions decided by the Coordination Board (reference budget: 12 million pesos).
- c. **The Metropolitan Citizen Council.** Advisory body, non-mandatory, composed of 16 representatives - two from each municipality - under the criteria of territorial representation and expertise.

Figure 2: Management Process in the Metropolitan Coordination; MAG



Source: metropolitangovernanceforum.org

Among a wide variety of metropolitan coordination mechanisms existing throughout the country, the Guadalajara metropolitan coordination system seems to be the most advanced one, and is commonly seen (by SEDATU, CONAGO, experts, etc.) as a pilot to be replicated in other States, including for the preparation of the new General Law on Cities and Territory (in discussion at the Congress¹¹) and of Metropolitan Development Plans (to be produced in 2016 by IMEPLAN).

However, local evaluations indicate that important improvements are still to be made. Main conclusions of informal evaluations include:

- Lack of capacity in the Planning Institute to fulfil its pivotal tasks of supporting decision-making, coordination and consultative processes throughout the legally established system.
- Lack of political supervision and consultations for the preparation of the metropolitan diagnosis and the first elements of the metropolitan development plan by the Planning Institute.
- Lack of coordination between State administration and the Planning Institute is still a reality more than one year after IMEPLAN operationalization.
- A wish to establish complementary capacities for organizing/supervising delivery of metropolitan services and projects has been discussed at the State level, looking at how a City Manager position could complement the metropolitan coordination system with an operational arm. However, it is not contemplated at the municipal political level.

2.2 Higher tiers and technical management domination

The metropolitan governance in the GMA is characterized by the dominance of higher levels of government (in the decision-making process, financing and coordination strategies), the weakening of municipalities, and important differences on institutional capacities between local governments.

While the Mexican constitution gives a municipality organizational autonomy and responsibility to provide certain basic services, it specifically prohibits a new level of local government (an intermediary authority between a municipality and the State government).

¹¹ The draft new Federal Law on Cities and Territory includes a dedicated chapter on Metropolitan issues, acknowledging the advanced process of urban metropolization in Mexico, and confirms State and Municipal co-responsibility in metropolitan coordination matters.

The Guadalajara bylaw for metropolitan coordination is now fully implemented. It already shows the preeminent role of the Planning Institute (IMEPLAN) to lead and operationalize consultation and coordination processes on urban planning through legally established consultative councils. On the other hand, the Institute seems to benefit from excessive autonomy and lack of accountability to the political level. In the absence of an independent supervision capacity under the Coordination Council, these circumstances lead to an unbalanced system dominated by non-elected technicians.

The operationalization of IMEPLAN together with the new mayors appointed during the June 2015 election will be observed with great interest from the citizen movements to see if the dialogue between the local, State and federal governments reaches consensus on the 25 years vision for GMA's sustainable development. Indeed, so far, agreements were usually made on an ad hoc basis and closely linked to political and financial situations, rather than the specific territorial and development needs.

2.3 A metropolitan operationalization under political influence

Political party affiliations significantly influence the governance in the GMA. Political differences between municipalities and between them and the State or federal government may sometimes hinder the implementation of metropolitan strategies. Also, changes in the administration (moving from election every three years with no possibilities for re-election to approved re-election) even with mayors from the same political party, pose difficulties to institutionalize metropolitan practices.

The egalitarian representation of Municipalities in the Metropolitan Coordination Council and the short rotation of Presidency among Mayors do not facilitate the emergence of an effective metropolitan decision-making capacity. It also probably hampers the strong engagement from large and powerful municipalities who can fear losing powers to the benefit of weak and unaccountable mechanisms. Including only one representative from each municipality also creates a risk of non-transparent decisions.

The drivers for change and the consolidation of these matters are mainly political. Due to the adversarial configuration of the political parties and the lack of incentives to maintain diverse policies from one administration to the other, the key to maintain the current state of affairs is through the direction of the Federal and State governments or renewed alliance between GMA mayors (as it seems to be the case with 6 out of 9 mayors coming from the Citizen Movement Party) and/or social leaderships.

As an example, the GMA has an operating entity that provides water across the municipalities (SIAPA, created in 1978). It has been in operation for several decades. However, its operation is still subject to political influence in line with party politics. Recently, the Governor of Jalisco State took back strong prominence in leading the institution, due to mismanagement of funds and priorities, reducing the capacity of GMA's municipalities to follow the State's lead.

3 Metropolitan Fund as a Catalyst for an Actionable Metropolitan Culture

Metropolitan governance, planning and management is an important priority issue at all levels in Mexico. Under the national general framework for inter-municipal and inter-federative arrangements, the metropolitan coordination is a State responsibility that includes the approval of laws for establishing Metropolitan Areas with related coordination, planning and finance instruments. There is no harmonized definition of Metropolitan Areas and related mechanisms at national level, resulting in a large variety of institutional arrangements.

A Federal Metropolitan Fund (created in 2006 by the central government, with operating rules established in 2008) is disaggregated at State level. Its evaluation (2010) shows that project selection is rarely compliant with objectives of metropolitan scale and general principles of urban sustainability.

3.1 The Fund first assessment

This fund is meant to finance and equip the execution of studies, plans, assessments, programs, projects, activities and infrastructure in all its components, whether new or in process. The Metropolitan Fund was incorporated in the Expenditure Budget of the Federation in 2006 with an allocation of one billion pesos (US\$ 60.5 million). In 2015, the

Federal Fund reached \$10.4 billion pesos (around US\$ 630 million) in the budget for the benefit of 47 metropolitan areas nationwide. Of those, \$1.11 billion were targeting Jalisco State, of which \$1.05 billion (US \$ 63.5 million) were approved in 2015 solely for GMA projects (94%).

In 2010, an evaluation of 16 Metropolitan Funds was performed for the period 2006-2009¹². A first assessment of the Metropolitan Fund showed that its limitations are:

- Support for actions that are not metropolitan or that are not a priority;
- Low participation of municipalities and social actors;
- Taking unilateral decisions;
- Lack or limitations on transparency and accountability in the use of resources, and
- Inappropriate projects or priorities.

After this assessment, a national working group was created (July 2013) and agreed that the proposals or recommendations will help define the new rules of operation of the Metropolitan Fund.

3.2 Management and operation of the Guadalajara Metropolitan Fund

The assessment of the GMA Metropolitan Fund highlighted some key points. The experience gained in the GMA since the formation of the first Metropolitan Council in 1989 has had a positive impact on the organization and operation of the Metropolitan Fund. The basic organizational structure, required for the operation of the fund, previously existed in Guadalajara. So it only required certification process in accordance with the operating rules published in 2008.

The Board for Metropolitan Development, the Technical Committee of the Trust and the Technical Project Evaluation Subcommittee were established and all function properly. The Secretariat of Urban Development of the State Government is the executor of the Metropolitan Fund resources.

The GMA has a portfolio of projects for the short and medium term, which is established through formal mechanisms, through the Technical Committee and the Technical Subcommittee on Evaluation. The fact that the definition of the project portfolio takes into account the representatives of municipalities, despite participating with voice only, is seen as positive and encouraging. In contrast, it is noteworthy that the low involvement of civil society in the urban development policy in the GMA has been answered through the creation of the Metropolitan Citizen Council. In this regard, measures have been taken with forums opened to public participation, and the involvement of various colleges and professional associations.

It was possible to observe some particular characteristics in the operations of the Guadalajara Metropolitan Fund, with the creation of a "metropolitan basket" ("bolsa metropolitana") where all available resources are gathered to address the problems of the metropolis. This initiative has been raised as a proposed improvement for all the metropolitan areas, along with additional features such as expanding the scope of the Board and the consolidation of a larger, strong technical and decentralized team that can be financed and has the capacity to serve a larger number of metropolitan projects from various sources.

3.3 Description of the allocation mechanisms and monitoring

It is important to note that the different municipal administrations and the State Government have made different diagnoses of the urban situation of the metropolis for over 30 years. So there is a significant understanding of the importance of research, diagnostics and planning instruments.

There are several planning tools for major urban development, among which the Urban Development Plan of the Metropolitan Area of Guadalajara and the State Urban Development Plan 2030, where the general policies of urban-metropolitan development are defined. One of the main challenges for the short term is to establish the Urban

¹² Acapulco, Aguascalientes, Cancun, Guadalajara, La Laguna, Leon, Merida, Monterrey, Oaxaca, Puebla-Tlaxcala, Queretaro, Tijuana, Tuxtla Gutierrez Valley of Mexico, Veracruz and Villahermosa.

Development Plan of the Metropolitan Area of Guadalajara as a document that implies responsibilities and obligations to local governments in the metropolitan area.

It is explicitly said that the Guadalajara Metropolitan Fund addresses two different problems: mobility, understood as the development of road and pedestrian infrastructure, and the development and improvement of water infrastructure. However, in practice, one can observe a clear imbalance, since nearly all of the projects financed by the Metropolitan Fund relate to road and pedestrian infrastructure. Only two projects of all approved until 2009 are related to the development of water infrastructure.

It is noteworthy that no Metropolitan Fund resources are used to cover operating expenses. Similarly, all feasibility studies, pre-investment and business projects have been carried out with funds from the State Government with the aim of facilitating access to State resources. Finally, a low participation of citizens, during the process of supervision and monitoring of the actions related to the operation of the Fund, was observed, similar like the absence of real mechanisms of accountability for the Metropolitan Fund of Guadalajara.

The sound discussion, management process and decision-making is a clear reflection of the work that has been done in this metropolitan area. Additionally, one can point out the positive attitude taken by the officials interviewed and the seriousness with which they take metropolitan development. It was also possible to observe that officials underestimate a) the risk that the administrative structure falls into a state of saturation and operational failure and b) the lack of mechanisms to include civil society to give more robust decision making and to implement real mechanisms of accountability.

3.4 Main problems, strengthening opportunities and proposals

Problems detected

- **Operating and administrative structure.** While it was noted that the management processes and operation of the fund by the units responsible are suitable, it was perceived that the administrative structure related to the operation of the fund is barely enough to perform the necessary tasks. The creation of the GMA governance tripod should create a better operational environment linking all committees and dynamics around reference tools such as those of IMEPLAN's responsibility.
- **Investment priorities and projects supported.** There is a limited conception of metropolitan problems. The tendency to address mobility through the development of road infrastructure is prior to obtaining resources from the Metropolitan Fund. While it is necessary to put an emphasis on mobility in the metropolitan area, it is understood only from the perspective of private cars and not public transport. Although the road is important, it should be neither the only nor the most important structuring axis of the metropolitan area. There is little clarity on the criteria for investment priorities. Similarly, there is a concentration of projects in central municipalities of the GMA which promotes the centrality and subtracts development opportunities from peripheral municipalities.

Building opportunities

- **Leverage resources and institutional structures of the Metropolitan Fund to create an integrated platform for metropolitan development.** Although there is already the "metropolitan basket", it is important to continue and strengthen this practice, especially by conceptually linking and expanding institutional structures. In this sense, the constitution of the Metropolitan Development Board in December 2012 should be understood as the greatest opportunity to integrate the processes of planning, management and decision making of all issues related to the metropolitan area as well as integrating the funding incentive to strengthen the debates and alliances.

A large Council with the participation and vote of the federal, state and municipal governments, articulated together with experts (IMEPLAN, and others) and prominent members of civil society (through the Metropolitan Citizen Council), shall enhance the scope of how policies, strategies and metropolitan projects are constituted, promote the comprehensive and long-term vision of the metropolitan area, and build a shared vision of development among all actors within the city. The linkages and dialogues, the exchange of information between IMEPLAN's Advisory Council and the Metropolitan Fund's Committees are fundamental and instrumental to

create coherence, transparency and accountability between the whole set of bodies and tools that has been created in reinforced during the last phase of metropolitan institutionalization.

- **Support metropolitan planning instruments with legal and binding character.** Inter-departmental coordination/integration remains one of the foremost problems in the management of all municipalities. Some municipalities have periodical meetings or try to implement cabinet coordination officers, but to no substantial degree for now. Although several planning tools for the development of GMA do not imply obligations and responsibilities for public officials from the state and local governments, there is a significant opportunity in terms of planning for the metropolitan area by establishing an official character of these documents as well as bodies.

In addition, the governance on the GMA depends highly on the state (regional) and federal levels. Among other reasons, it is due to a weak financial autonomy (dependency on inter-governmental transfers) and a legal framework that does not promote long term projects. In GMA's case, the indebtedness of its municipalities has reached concerning peaks largely advertised after the newly elected mayors discovered the unprecedented levels of the municipal debts. It created a call to audit previous management of GMA municipalities' budgets.

4 Effective Joint Operationalization – First Attempts

The most innovative metropolitan efforts in the GMA are related to the water system, the project of a third railway line and the Metropolitan Police program.

4.1 The Inter-Municipal Water, Sewer and Drainage System - SIAPA

SIAPA is a public entity of the Metropolitan Region of Guadalajara, responsible for the provision of drinking water and sewerage to the inhabitants of Guadalajara, Tlaquepaque, Tonalá and Zapopan; an area corresponding to more than 3 million people. SIAPA was created in 1978 as an organization of the State of Jalisco. In 2002, in the framework of the reform of article 115 of the Constitution, SIAPA was established as a public, inter-municipal and decentralized entity. SIAPA is regulated by State and federal laws, and its supervision is confined to the National Water Commission (CONAGUA) and the Secretary for Environment and Natural Resources (SEMARNAT) at the federal level.

Past challenges and conflicts: GMA has experienced on-going conflicts concerning the best strategy to manage water provision, articulated around the search for autonomy in water provision. The conflicts were triggered by water shortages in the end of the 1990s resulting from low levels of water in the main basins of Guadalajara. They had a negative impact on the public reputation of SIAPA which was considered to be inefficient. In fact, political interests largely influenced the construction of water plants. During the 1990s and 2000s, there was a growing civic opposition towards big infrastructure projects criticized for their social and environmental impacts. Corruption cases also largely revealed the mismanagement issues of SIAPA. This situation led to the initiative of reform in 2012 with the aim to restructure the entity's administrative model, replace a politically oriented team by a technical team, put in place a Commission for Transparency integrated by representatives of civil society, and resulted in the creation of the Tariff Commission.

Governance structure: Until 2013, the Board of Directors was the highest administrative authority, integrated by two representatives of each municipality and three representatives of the government of the State of Jalisco. Its main functions included approving the budget (expenditures) and fees to be paid by the users, as well as the infrastructure plan. The entity managed its operations and budgets independently, however, its debt was guaranteed by the State of Jalisco.

In December 2013, the Board of Directors was substituted by a Governing Board integrated by public entities and civil society organizations: a President (Governor of the State of Jalisco), a Technical Secretary, and representatives of municipalities, State Government agencies, neighbourhood organizations, universities and Business Organizations. The Governing Board's responsibilities remain essentially the same.

The Tariff Commission was approved in August 2012 and put in place in August 2014 by the State Congress of Jalisco. The Tariff Commission shall allow the municipalities to define independently the tariffs for water provision. It is

integrated in public entities and associations or citizen organizations. Currently, the main challenge faced by SIAPA is the large number of expired portfolios. In fact, 126,000 out of 736,000 beneficiaries are defaulting and 61% of the private (residential) users are defaulting.

This change in SIAPA's governance, partly due to misconducts in managing resources as well as prominent political use of the institution, supports the perception that metropolitan bodies, even sectorial and with consequent seniority over the new ones, have huge challenges to address. However, the institutional framework for cooperation has never been so positive for metropolitan opportunities.

4.2 The Metro Line 3 – a Project of Metropolitan Interest

The other significant push comes from the development of the third railway line for the Metropolitan Area. Public transport system is a service that it is operated by the State Government over the interest of the municipalities. Routes and type of transportation are defined, built and operated by the State government. This is condition creates conflicts, given that the municipalities manage urban planning on their own.

This line project will be used to relieve the congested traffic in the city, connecting three municipalities: Zapopan, Guadalajara and Tlaquepaque. It is managed by the Federal government with some oversee support by the State counterpart. The State Government gives concessions for public transportation (buses and taxis) to a public enterprise (SITEUR) in charge of electric transportation (urban small trains, BRT). The project is part of the National Development Plan 2013-2018, which places particular emphasis on improved mobility in the country's biggest cities, notably via the development of different modes of rail transport. Therefore, the Federal Government is largely responsible for the necessary public investment.

SITEUR is a decentralized public entity with legal personality and its own assets, and it aims to regulate the operation and organizational structure of the System as well as conveniently organize and manage the resources in their charge. Their primary objective is the efficient delivery of public service to support the massive urban passenger transport. The administration and management of SITEUR are in charge of the Management board and the General Director. Both the Chairman of the board and the General Director shall be appointed by the Governor of the State.

Total costs of the project for Line 3 correspond to 17,692 million Mexican pesos (US\$ 1,07 bn), of which at least 1,067 million Mexican pesos are supposed to originate from the private sector, and through Public-Private Partnerships, although construction works in 2014 were financed through fiscal revenues coming from Jalisco State.

4.3 A Metropolitan Police Force: Safety as first Priority

In the case of GMA safety, the total number of crimes did not increase significantly from 2008 to 2013 but within this overall figure, crimes considered serious by its social impacts -kidnapping, murder, injuries and violent robbery- have dramatically increased over the years. In 2012, 24% of the population reported to be the victim of a crime. Even more worrying in this context are the high rates of impunity: according to a study by the Research Center for Development (CIDAC) in Mexico, less than 2 of every 100 crimes that were reported were prosecuted and received a sentence.

This particular troubling climate explains why safety and security are today at the top of the Metropolitan agenda as defined by the Metropolitan Coordination Board in 2012. Since the 1980s, there have been three major attempts to establish a metropolitan police in the GMA:

- In 1984: An agreement between the municipal presidents of Guadalajara, Zapopan, Tlaquepaque and Tonalá, and the State Congress led to the establishment of the *Intermunicipal Metropolitan Police*. In 1990, the police of the four municipalities was re-established as entities of each municipal.
- The attempt to form a Municipal Police was again under discussion in 2007, and first agreements between the Mayors of Guadalajara, Zapopan, Tlaquepaque, Tonalá, El Salto and Tlajomulco de Zúñiga were signed. However, the project was not completed because of conflicts concerning the financial resources, governance structure, training and jurisdiction of the Municipal Police.
- In 2010, the eight municipalities of the GMA signed an agreement towards the creation of a decentralized public body, the *Metropolitan System of Public Security*. However, once again, the project was blocked because of political interests and diverging opinions concerning the concrete implementation of the body, and finally

reduced to an agreement on the modernization of communication systems and the investment in technical equipment.

In this context, the Fuerza Unica Metropolitana (FUM) was created in 2013 with the aim to combat high-profile crimes in the Metropolitan Region, as well as to contribute to prevention, and to the capacity of coordinated action of the State of Jalisco and the municipalities in the area of public security. It consists of a partnership between the metropolitan municipalities and the State Police following a Nation-wide model that seeks to congregate and coordinate all the municipal police forces under the direct command and supervision of the governors. The State Government is responsible for providing operational equipment to the police staff (uniforms, cars, armament, etc.) and to train its personnel. The municipalities are responsible for commissioning the staff, conducting the necessary controls and check-ups necessary for their integration.

It is estimated that the FUM requires the reorientation of 1,500 million Mexican pesos of the eight metropolitan municipalities. In 2014, the budget of the FUM amounted to a total of 40 million Mexican pesos. The newly elected mayor of Guadalajara has come back to the idea of creating a 'Metropolitan Police' that should replace the FUM and integrate the totality of civil police forces of the Metropolitan Region. His proposition was rejected during a meeting between the mayors and the State governor in 2015 who decided on continuing their efforts to establish an integrated police force for the Metropolitan Region. The FUM is supposed to be maintaining at the same time as a special force to combat high-profile crimes.

5 Conclusion

Despite the economic, political and legal challenges stated before, the GMA has three new entities to facilitate metropolitan coordination: the Citizen Council for Metropolitan Planning, the Metropolitan Planning Institute and the Metropolitan Council. Recently integrated to the metropolitan governance system, they have not delivered major results yet, but they have the potential to improve this situation.

The GMA is a strategic area for Mexico national development plans, due to its functional economic and social features, as a Mexican Silicon Valley. Up to date, the GMA governance and organization has been widely directed in a top-down manner with non-inclusive decision-making processes. Yet, in the last decade and maybe for the first time in Mexico's decentralization history, several institutional, regulatory and legal changes have created the right environment for the raise of an operational, actionable metropolitan agenda and culture within the multi-level layers and multi-stakeholders connections involved in the future of the metropolis. Moreover, the mobilization of civil society movements in the past years have created higher pressure on politicians as well as officials and institutions to provide real coordination and cooperation tools and bodies in order to address the backlogs that are hampering GMA's sustainable and inclusive development.

Challenges are huge but GMA has a strong historic track record of attempts to command metro-wide efforts. It has been active through diverse mechanisms and agreements, including with State and Federal governments in order to solve core issues such as security, mobility, and coordinated land use and management as first priorities. For now and while waiting for the General Law on Cities and Territory to be adopted at the Federal level, the coordination and association are the only ways Metropolitan Areas can engage in a joint agenda to address their needs, shape their future based on existing opportunities as well as fight for and take into account the eradication of on-going spatial, environmental and economic segregation and emergencies.

eThekweni (Durban), South Africa – Summary Report

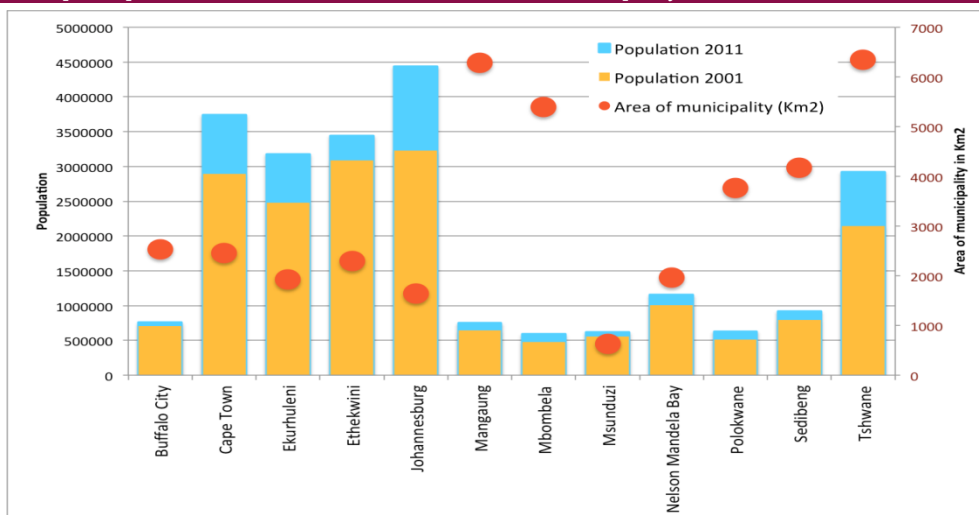
1 Background and Introduction

In the past twenty years, South Africa has witnessed a remarkable transition away from apartheid to democracy. The apartheid system, designed to subjugate black South Africans and ensure that resources were devoted primarily to the wellbeing of a small fraction of the populace, has had to be transformed so that those resources serve all the people of South Africa and that more democratic systems of governance are put in place.

South Africa is now a constitutional democracy with three spheres of government: national, provincial and local. All spheres of government are elected, with elections taking place every five years. The Constitution sets out the framework for all three government spheres, as well as the specific powers and functions allocated to each sphere, making South Africa one of the few countries in the world where local government powers are safeguarded in the Constitution itself.

Presently, South Africa has eight metropolitan municipalities. The following figure indicates the population size and area of the eight metros plus a few other highly urbanized areas:

Figure 3: Municipal Population Size (2001 and 2011) and Area of Municipality



Source: Compiled by the authors from: (i) Population figures 2001 and 2011 Census, Statistics South Africa, (ii) Area: Local Government Handbook, sourced February 2015

Durban (or eThekweni municipality as it became) was demarcated as a category A (Metropolitan) municipality. Over 30 existing apartheid local governments, as well as former black dormitory townships and traditional areas, were included into this new metropolitan area. It aimed to include everyone in its boundaries who is functionally related (through work, housing and/or shopping).

South Africa’s policy of free access to basic services to the poor includes the provision of potable water and sanitation, electricity and solid waste collection. As part of that policy, every household receives the first 200 litres of water per day free. Some of the larger metropolitan municipalities like eThekweni (Durban) provide above average free water rations (300 litres) per day to all households. Free Basic Electricity is also available for the indigent.

This paper describes metropolitan governance in eThekweni. The aim is to describe a situation relatively unique where metropolitan areas are single political, economic, social and financial entities, in which all have to align their actions to a broad-based Constitution and legislation requiring significant community participation. In addition to reflecting on the existing situation, a number of interviews were conducted with prominent and experienced leaders who were

selected given their international profiles, direct involvement with city governance in eThekweni and ability to critically reflect on the metropolitan area¹³.

2 Local Governance in eThekweni: The Council System

South Africa is divided into nine provinces, within which are 278 local governments (municipalities). The roles and responsibilities of these municipalities are defined by the South African Constitution and its legislations. Moreover, the Constitution identifies and subdivides local governments into three categories: Single tier Category A (municipalities – metropolitan municipalities, which have exclusive municipal executive and legislative authority in its area), and Category B and C municipalities where a Category C (District) municipality shares jurisdiction with a number of Category B (Local) municipalities. Given that eThekweni has been defined as a Category A municipality, it is assigned the highest level of functions to perform. These powers are defined in the constitution and through legislation.

Other government spheres (national and provincial) cannot intervene in local government affairs without following a clearly defined process. Metropolitan municipalities are single tier institutions of municipal governance with a Mayor as political head and a Municipal Manager appointed by Council. Municipal Managers have some executive authority as delegated by Municipal Councils and for the rest of the functions they must report to the political executive committee chaired by the Mayor¹⁴. It results invariably tension given that Mayors as political heads must be seen to deliver whilst Managers as accounting officers must ensure the law is strictly applied. Moreover, depending on which powers have been assigned by the municipal Council to the Mayoral Committee, they must further report to the full Council for the authorisation of matters. In eThekweni, the administration consists of over 25 000 employees and an annual budget of approximately R32 billion (USD3.5 billion).

eThekweni the Council consists of 205 councillors of which 50% come from wards and 50% from party lists (called PR councillors). Public accountability process is strengthened through ward committees. However because this system is still relatively new very its success has been limited, with few powers having been devolved to ward committees yet.

In addition, because of South Africa's apartheid settlement patterns, poorer people live in the urban periphery where the majority party has its support base. This spatial segregation creates a tension between addressing people's needs and building a more efficient and effective city (centre). Even though community participation is a legislated requirement, it remains difficult for now, in this representative political system, to move beyond sole information and opportunity based participation.

The eThekweni Mayor notes the following institutional challenges eThekweni is facing:

- a. Create an even more responsive municipality, dealing with urbanization, integration, participation and increased development.
- b. Fill critical vacancies within council, particularly those in the professional sectors
- c. Address issues of economic disparities and the need for black economic empowerment, ensuring meaningful participation of disadvantaged African communities, military veterans, women, youth people living with disabilities; and
- d. Accelerate even more service delivery to address backlogs particularly in human settlements and community facilities.

¹³ Interviews with Bobby Peek, 2014, Director of Durban based environmental justice NGO, Groundwork; Andrew Layman, 2014, CEO of the Durban Chamber of Commerce and Industry; SogenMoodley, 2014, Coordinator of eThekweni's Municipal Institute of Learning; Professor Glen Robbins, 2014, Professor of Economics, University of KwaZulu-Natal; Carlos Esteves, 2014, Deputy Head: eThekweni Transport Authority, eThekweni Municipality ; SoobsMoonsammy, 2014, Head of Planning and Development, eThekweni Municipality

¹⁴ - Called either a *Mayoral executive* or *Executive Committee*.

3 eThekweni Metropolitan Area's Economy and Society: An Overview

3.1 Population

Population: 3.44 million in 2011 with just under a million households¹⁵. The majority of the population is of African origin (71%), followed by Indians (19%), Whites (8%) and Coloureds (2%)¹⁶. About 66% are below the age of 35 years. The population growth is affected by high internal migration levels mostly from the rest of the province. About one million people (30%) in eThekweni live in poverty. Furthermore, approximately 20% of the population resides in informal settlements. The city has a significant housing and service provision programmes aimed at residents in informal settlements.

3.2 Economy

eThekweni's GDP (in constant 2005 prices) was approximately USD20 billion in 2012. The city provides 65.5% of KwaZulu-Natal's GDP and 10.7% to the national GDP. Although economic growth (5.6% over the past decade) is above the national average, growth remains slow. In 2011, 38% of eThekweni's population was economically active. In 2012, most residents worked in the tertiary sector (73%) followed by the secondary sector (26%) and the primary sector (1%). Formal employment comprised 76% of total employment, whilst informal employment made up 24% of total employment. The informal sector employed 270 325 people in 2012.

eThekweni is one of the few cities in the world which has a clear policy programme allowing for the location of informal businesses within the city precincts. Sites are allocated on street pavements and skills empowerment programmes are run by the municipality. Tender procurement also aims to allow small businesses to benefit.

The key issues relating to the economy are therefore as follows¹⁷:

- Increase in unemployment;
- 41.8% of population subject to conditions associated with poverty
- Little or no diversity in the economy
- Declining resource base and the impacts of climate change.

3.3 Social and Health development

The municipality faces a number of social development challenges. These include as among others teenage pregnancy and alcohol abuse. The leading causes of lives lost in 2010/11 were Tuberculosis, diarrheal disease, HIV/AIDS, respiratory infection and interpersonal violence. eThekweni and the province rank among the highest in the country in prevalence of HIV/AIDS and TB incidence. This reflects the apartheid history with the city having the highest proportion of poor people and migrant workers compared to any other of the major cities. Programmes such as Anti-Retrovirals exist to address these issues.

4 Intergovernmental Finance, Relations and Multi-Level Governance

4.1 Financial matters

The national government collects the main sources of income (corporate and other taxes) and redistributes to national, provincial and local governments according to an Equitable Share System. It also funds provinces which generally have very poor fiscal capacity, raising only 4% of their own revenue – with 96% of their funding coming from national government. Local governments, on the other hand, have significant fiscal capacity with municipalities being able to collect property rates, service charges and tariffs for services such as electricity, water, sanitation and solid waste collection. Metros and urban municipalities collect over 90% of their own revenue while rural municipalities collecting only around 20% of their own revenue. Local government receives almost a 9% (from 7.5% in 2009) share of the

¹⁵ -Statistics South Africa, 2011

¹⁶ -eThekweni Spatial Development Framework, 2013/14

¹⁷ -eThekweni Spatial Development Framework, 2013/14

national revenue. Approximately one third of municipal spending is on public goods (no revenue opportunities), with two-thirds spending on user charge services (water/electricity).

The National Treasury allows for a wide range of conditional and unconditional grants to municipalities like the equitable share allocation, block grants for free basic services and a range of conditional grants (city support grant, public transport infrastructure grant etc.). Municipalities set their budgets annually and have to follow a process of consultation and public engagement. Cities may borrow from local markets but must go through significant public and stakeholder engagement to do so.

4.2 Intergovernmental relations

Intergovernmental relations are the systemic mechanism expected to manage the relations between multiple polities and structures to achieve the goals of the developmental state. The framework for Intergovernmental relations is clearly defined by the Constitution and other national legislation. Here, the national government is responsible for managing cooperative governance and setting the developmental and fiscal agenda for the state as a whole. Up to date the experience has been mixed although the national government in particular is striving to improve the system to make it more developmentally oriented.

The national government oversees effective management of powers and functions in each government sphere through a coordination system which rests in a number of structures at each sphere of government.

Intergovernmental structures include a City Budget Forum which provides an opportunity for metropolitan municipalities to engage with National Treasury around budget matters. At a national level, organised local governments elect representatives who participate in the affairs of parliament. At a provincial level a coordinating committee chaired by the Provincial Premier includes the Mayors of Metropolitan and District governments. Whilst intergovernmental relations are generally quite bureaucratised and focus mainly on information sharing, many of the Intergovernmental developmental initiatives are far more successful.

The emphasis of the legislation on coordination and not integration between levels of government has been a cause for concern. For example, provincial and national spheres of government often decide on their own about projects and programmes without referring to a municipality's Integrated Development Plan and Spatial Development Framework. A missing capability however is effective collaboration between spheres, as there are no systemic, or governance processes to ensure effective sanctions when one governmental party fails to collaborate.

4.3 Role of the national government with regard to metropolitan areas in the country

The national government plays a major role in setting broad laws and policies within which metropolitan government must work, and can only intervene in local governance under strictly defined circumstances. Given the importance of metropolitan areas to the economy, and the fact that four metropolitan areas have larger budgets than half of the provinces in South Africa, the national government does tend to treat metropolitan areas differently and prioritise interactions with them. Hence, eThekweni is in close exchange with the national government in particular in areas such as National Treasury for funding, Department of Transport for road infrastructure, Human Settlements for housing and Department of Water and Sanitation for water licences determination.

Challenges with respect to the role of the national government in metropolitan areas include duplicated roles and responsibilities (e.g. roads), lack of co-ordination, municipal accreditation to deliver housing, funding for public transport, unfunded mandates in the area of health and libraries, over-regulation, dependency on national government decisions in certain topics such as water supply and the need for expanded integrated working for example in violence prevention against women and children.

4.4 Role of provincial government with regard to a metropolitan area in the region

The Provincial government plays only a minor role in eThekweni, and is primarily a post-box in the case of housing and transport funds from national government (National Treasury monitors funding expenditure etc. in eThekweni). The Provincial government's role is usually in coordinating and engaging around social issues which are not municipal functions.

5 Assessing Delivery of Basic Services

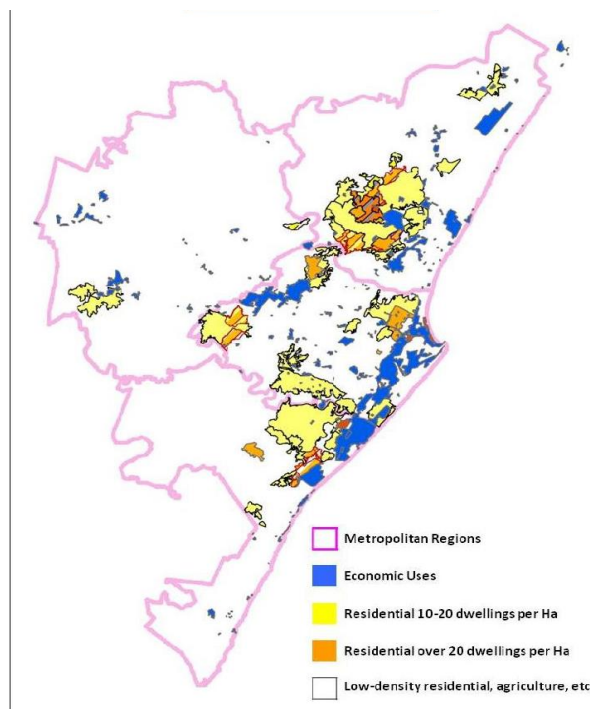
eThekweni has published two long term development frameworks which have provided the strategy for the municipality to function since 2001. The achievements and challenges in meeting these development frameworks are outlined below.

5.1 Spatial structure

eThekweni is dominated mainly by residential and economic land centred around Durban City Centre, the Durban South Basin, the Port of Durban and the Pinetown and New Germany areas, with other less prevalent land uses including agriculture, traditional settlements and industrial uses. Economic land uses are unevenly distributed across the municipal area and separated from residential uses¹⁸. The adjacent map below shows that eThekweni has a multi-nodal/ sprawl structure with key nodes located in the centre, north and southern areas. Moreover a smaller node area can be found in the west of the metropolitan region.

The municipality's population densities vary across the metropolitan area, with large areas of ultra-low density settlements. Higher densities are found in townships and informal settlements on the periphery. Main challenge is to provide amenities to these areas.

Figure 4: Major Land Uses in eThekweni



Source: eThekweni Spatial Development Framework (SDF) Report 2013/14 (2013)

eThekweni has put in place a four level package of plans system consisting of the Spatial Development Framework, the Spatial Development Plan (SDP), the Local Area Plans (LAPs) and the Land-Use Management System (LUMS)/Precinct Plans

¹⁸ - eThekweni Spatial Development Framework, 2013/14

The recently promulgated Spatial Planning and Land Use Management Act (SPLUMA) has now clarified planning responsibilities for different spheres of government with municipalities having become more empowered as a result of this legislation.

5.2 Budget process in eThekweni

eThekweni's budgeting process is regulated by law and audited each year. It involves a range of community consultation with ward, general meetings and workshops. Additionally, monitoring of capital budget spending and vigorous acceleration of supply chain planning and demand management processes take place on a weekly basis.

The city has a comprehensive poverty package of measures for indigent communities, adopted by Council, including rates exemption for certain properties and a small quantum of free basic services for households valued under a certain amount. The total cost of free services is approximately R3.07 billion and is partially subsidised by the equitable share (R1.8billion).

The collection rate averages at 105% which is the highest of all metros, due to the implementation of strong credit control policies. However the municipality has a total debt of R5,2 billion before provision of doubtful debts of R2,4 billion.

Financial challenges include costs of unfunded mandates, the high costs of providing free basic services, the cost of the city's Integrated Rapid Public Transport Network, the need for bridge-funding for housing developments, the significant cost of providing housing and services to informal settlements and water losses due to theft, ageing infrastructure and in some cases no provided metering.

5.3 Housing

Trends related to Housing delivery targets show that delivery has been significant, with on average 5700 houses being built per annum over the past five years. The backlog however stands at 401 194 units in 2013/14. Currently, innovative new housing forms and urban design solutions are being implemented with the objectives of promoting densification, social cohesion, and a more sustainable urban form.

Challenges include the high levels of urbanization, land invasions and the need to increase densification.

5.4 Water and Sanitation

In the period between 2010 and 2013, 38617 new households were provided with access to water and 105 943 to sanitation. The backlogs for water however are 68 957 (which includes upgrading rural areas and formalizing illegal connections) and 182 271 for sanitation.

Challenges include the growing population due to migration, water losses, illegal connections, funding and water resource constraints.

5.5 Solid Waste

All households within eThekweni have access to some form of refuse removal services. Waste is generally collected on a weekly basis.

5.6 Electricity

In 2012/13, 653 307 (roughly two thirds of all households) have access to electricity with a further 10 000 households gaining access to electricity per year. The electricity loss in distribution is 6%, which is the lowest in the country and in line with international norms.

The challenges experienced include among others servicing informal dwellings. With funding constraints, it will take 13 years to connect all units. Further challenges relate to illegal connections and network theft.

5.7 Roads

There are currently 1300km of unsurfaced municipal roads within the boundary of the municipality leading to a backlog elimination timeframe of approximately 20 years. Aesthetic maintenance is undertaken principally by female headed community based contractors through the Zibambele programme.

5.8 Improving municipal capacity, including working with universities

eThekweni has good contacts with cities and municipalities in South Africa and abroad. It is a significant role-player in the very active South African Local Government Association. Moreover, it also plays a role through its Municipal Institute of Learning (MILE) in both assisting under capacitated municipalities in South Africa and Africa, and by taking over a role at the forefront of building international learning networks, including partnerships with UCLG, Plus Network, COGTA, and SALGA.

The eThekweni Municipality made history in 2009 with the signing of a Memorandum of Agreement (MOA) with the Durban University of Technology, the University of KwaZulu Natal and the Mangosuthu University of Technology. More than just collaboration around a strategic research agenda, the MOA intends to share knowledge, resources and expertise, human capital development, academic support and the harnessing of networks. A Committee has been established that meets quarterly. The Dean of Research of UKZN who is an active member of the Committee has also recently been appointed as a member of the City Planning Commission.

5.9 Engagements with communities and other stakeholders

There are a number of initiatives in the municipality promoting engagements and involvement of community, youth, women, traditional leaders, religious, foreigners, business and others in the life of the city. In addition to community meetings at a local level, sectoral meetings (such as health, environment, etc) are held culminating in a city-wide workshop, called the Big Mama workshop. Well over 500 active organisations are involved in these city matters.

Formal mechanisms of engagement include council committees, imbizos (although these forum for policy discussions are largely one way processes), workshops, roadshows, sizakala centres, ward offices, political party structures, ward committees, invitations for submissions (written or otherwise), advertisements announcing various matters, e-services and call centre systems, surveys (e.g. quality of life), scheduled stakeholder meetings (e.g. with chamber of commerce), public reporting and documentation (news, reports, plans) and social media. Structures such as the city ombud's office and public accounts structures tend to not generate much confidence among the population as they are insufficiently independent, accessible and transparent. The Informal Traders Forum, which has regional structures across all parts of the city, monitors informal trading. eThekweni is considered to be one of the most progressive cities in the world in terms of the provision of informal trading opportunities, education and training.

At the same time, the concern is that such engagements are often simply one-way communications from the city. The private sector still feels constrained in its ability to actively engage and influence Council decisions. In addition, tensions between individual, political, business and community leaders have often stifled common agendas, although some positive developments have been noted.

Overall, it could be argued that the reason for this disjuncture between many mechanisms and structures for participation has a lot to do with the tension between representative and participatory governance. Additionally, civil society perceives that more could be done,

5.10 Transparency

All council meetings are open to the public unless (generally) a staffing or sensitive matter such as corruption is discussed. All documentation (excluding everything which is not directly related to decisions/policy, etc.) must be made available on request based on national legislation. The city also produces its own newspaper every fortnight in both English and Zulu.

The supply chain processes are strictly regulated and all documentation must be made available for any reviews. Three independent committees of officials must sit on procurement matters. No councillors may influence or be involved in any procurement matters and no state officials can be involved in businesses which benefit from government contracts.

6 Conclusion

The city has over 200 offices across the city where residents can interact with the local government (e.g. apply for permits, make payments, get information, etc.). In addition, significant attention is placed on improving the already

advanced IT systems allowing for engagement on matters, recording of concerns and the like. All such matters are properly logged so that communities can track progress.

Between 2001 and 2011, eThekweni Municipality experienced unprecedented service delivery with strong political and administrative leadership driving the delivery processes. This contributed to a reduction of its historical backlogs, but in return has generated more migration to the city. More resources will therefore be required in future to cope with new demands for services and housing. In general, 66.7% of the population is satisfied with municipal services.

6.1 Challenges

Some of the additional challenges include:

- A key challenge is improving the transport system for townships into the city and between townships.
- The need to move away from the dependence on carbon intensive industries.
- Organized business is not strong enough to occupy a really meaningful space and make itself more conspicuous.
- Ensuring that leaders lead
- Addressing regulatory restrictions
- Political factionalism in fighting and violence
- National and regional politics that also shape what happens within cities, and which show little appreciation and patience for issues of good governance.

Overall, the metropolitan municipality "concept" in SA is one of the few cases in the world where the area of a large local government essentially covers its metropolitan area (its commuter area, functional economic area, etc.). The single political authority means that there is no need to bring on board (small and often powerful interests of) other jurisdictions. Once decisions are made they get implemented. However, one political difficulty is that municipalities rely on strong leadership which are often dominated by party political views (i.e. majority outvotes valid arguments of opposition).

Single administration also means development is focused. In contrast, it is similarly a weakness once a strong and capable leadership is missing. If the majority party does not select capable persons for senior management there can be a number of shortfalls. When things work well they work very well, but when they don't work they work badly! For example, when strong leadership clarifies political and administrative roles up front, the system works well. But when local councillors start interfering with the execution of delivery, delivery can get seriously and negatively affected.

The strong centralized system at the metropolitan level has meant that delivery in the major metropolitan areas has outperformed many countries.

6.2 Opportunities

In addition to opportunities described above, many others exist:

- Facilitating urban agriculture and integrating eThekweni's different socio economic groupings in a more active manner
- Utilizing the environmental opportunities such as the 'green lung' for the city and beaches within the city centre
- Finding ways to promote the fact that eThekweni performs as one of the best municipalities in the country and improve the general perception that Durban is the most expensive and unfriendly city to do business in
- Addressing tourism, enhancing the port as a huge magnet, property development
- Governance reform and reviews need to be an ongoing part of the governance process in Durban.
- Decentralized administration where feasible.
- Continuing to perform relatively well as a council.

Finally, the city has still some way to go to be a city that is completely informative, interactive, interconnected and dependent on the community which has a more direct say in what happens locally. But each of these elements features highly.

eThekweni's financial management and rate of service delivery – surely both important indices of governance – is good, and has been for some time. But work remains on ensuring the city transparently and accountably manages and delivers services to a community delivered at the least cost.

Metropolitan Bandung, Indonesia – Summary Report

1 Introduction and Background

As part of the implementation of the National Spatial Plan 2008 – 2028, eight metropolitan areas were defined and established as *National Strategic Areas* (KSN), within the *National Urban System*, through *Government Regulation N° 26/2008*. Metropolitan Bandung (MB) is one of them. This regulation revealed MB’s national strategic position for the national economy as well as for the national urban development dynamic, beyond Bandung proper city. This recognition allows the central government to pour money into local governments’ dynamics that would strengthen the role of MB in regional development.

Figure 5: Position of Bandung Metropolitan Area in Indonesia

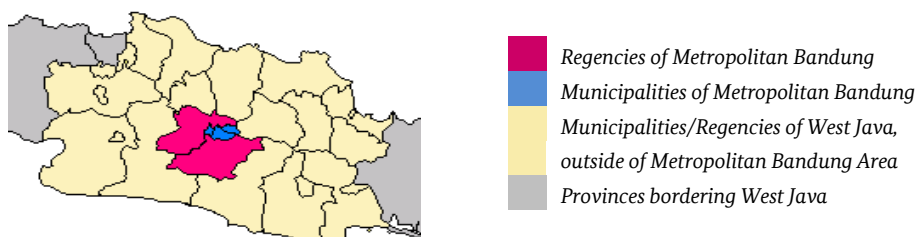


Source: The Indonesian Matters, 2011

MB aggregates two municipalities (Bandung and Cimahi) and three regencies (Bandung, West Bandung and Sumedang). Total area of MB is 4 804.74 km², meaning 34.38 % of total urban areas in the province of West Java and 12.95% of total area of West Java.

The core urban activities of Metropolitan Bandung are located in Bandung municipality. Since the late 1990s, perspectives are defined by the need for infrastructure development and to create efficient and supportive urban connections to the central city. Issues of environmental conservation, such as water sources protection, have shifted and development is now redefined as strengthening of economic activities in order to secure community improvement.

Figure 6: Position of Metropolitan Bandung Area within the Province of West Java



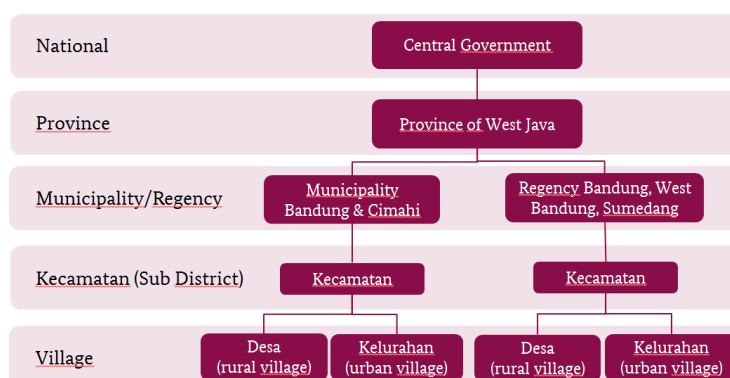
Source: id.wikipedia.org

Decentralization in Indonesia has gone to several phases, starting with the most liberal decentralization to local authorities to date, especially to regencies and municipalities.

- The *Law 22/1999 on Local Governance*, after the 1998 Reform, first mentioned *urbanized areas*, standing for metropolitan areas, in terms of its definition, administrative boundaries, public participation frames, and management. At that time, management of urbanized areas was left to a functional board (urban management board – for local governments under the same administrative boundary) - or cooperative board for local governments falling under more than one administrative boundary composed of bureaucrats, and supported by *ad hoc* commissions considered as think tanks. Both are initiated on a needs basis. It was encouraged as a voluntary and bottom-up approach. However, with the country experiencing greater autonomy at the local level, such initiatives encouraged by the law did not come into fruition.
- 5 years later, a new *Law 32/2004* constituted a setback for urbanized areas with nor clear definition, nor specificity on public affairs that could be conducted at this level. Nevertheless, due to increasing urbanization, *Guidelines for Management of Urbanized Areas* were later established by *Government Regulation 32/2009*. Yet, such need for the management of urbanized areas was not enthusiastically pursued by local governments due to factors such as: conflicts in human resources processes, low capabilities, and no provision of standard operating procedures.
- The recent *Law 23/2014 on Local Governancere* constructs more comprehensively the concepts and management of urbanized areas. It outlines their definition, administrative boundaries, a list of public services falling under their responsibility, evolving nature, management, together with detailed performance measurement. Explicitly, local governments have to initiate development plans, implement and evaluate the management of urbanized areas. Planning and monitoring of urbanized areas should conform to national strategic interests. Also, the public affairs to be managed at metropolitan level are defined as social and public facilities that have to fulfil minimum service standards and urban service standards in line with the push from the central government. While such service standards for urbanized areas had been previously enacted through *Government Regulation 57/2010* (with measurement based on the numbers of residents served by urban services), the implementation of this regulation is not yet in place (detailed standard procedures lacking).

These laws and regulations partially weaken the authority of the province that functions both as an autonomous regional body, and an extension of central government’s powers. Elected local officials (mayors, *bupati*) are now responsible to local councils. As based on the *non-hierarchical* structure of the administrative division in the country (see figure below), no clear administrative position is provided for metropolitan areas between the municipality/regency level and the provincial level. For urbanized areas, whose administrative boundaries cover more than one regency/municipality, the provincial government is responsible to initiate the joint management of the area. Since MB is an aggregate of municipalities/regencies within one province, legally its management and development fall under the provincial government.

Figure 7: The Administrative System Structure in Indonesia and “Ghost” Position of Metropolitan Bandung



Source: Own diagram

In the case of MB, a provincial regulation (*Perda N° 12/2014*) explicitly defines the role of the provincial government. It helps in setting up the management cooperation board to define the guidelines and directions of spatial development in Metropolitan Bandung and engage in permit issuance. The *Perda* mentions the roles of the metropolitan management especially in initiating infrastructure development such as Light Rapid Transit (LRT) in MB, location of final garbage disposal, and the clean water sources for some water supply companies in MB. So far, the provincial government has not been fully involved, especially in facilitating initiation from the central government and as a mediator to help coordination among municipalities/regencies.

Funds from higher levels of government are transferred as unconditional grants and constitute the main resources for subnational governments (between 40 to 60% of MB local governments' revenues, to be compared with the 10 to 20% of their own source revenues). Despite regulation on financial autonomy introduced in 2004, taxing power of local governments has only slowly been assigned since 2013. The *Law 23/2014* also recognizes that despite the fact that an urbanized area may naturally emerge, it has to be integrated in its management, into local development plans and local spatial plans. This would allow public resources to be allocated to such development.

2 Institutional, Political, Economic and Operational Fragmentation as Major Impediments to Metropolitan Governance

2.1 Lack of enabling environment and incentives for cooperation between local governments

Cooperation between local governments is known to be little existent. The high autonomy devolved to the municipalities/regencies, and the promotion that success rely on high level of own revenues, lead municipalities/regencies to act and make decisions independently.

As stipulated by the *Law 23/2014 on Local Governance*, there is no hierarchical system in government management. Each level of government is accountable to their local assembly and evaluated by the central government for funding allocation. The role of the upper level of government, either at the provincial or national levels, is to ensure that the provincial/municipal/regency development plans and decisions affecting the public conform to policies at the provincial or national level.

Also, a country made up of 17,508 islands (6,000 inhabited) tends to be fragmented. Ideally, the need to develop whole regions (for example, by investing in basic urban services like water supply and sanitation, energy, and solid waste disposal) should encourage cooperation and coordination among local units. However, local politicians tend to build up and preserve their political power. At times, engaging in graft and corruption is a tempting way to achieve a political agenda, a practice that works against the setting up accountable and transparent metropolitan governance.

With limited funding sources to pay for development, the municipalities/regencies continue to rely on central government transfers. Currently there is no known practice of borrowing at this level. At the provincial level, borrowing is facilitated through PIP (Centre of Government Investment), a central government-owned funding agency, specifically created to help local level governments to fund strategic projects. Many see this mechanism of borrowing at the provincial level as the early stage or a transition process to allow local governments to develop government bonds. As a consequence, an essential prerequisite is handed to the local level to set up future cooperation between local governments.

2.2 A sectorial and fragmented vision on regional planning

The planning approach used in Indonesia is still mainly sectorial and hierarchical. For example, transportation and traffic management plans should conform to the national spatial plans formulated by the Ministry of Public Works (for road networks) and the Ministry of Transportation (for traffic management). Planning agencies (*Bappeda*) at the provincial level prepare their own spatial plans and similar *Bappedas* prepare spatial plans at the regency and city/municipality levels. Thus, each regency or city/municipality prepares its own spatial plans in MB. Hence, the lack of a metropolitan-wide perspective and the missing harmonization of plans or planning at a metropolitan scale does not encourage functional connectivity, among others necessary for an integrated transport system. Instead, to achieve metropolitan development, the main approach being used in Indonesia is regional development planning. By law, all regencies, cities and municipalities are required to formulate development plans. At present, however, these plans are

mainly focused on providing basic infrastructure, and serve as the basis for zoning, subdivision regulations and other ordinances.

In quite a number of metropolitan areas, region-wide comprehensive economic and social development plans have been formulated. In Bandung, the West Java provincial government, under *Provincial Decree No. 11/2014a*, has ordained such plan, but it is still a work in progress. In addition, in July 2014, the Province ratified the *Regional Law N° 12/2014 on Cooperation of Metropolitan areas in West Java*. It lays out the need to develop an Economic Grand Masterplan for its metropolitan areas for 2050.

At the National level, the strongest push in promoting metropolitan governance comes from the Ministry of Public Work (MPW). MPW has a directorate general specifically dealing with Spatial Management of urbanized areas. In 2012, the MPW cooperated with the subnational governments and formulate Spatial Plans (RTR) for these metropolitan areas. It was an attempt to convince local governments about the need for creating metropolitan management or cooperation boards was implemented in 2012 by making the MPW.

The RTR for Bandung Metropolitan called *Spatial Plan for Bandung Basin (Cekungan Bandung)* was developed in 2012. After it was finished in 2013 it had to be legalized as a Presidential Decree. The *Spatial Plan of Bandung Basin 2012 – 2027* which stands between *The National Spatial Plan of 2008* (ratified as Government Regulation (PP) No 26/2008), *West Java Provincial Spatial Plan 2010* and the *Spatial Plan* at the regency/municipality levels, was meant to be a guideline for developing Spatial Plans at the regency/municipality level. However, the plan was rejected by the West Java Provincial Government as having limited orientation and thus the Presidential Decree was not enacted. Up to today, the Plan remained a legal draft and thus cannot be referred to, implemented or funded. This has had implications for the advancement of the metropolitan governance in Bandung. With the rejection, the chance of central government to introduce joint-authority forms of management to these five governments is limited.

2.3 A sectorial vision on basic urban services management

Metropolitan-scale operational mechanisms (joint public service provision) are essentially absent in Bandung. Extensive “silo mentality” exists. Political party agendas significantly influence the governance in MB. The relationships between the local city councils and the national and regional/ provincial governments appear to be critical for the evolution of MB.

The developments in the MB have seriously impacted the provision of basic urban services like water and sanitation, electricity, solid waste collection and disposal, housing and disaster preparedness. The current institutional arrangement, where a hierarchical set of governance structures is in charge of specific services, is not working well. The government has been looking at the possible use of metropolitan approaches but progress is very slow. Lack of cooperation among autonomous local units is a major factor in this problem. The deficit in harmonized “agendas” between the national, provincial and local government level (particularly between the provincial and the local governments) appears to particularly hamper metropolitan governance in MB.

In terms of implementation, urban public services show slow progress towards achievement. This is partially due to the recurrent lack of standard procedures for implementation of Government Regulations (*Guidelines*), together with adequate funding and technical support to local governments. These trends leave local governments with little choice other than keeping focused on their internal boundaries affairs before even thinking of engaging forces in blurry regulations (including those on public private partnerships).

2.4 Challenges moving from informal to formal sector during economic progress

In 2012, Metropolitan Bandung has a GRDP (in Constant Price of 2000) US\$ 6.6 million¹⁹. As of economic characteristics, it is dominated by service and manufacturing sectors that contribute up to 65% of the MB economy. Looking at the annual economic growth rate of MB, it is often parallel to Indonesia’s one. The province of West Java is the location of about 60% of manufacturing economic sub sector of the country. About 30% of it is located in MB. This

¹⁹This number is based on the exchange rate on January 31st, 2015 in www.oanda.com, which is US\$1 = Rp 12.658,2,-.

induces trickle-down effects in economic sub sectors as in transportation and export from West Java province to the national level. These two sub sectors contribute to 30% of the national economy.

The high contribution of trade sub sector in Bandung municipality is related to the well-known local creative industries. From IT to publishing, from arts to performing arts, from food to fashion, Bandungs' (and now Cimahis') *creative city communities* develop and expand. The decade-old textile industries fuel the emergence of clothing design, garment and fashion industries.

Creativity in Metropolitan Bandung cannot be separated from existence of many higher education institutions. With 143 universities/polytechnics in the Metropolitan area, the creative industries related to IT present in Bandung and Cimahi municipalities emerge partially as a spin off from the research begun in universities and labour forces coming from these universities. Business associations, venture capitalists and research management agencies have slowly emerged to partner up with these early staged industries. Also, famous since the mid-1990s, Bandung has attracted flows of tourists, including international.

Much of the economic development in urban Indonesia has been sparked by increased participation of the private sector in construction of infrastructure, setting up of industrial estates and other large-scale enterprises. Such developments have created serious problems in MB. One of them has been the displacement of people from their traditional home areas. Another one has been the rapid growth of "gated communities" where the urban elites enjoy a luxurious way of life while being surrounded by poor people living in urban and rural *kampongs*. At the same time, MB experiences large high density informal settlements, particularly in the periphery of the Bandung municipality, reflecting high income inequality in the area, and also a large informal economy (household enterprises, informal traders, etc.).

Indeed, as a result of the 1998 economic crisis, where many companies closed their doors and unemployment soared, informal economy became a lifesaver. Those who previously engaged in informal economy were less affected by the crisis. Informal economy represented for Indonesian consumers affordability, appropriate supply and accessibility. These days, those who engage in the informal economy are from the middle class, not economically deprived people. Informal economy became a breeding ground for entrepreneurship in which the price of failure can be managed or low. Formal and informal economies become complementary in promoting economic activities in Indonesia.

About 55% of people worked in the informal sector in 2008, what decreased slowly to 52% in 2014 (*Statistics Indonesia, 2014*). This low decreasing percentage of informal workers is correlated with hard entry into the formal economy. Subsequently, the façade of formal and informal economy in Metropolitan Bandung becomes non-mutually exclusive. In the trade sector, informal economy is often located in roadsides, pedestrian ways or parking areas. Their locations often disrupt access of consumers to formal stores. Thus, some *modus operandi* emerges, where those, whose stores become inaccessible to consumers, also sell their products in roadsides, pedestrian ways, or parking lots - disguising themselves as informal sector.

There is no recognition that informal economy exists at the metropolitan level. Thus, a policy response to the informal economy is almost non-existent. The idea behind the push for creation of a metropolitan management is then to better intertwine development and economic growth, which is mainly initiated by formal sector, while assuming that informality will evolve into formality as economy improves. The government leaves it to the trickle-down effects to improve the level of informality in the economy.

Another indicator shows that open unemployment level in MB (see table) is higher than that of West Java province. Regencies such as West Bandung or Bandung tend to have a higher open unemployment level than in the other areas. Such situation indicates that employment is no longer easier to find in regencies (rural areas), not only in municipalities (urban areas).

Table 3: Level of Unemployment in Metropolitan Bandung, 2008-2013 (%)

Year	2008	2009	2010	2011	2012
Regency					
Bandung (B)	15.09	14.85	10.69	6.44	11
Sumedang (S)	8.96	9.76	7.9	8.04	8
West Bandung (W)	16.24	13.6	13.31	13.01	12
Municipalities					
Bandung (B)	15.27	13.47	12.17	7.99	9.17
Cimahi (C)	14.17	15.31	13.59	10.32	10.3
Metropolitan Bandung	13.946	13.398	11.532	9.16	10.094
<i>Jawa Barat</i>	12.28	10.96	10.33	9.83	9.08
<i>Indonesia</i>	8.04	7.56	7	7.48	6.13

Source: Statistics Indonesia, 2013

At the national level, the current percentage of people living under the poverty line was about 15% (2008) before decreasing to 11% (2012). The percentage of people living below the poverty line in Metropolitan Bandung is similar to the Urban West Java, at around 9-10%. The trend is downward sloping. It is interesting to note that, in order to apply to poverty reduction programs from central government, local governments have to join forces and adapt actions to the local nature of poverty. It presents another opportunity to enforce metropolitan governance.

2.5 Tensions between traditional and institutionalized citizen participation

The Law N° 23/2014 points to Government Regulation (PP) to provide detailed guidelines for the management of urbanized areas. Metropolitan development plans will be less participatory: functional boards as a form of governance at the metropolitan level will succumb to provide mandatory urban public services that are defined by top-down based policies.

These top-down and technocratic planning and management schemes, used to achieve metropolitan development in Indonesia, are undermining the traditional consultation processes that are integral to the country's culture. Although the government has encouraged practices like public forums, planning consultation sessions and even participatory budgeting, these practices are often seen by people as alien and inadequate. Traditional decision-making practices in Indonesia followed the principle of *musjawarah* where members of a group or community engaged in face-to-face discussions, with no one leaving until all key issues were resolved. As members of an originally agricultural society, Indonesians developed a mutual assistance system called *gotongroyong* where members of a group or community joined together to carry out large tasks. The complex tasks involved in managing large metropolitan regions could benefit from such a cooperative principle.

Nevertheless, a regulation encourages citizens to be involved in the formation of plans, their implementation and evaluation. It has become common to use focus group discussions, panel discussions and brainstorming meetings to involve as many different groups of stakeholders as possible. For the future, traditional and institutionalized participation have to be aligned so that participation becomes a natural aspect of government practices.

3 Central and Local Government's Initiatives against Sectorial Management

3.1 Enabling frameworks for developing inter-municipal cooperation

Adoption process of Metropolitan Bandung, although initiated in 1991 through international cooperation with Dutch based agency, has been slow in progress. During the Authoritarian era, the emergence of metropolitan management, aside from Jabotabek Regional Management, is seen as an exception rather than the norm for urban development.

Promoting a joint office for managing metropolitan development in Jabotabek, as part of the capital City of Jakarta, has been easy since Jakarta was designated as a special region in Indonesia with a designated government - a circumstance that is no longer applied.

In case of MB, promoting joint management has reemerged through spatial plans that support the national strategic interests. With a more infrastructure-oriented development promoted through these spatial plans, the need for metropolitan management was expected to be clear. However, strong autonomy held by municipalities/regencies has created a belief that all urban problems in their areas can be framed and solved as local problems. Many municipalities/regencies are forced to absorb urban problems and create solutions within their boundaries that would be more efficient and more effectively solved at the metropolitan level. Otherwise, in the case of regencies with tight funding, urban problems are not pursued. Therefore, many urban problems such as storm water management, solid waste management, integration of urban parks, as well as transportation need to be tackled soon. .

In order to ease mutualization processes, the Ministry of Home Affairs, responsible for promoting cooperation between local governments, has issued *Guidelines for Initiating Cooperation among Local Governments*. These are simple outlined procedures to be followed. Yet, for specific sectors such as water supply and solid waste disposal, the guidelines require additional sector specific guidance that have not been issued so far.

In July 2014, the province ratified the *Regional Law N° 12/2014 on Cooperation of Metropolitan areas in West Java*. It lays out the need to develop an Economic Grand Masterplan for its Metropolitan areas for 2050²⁰. Such master plan aims to ensure that economic growth of West Java is sustainable and the impact is spread across income groups and regions. Thus, the Spatial Plans for Metropolitan Bandung will be formulated based on the Masterplan. The Spatial Plans are meant to be guidelines for investment in infrastructure development, supporting logistical systems and promoting local economic development. Thus, it tries to detach the association that Spatial Plans, despite being future oriented, are an arena for justifying and accommodating development initiated by the government and private sector.

Nevertheless, despite numerous constraints, the following recent joint investment initiatives have been taken at the Metropolitan Bandung scale:

- In 2013, also facilitated by the provincial government, Bandung and Cimahi municipalities and the three regencies signed a contract for a common solid waste disposal site (located in Garut regency), currently under development.
- In 2014, the provincial government of West Java arranged a cooperative memorandum for the development of a mass transit system for Metropolitan Bandung.
- A Memorandum of Understanding (MoU) for a piped drinking water system has been initiated by the Ministry of Public Works (MPW), including investment in a water treatment plant (for Bandung municipality and Bandung regency).

3.2 Channeling new financial resources

The indifferent position of the national government towards metropolitan areas includes financial matters. The unsettled position of metropolitan management within the administrative system does not provide spaces for designing specific financial arrangements aimed at strengthening metropolitan management. In other word, the financial arrangement is applied as one-size-fits-all to local governments. Imbalances correction or asymmetric formulas that lean toward metropolitan areas are not promoted. But funding for metropolitan management is allowed to take place, as horizontal resource transfer. Financial resource pooling has been one of the efforts undertaken to promote integrated development in MB. But with different priorities set in their development programs, the five local governments have not seen pooling as adequate for promoting integrated development in MB, as legal regulations have not been well defined.

As an attempt, Bandung municipality implemented horizontal resources transfer to population in Bandung regency. Based on an *ad hoc* framework, the grant is aimed at supporting short-term solutions to social problems of poverty

²⁰The Grand Economic Plans for Metropolitan areas is still in the making.

alleviation in border areas of Bandung municipality. Using the scheme of a grant is relatively new within MB context but promising since adapting a legal framework takes time.

Bandung's Mayor also tried to use funding from Corporate Social Responsibility (CSR) allocated by companies in Bandung for construction of light rapid transit system (LRT). Indeed based on *Law 40/2007*, it is mandatory for corporations to deposit CSR funds (around 7% of the profit, on an annual basis) for the benefit of local governments. This CSR fund can be allocated based on pressing issues of development. However, the use of CSR for public interest multi-year projects faces another hurdle: the central government has not come up with guidelines for such usage.

Moreover, security of funding for metropolitan management can come from public budget allocated by the provincial government. This scheme is part of the legal framework set by the *Law 23/2014*: when the provincial government takes over initiatives for managing metropolitan areas, its funding can come from provincial budget. Based on this opportunity, as a part of the provincial scheme to deal with three metropolitan areas (Bodebekkarpur, Metropolitan Bandung and Metropolitan Cirebon) and three growth poles²¹ located within its administrative boundaries, the agency *Metropolitan Development Management (MDM)* was created and began to receive funding in 2011. Most of the funding, up to today, is used to produce studies on trends in spatial structure, demographics and urban public services, albeit on a regular basis, including in Metropolitan Bandung.

Inter-governmental transfers represent the dominant vehicle for the recurrent revenues of the local governments. They benefit from property tax revenues, and can independently decide on the tax rate. User charges (tariffs) and minor taxes/fees are also applied. Bandung may borrow with national government approval, but has no loans at present. This could be a future trend to be explored in the coming decade: One the funding from the national government and two the actual allowance of the province.

3.3 Mechanisms of public management assessment

Data requirements and assessment needed to measure achievement performance of urban public services are still to be developed. But, since 2008, new Laws and Regulations on Transparency of Public Information allow citizen access to public records (data collected by public agencies). A related regulation on public information facilitates data request of the public, and defines what type of data is confidential. Many institutions have been established in the province in support of such laws (Data Centre for Development, ICT for Transparency, etc.). These institutions are specifically formed to address pressing issues such as quickly providing data for monitoring the development planning in West Java, ICT for transparency that allows for e-procurement, as well as delivering e-news and policies at West Java provincial level. Together with the acceleration wanted by central government in setting up guidelines and implementation of minimum standard of public services, these trends should benefit to citizens active engagement in monitoring and assessing urban public services performance, and raise ambition of minimum standards.

4 Conclusion

The Indonesian central government has approved policies and passed legislation encouraging “clustering” of economic efforts to develop metropolitan areas. Local governments in the big regions of Jakarta and Surabaya, for example, have been organized to pursue mutually beneficial projects by the formulation and adoption of regional development plans like the JaBoTaBek (Jakarta, Bogor, Tangerang, Bekasi) scheme. Development of tourism and other activities in Denpasar, Bali, for example, is being pursued under the metropolitan structure of SarBaGiTa that includes the local units of DenpaSAR, BAdung, GIhugan and TAbanan.

In Bandung, however, such efforts at metropolitan/regional development are just beginning. The newest Law on decentralization in 2014 will set a new direction in urban development and metropolitan management. It is likely metropolitan management and development will be treated as a part of the national agenda that relies on the politicians, policy makers and urban activists to be promoted.

²¹ The three growth poles in West Java, defined by MDM, are all located in the south side of West Java. There are Palabuhanratu, RancaBuaya and Pangandaran.

The Law only outlines the need for managing urban development in terms of achieving urban service standards as well as minimum service standards. But to convince each and every stakeholder supposed to engage in the metropolitan dynamic, metropolitan management needs to show that it can achieve not only urban public services, but also spatial and community integration, balance between human settlement and environmental conservation.

MB's future will depend on a variety of factors and tensions:

- Balance between top-down and bottom-up approaches, and specifically in setting metropolitan institutions and dynamics, such as the Metropolitan Development Management agency,
- Quality of appropriation and co-design of MB destiny by local stakeholders, despite local, provincial and central governments independently oriented plans and political agendas,
- Incentives that could be implemented as complementary to mandatory or voluntary legal and regulatory schemes, especially through funding and financing encouraging opportunities,
- Coherence, effectiveness and efficiency of central government in providing clear turn-key standard procedures for implementation, related to the recent trains of legal reforms and progresses toward more sustainable, integrated development,
- Social and citizen pressure through adequate assessment techniques and dynamics in order to improve the quality and impact of urban public services.

Metropolitan Bandung features many aspects which metropolitan management is usually concerned with. As a water conservation area, it is Bandung basin that becomes the center of concerns for managing the metropolitan area. As an economic development core and an engine of growth for West Java, MB leads to the promotion of cooperation, for the benefit of all. As a center for intellectual, social and cultural activities, MB emerges with little influence from the government, and is a result of creative activities of its citizens and their multiple, daily interactions.

Despite the fact that some regulations are not always in place, financial channels still being revised and a culture of cooperation under construction, some initiatives and push from actors show that the metropolitan level is needed as a territorial scale of action. Although not always concerted, socio-economic, financial, political and cultural players are heading, jointly or independently, to make MB a functioning entity on the basis of governance principles.