

# The Benefits of Governance



Lamia Kamal-Chaoui

Head of the Urban Development Programme, OECD

## Governance in metropolitan regions: revisiting the concept

The OECD is revisiting the role of the state and of central governments in metropolitan governance. It is undertaking an exercise to define criteria that will enable the profiling of different experiences in OECD countries in this area and that will provide clarity of the general concept of governance.

Governance is an overarching concept and term that encompasses a vast range, forms and levels of co-operation. Because it is not well defined it is frequently used inaccurately. For example, very light and flexible forms of co-operation are confused with highly developed forms of governance.

Many people often question the relevance of governance at the metropolitan level. They wonder if there is a purpose or place for co-operation at this level; if there is evidence to support it; and if it is measurable and necessary in terms of competitiveness and economic and social performances

Measurement indicators would assist policy makers in assessing the impact of governance and whether or not it is working, and why. The OECD takes an integrated approach to urban policy making. It looks at both the synergies and the complementarities of policies between sectors, which adds another layer to the process. The focus of our approach is not to find a tradeoff between one sector and another, it is about determining which policy or sets of policies generate the best outcomes.

## Scalable solutions are required

A more flexible approach to metropolitan governance is needed that takes into account the different national contexts, and different levels of development. The capacity building at the local level is not

uniform across countries so decentralization as an option should be assessed carefully.

The private sector has an important role to play in fostering metropolitan governance. The OECD metropolitan review of the Metropolitan Tri-State Region highlighted the positive influence this sector can have in building co-operation. This example is particularly relevant because the region overlies three States, which have no legally binding obligation to work together. We saw similar results in Montreal. If this approach works in Chicagoland, it is something that could be replicated in Eastern European countries?

## Administrative and political dispersion and governance

Relationships between different levels of government including the regional and the possible metropolitan representation are part of the governance equation. It is also essential to have a strong leadership at the local level, with support from the national level

It is interesting to see the importance of capital cities in Europe. The OECD recently produced a report with a national review of urban policies in Poland. There are examples there, of voluntary co-operation that would be effective if the central government supported the relationship. For instance, Katowice is a good example of voluntary association, but the central government has enacted a law for metropolitan areas but this law has not yet been adopted. The OECD review recommended that government take action to adopt it.

The Paris Ile-de-France region has almost 1300 local municipalities! The region covers more or less the metropolitan area, which includes Paris, and is one of the most competitive metro regions in the world and in OECD countries. However, the region has lost competitiveness in recent years versus its peers which means that competitiveness at a time is not to be taken for granted in the longer-term.

OECD work on measuring internal disparities shows that metropolitan regions generally display higher internal disparities than any other type of regions. Furthermore, the level of social disparities appears to be the highest in the richest regions (Paris and London). This trend is not being considered by policy-makers.

## Combining top-down and bottom-up approaches to governance

As co-operation between local authorities within a metropolitan region is often not spontaneous, *i.e.* the local authorities are more often in competition with each other. Paris has never felt the need to co-operate with other local authorities in the region because it would lose out financially. Most often the most affluent cities within a metropolitan region have no incentive in engaging into a collaboration.

There are some examples which demonstrate that top-down solutions can work only when they include incentive mechanisms. In France for instance, urban communities have been successful thanks to the financial incentives provided by the law. Conversely, the law on the metropolitan city in Italy (the *città metropolitana*) did not produce any results due to the lack of appropriate mechanisms

## **How can we effectively readjust our financial resources?**

Disparities between financial resources among regions are another issue. We know that in Paris financial resources vary tremendously between local authorities despite certain mechanisms that have been introduced. We have studied different readjustment measures applied within metropolitan regions - in Asia, in Oslo, Lille and in the United States. These are difficult to set up but they are an effective form of metropolitan co-operation, a fact we tend to forget. Strategic planning as a tool to build a consensus is an important requirement but perhaps not enough in terms of implementation. How can we make this tool binding?

## **Drafting a targeted metropolitan policy**

In federal States today there is renewed interest in developing a metropolitan policy. This trend is being observed in the United States; Chicago is in an experimental phase. Australia is seeking to develop a metropolitan policy at federal level.