



**Instituto de Pesquisa
Econômica Aplicada**

**Metropolitan Regions in Brazil:
sharing a federative governance experience**

Dr. Marco Aurélio Costa

Technician on Planning and Research / IPEA Network National Coordinator

IPEA - Institute for Applied Economic Research

Mumbai, February 5th, 2013

Visite:
www.ipea.gov.br

Brazil – Latin American



1. Brazilian Federal Structure



- Total area: 8,5 millions sq Km²

- Total population: 190,7 millions

- Urbanization: 88.4%

- GDP 2010: US\$ 2,2 trillion*

- GDP per capita: US\$ 11.660* (IBGE, Census, 2010)

- Union (president)

- 27 States (governor)

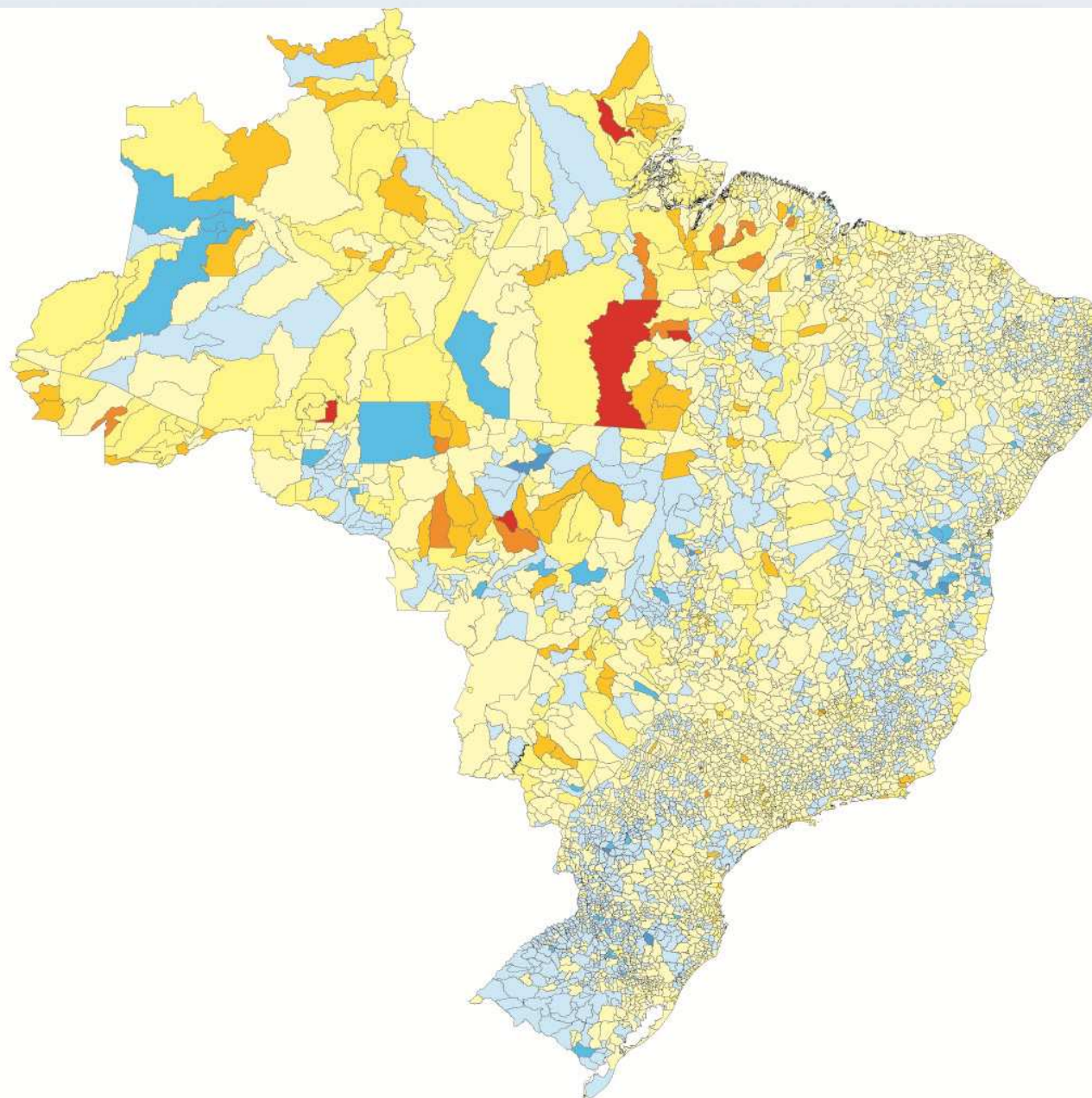
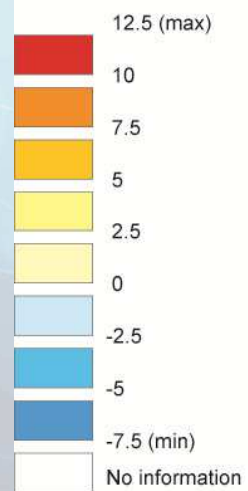
- 5.569 Municipalities (mayor)

- Autonomous entities

- Direct elections for heads of government and legislative houses

* Considering US\$ 1,00 = R\$ 1,67
(Banco Central do Brasil, 2010)

Population Growth (%)



1. Brazilian Federal Structure



PERIOD	Number of Created Municipalities	Total number of Municipalities
Até 1822 (Colonial)	177	177
1824-1890	700	877
1891-1933	473	1.350
1934-1936	81	1.431
1937-1945	218	1.649
1946-1966	2.236	3.885
1967-1987	235	4.120
Após 1988	1.449	5.569

* Considering US\$ 1,0 = R\$ 2,00
(Banco Central do Brasil, 2012)

1. Brazilian Federal Structure



- **Federal Government Public Budget:**
Brazil, 2013: US\$ 1.2 trillion*
- **24,7% of Brazilian's GDP**
- **88,4% - Compulsory Expenses**
(Constitutional Transferences)
- **US\$ 120 billion – discretionary expenses**
 - 34% health care
 - 18% Acceleration Growth Program (PAC)
 - 16% education
 - 13% Brazil without Poverty
- **PAC – US\$ 26 bi**
 - transport/logistics - US\$ 9,5 bi
 - housing – US\$ 6,9 bi (My House My Life)
 - World Cup/Olympics – US\$ 1,0 bi

* Considering US\$ 1,0 = R\$ 2,00
(Banco Central do Brasil, 2012)

1. Brazilian Federal Structure

Competence / Federative Entities	EXCLUSIVE Administrative (Art. 21 CF)	PRIVATIVE Legislative (Art. 22 CF)	CONCURRENT Legislative (Art. 24 CF)	COMMON / HORIZONTAL Administrative (Art. 23 CF)
Union	<ul style="list-style-type: none"> •International Relations •National Defense •Elaborate and execute National and Regional Territorial Ordering and Development Plans •Define general guidelines to housing, transport and sanitation development 	Civil, Commercial, Criminal, Procedural, Electoral, Agrarian, Maritime, Aeronautical, Labor, Social Security, National Transport Guidelines, Traffic and Transport, Education Guidelines, Bidding and contracts guidelines	General Laws and Guidelines on: Tax, Urbanism, Prisons, Economy, Finance, Environment conservation, Historical heritage protection, Education, Culture, Childhood and youth protection, Public advocacy, Social Security and Health, Persons with special needs, Civil Police	There is no subordination <ul style="list-style-type: none"> •Watch over the Constitution, democracy and public heritage •Public Health •Social Security •Cultural, artistic and historical heritage •Environment •Culture, Education and Science •Agrarian Production •Food supply •Social Housing •Fighting poverty •Traffic education •Monitoring of natural resources
States		The Union can delegate to the States	Specific Laws on the same subjects	
Municipalities				

1. Brazilian Federal Structure

Other entities' responsibilities expressed in the Federal Constitution:

- **States (Art. 25 FC).**
 - Define, by complementary law, metro-regions, urban agglomerations and micro-regions to promote the integration between the planning and the executing of public functions of common interest
- **Municipalities (Art. 30 FC)**
 - Supplement Federal and State laws
 - Organize or provide local public services, including public transport
 - Elementary education (in cooperation with the Union and States)
 - Public health services (in cooperation with the Union and States)
 - Promoting territorial planning by land use and subdivision control

2. Metro-Regions' Genesis

First Period – Before 1988

•Context

– Economic

- Industrialization
- Great economic growth from the mid 1960s to 1970s
- Inflation and recession during the 1980s

– Political

- Military Dictatorial Government (1964-1985)
- Low social participation in public policies

– Social

- Tremendous growth of social inequality
- Urbanization and formation of metropolitan spaces

– Public Management

- Centering on Federal Government
- Technocracy
- National Plans for Economic Development

2. Metro-Regions' Genesis

First Period – Before 1988

- 9 Brazilian Metropolitan Regions were formerly established by the Complementary Federal Laws N°14 in 1973 and N°20 in 1974*
- Definition of common services (public functions of common interest)
- Facilities to access federal resources and financing
- Linkage between the strategy of creating MR and the II National Development Plan (Federal Law 6.151/1974)

Institutional Design

- Specific State Management Institutions (were created after 1973)
- Deliberative Council - appointed by the state governor.
 - Functions:
 - promoting the integrated development plan of the metro-region
 - programming of common services
 - coordinating the implementation of programs and projects
- Advisory Council – composed by representatives of municipalities.
 - Functions:
 - opine, by deliberative council's request, on metropolitan issues
 - Suggest regional plans and measures concerning the implementation of common services.
- Fund – Specific for Metro-Regions development
 - Implemented and managed by states

* São Paulo, Belo Horizonte, Salvador, Recife, Porto Alegre, Curitiba, Belém, Fortaleza and Rio de Janeiro

2. Metro-Regions' Genesis

2nd Period – After the 1988 Federal Constitution/Nowadays

•Context

- Federal Constitution of 1988
 - The States are responsible for Metro-Regions establishment and management
- Economical
 - Recession during the 1980s and the 1990s
 - Inflation control from the middle of the 1990s
 - Economic growth from the 2000s
- Political
 - Consolidation of democracy (presidential elections in 1989);
 - Increase of social participation, especially in the municipalities
- Social
 - Decrease of poverty, especially from the 2000s
- Public Management
 - Increase of municipalities autonomy (Statute of the City, 2001)

2. Metro-Regions' Genesis

2nd Period – After 1988 Federal Constitution /Nowadays

- **55 Metro-Regions (2012 balance)**

- established by states considering different concepts

- **There is no national standard on the criteria**

- Hypothesis for Metro-Regions established by the states:
 - Facilities to access federal funds
 - Patterning and decrease of public transport tariffs
 - Patterning and decrease of telephone calls tariffs

- **3 Integrated Development Regions (RIDEs)** – established by the federal government. These regions are a kind of Metro Region composed by municipalities of two or more different states (Teresina, Petrolina/Juazeiro and Brasília)

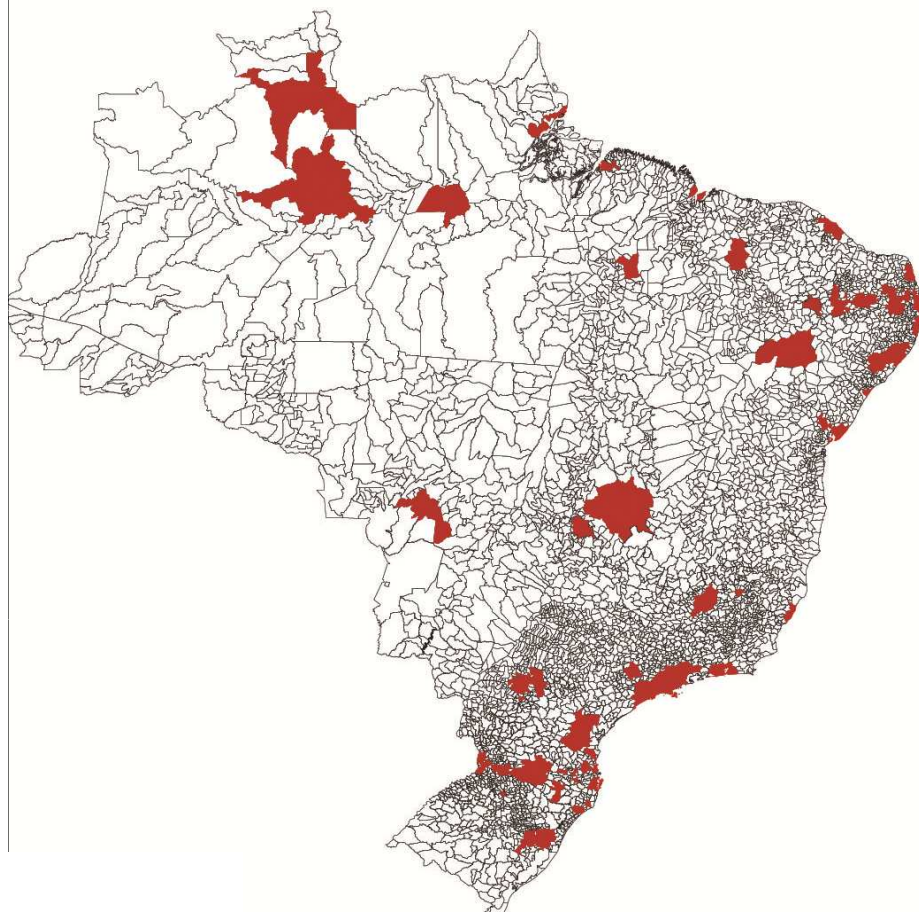
- **12 Metropolis** – considered by the National Institute of Geography and Statistics (IBGE) due to its spatial and economic features:

- 1 Big National Metropolis – São Paulo
- 2 National Metropolis – Rio de Janeiro and Brasília
- 9 Metropolitan spaces*

*Belo Horizonte, Porto Alegre, Curitiba, Fortaleza, Salvador, Recife, Belém, Manaus and Goiânia

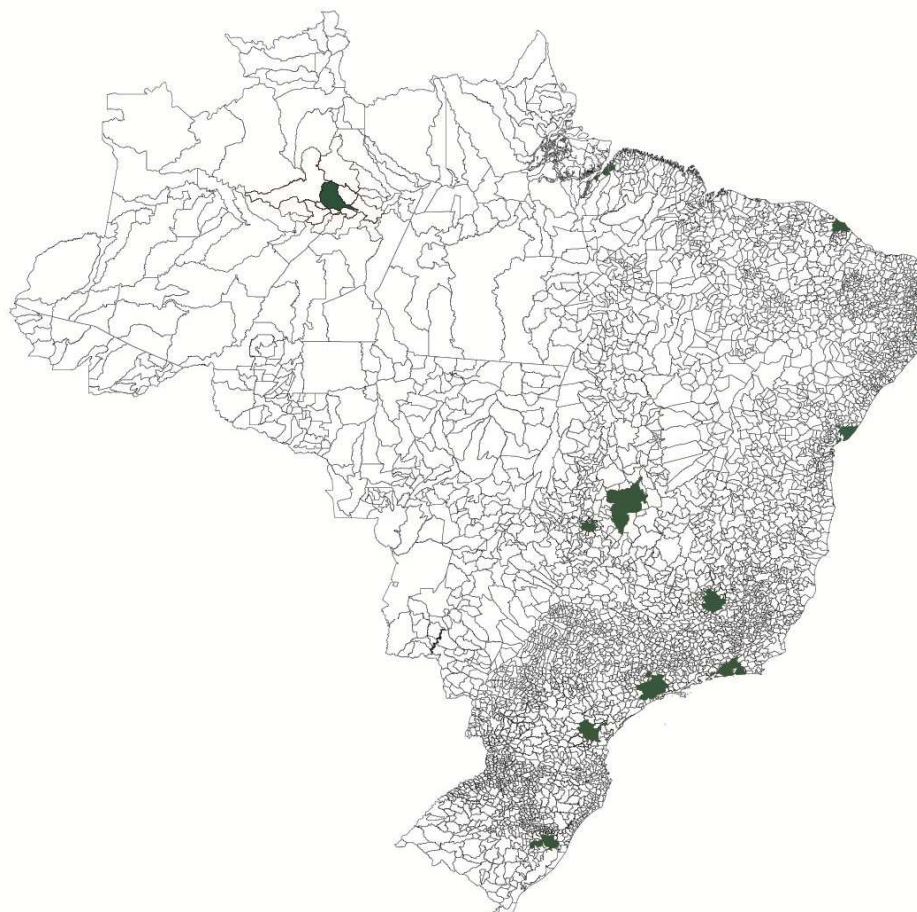
Metro-Regions X *Metropolis*

**55 Metro-Regions established
by State laws (2012)**



**Total population: 93,8 millions (IBGE, Census, 2010)
GDP 2010: US\$ 1,6 trillion – 73% (IBGE)
GDP per capita: US\$ 17.123 (IBGE)**

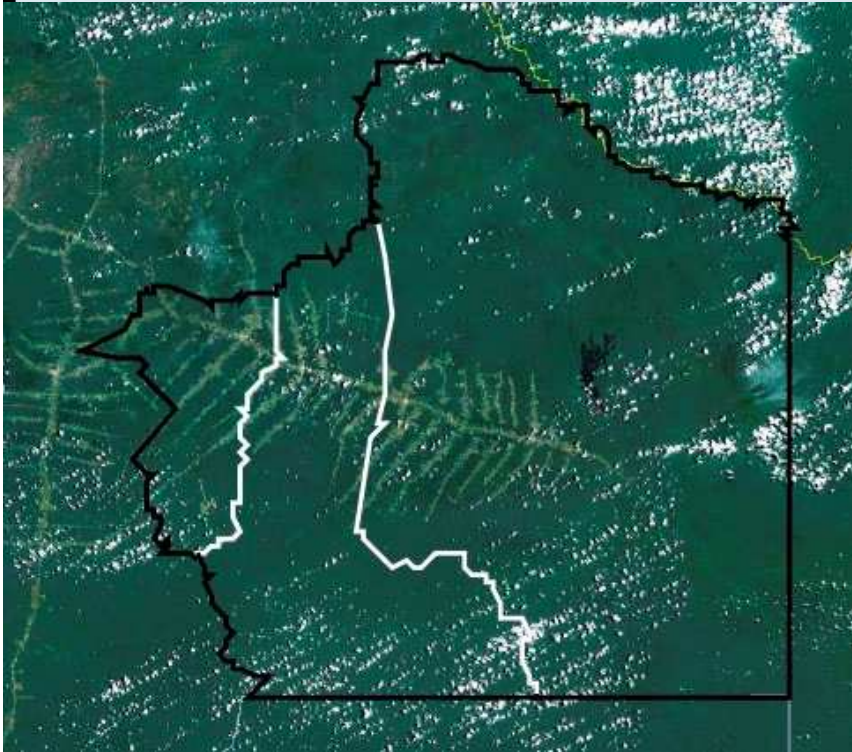
**12 Metropolis – considered by IBGE due to
its spatial and economic features (2007)**



**Total population: 63,2 millions (IBGE, Census, 2010)
GDP 2010: US\$ 1,0 trillion – 45% (IBGE)
GDP per capita: US\$ 16.483 (IBGE)**

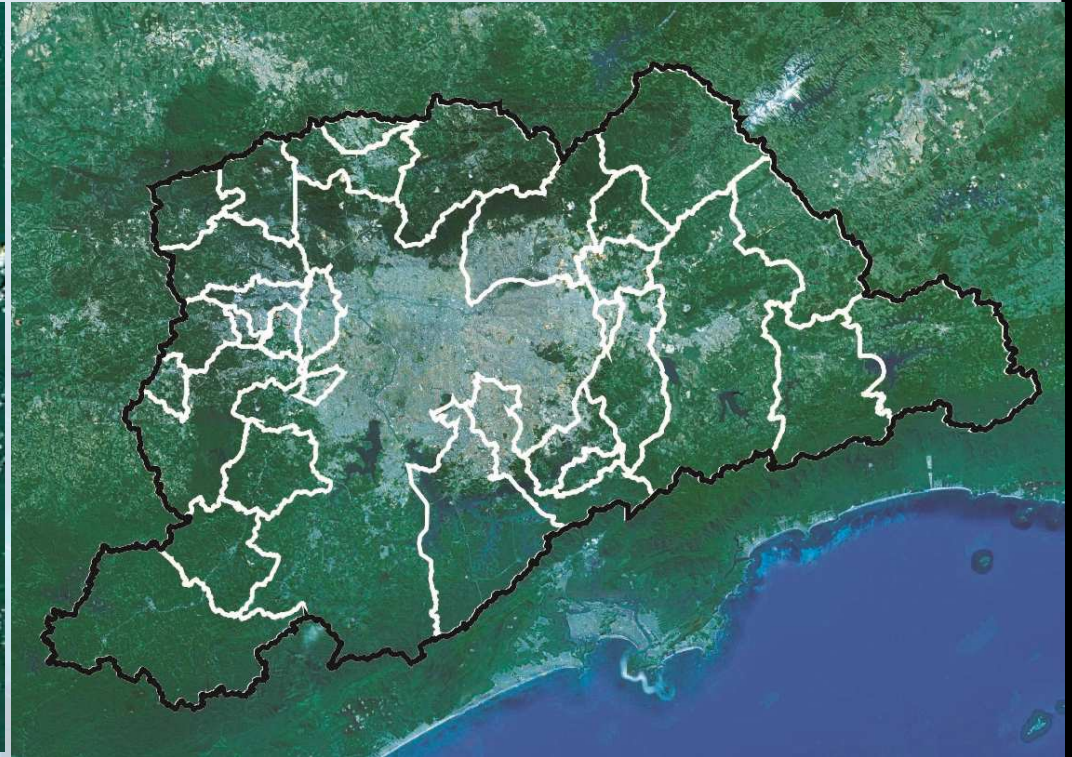
Results of the establishment of Metro-Regions by states considering different concepts: heterogeneity

South State Metro-Region in Roraima



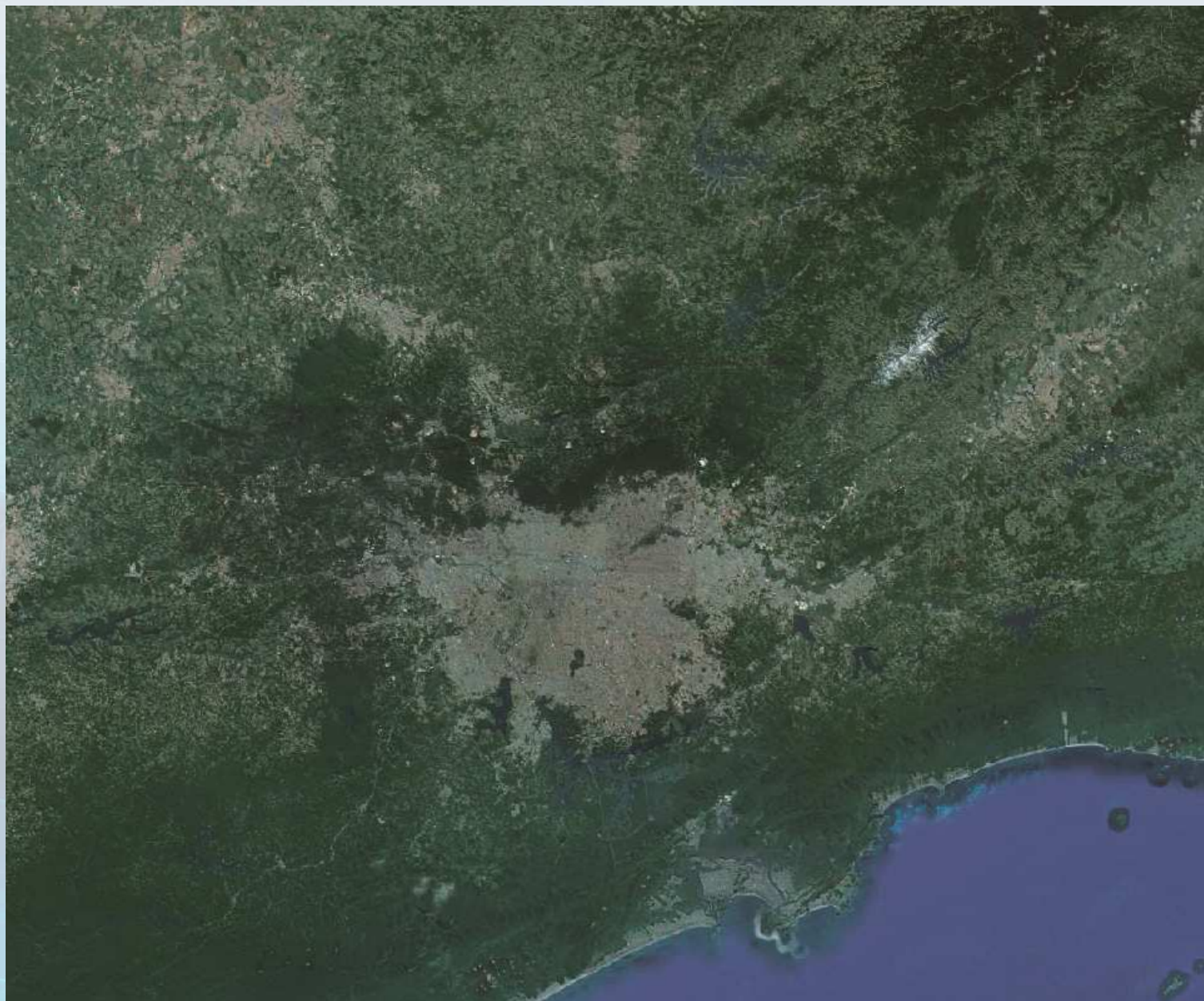
- 3 municipalities
- Total population: 12.534
- GDP: US\$ 122,5 million (2010)
- Area: 17.877 Km²

São Paulo Metro-Region

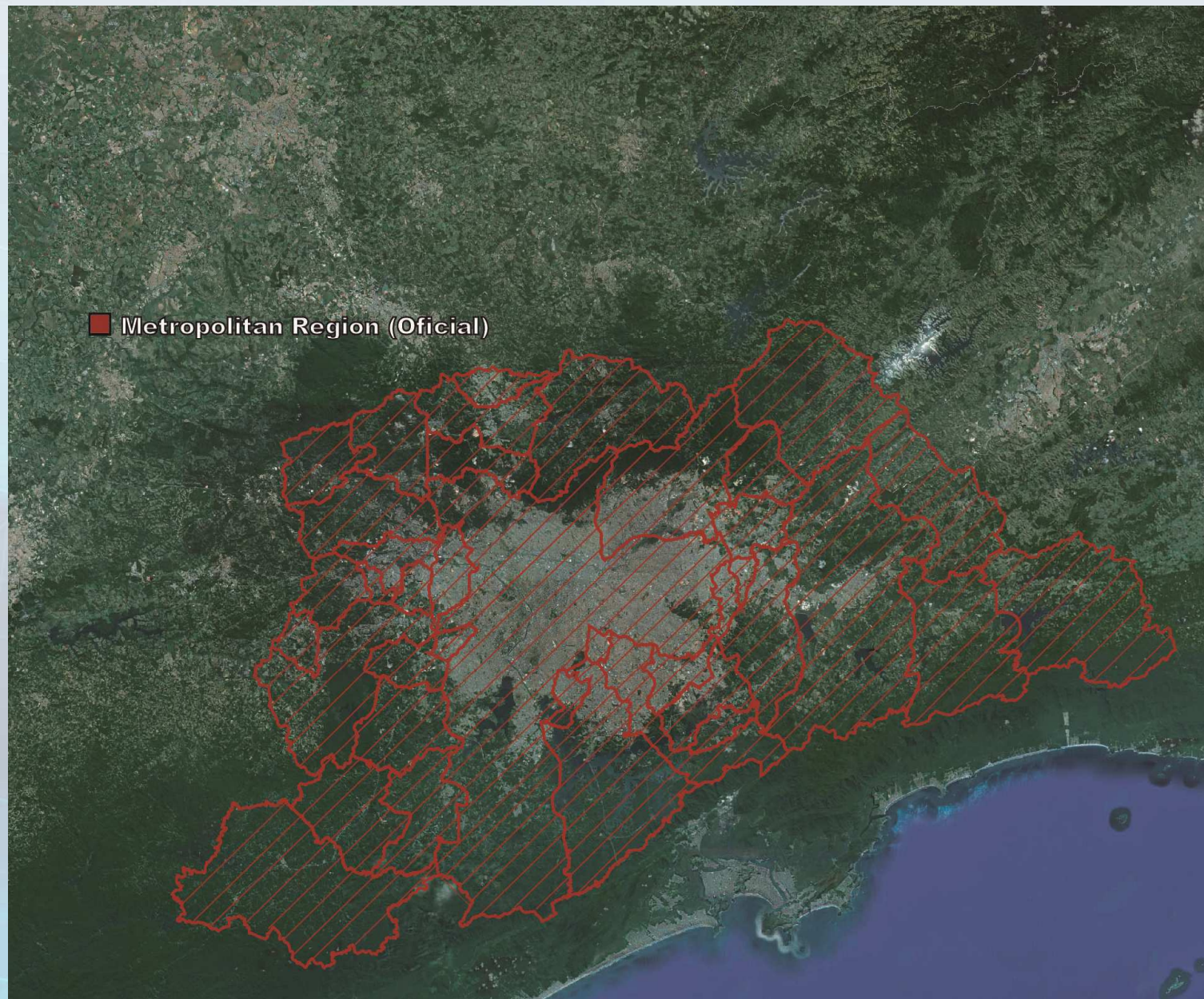


- 39 municipalities
- Total population: 19,5 million
- GDP: US\$ 420,2 billion (2010)
- Area: 7.946 Km²

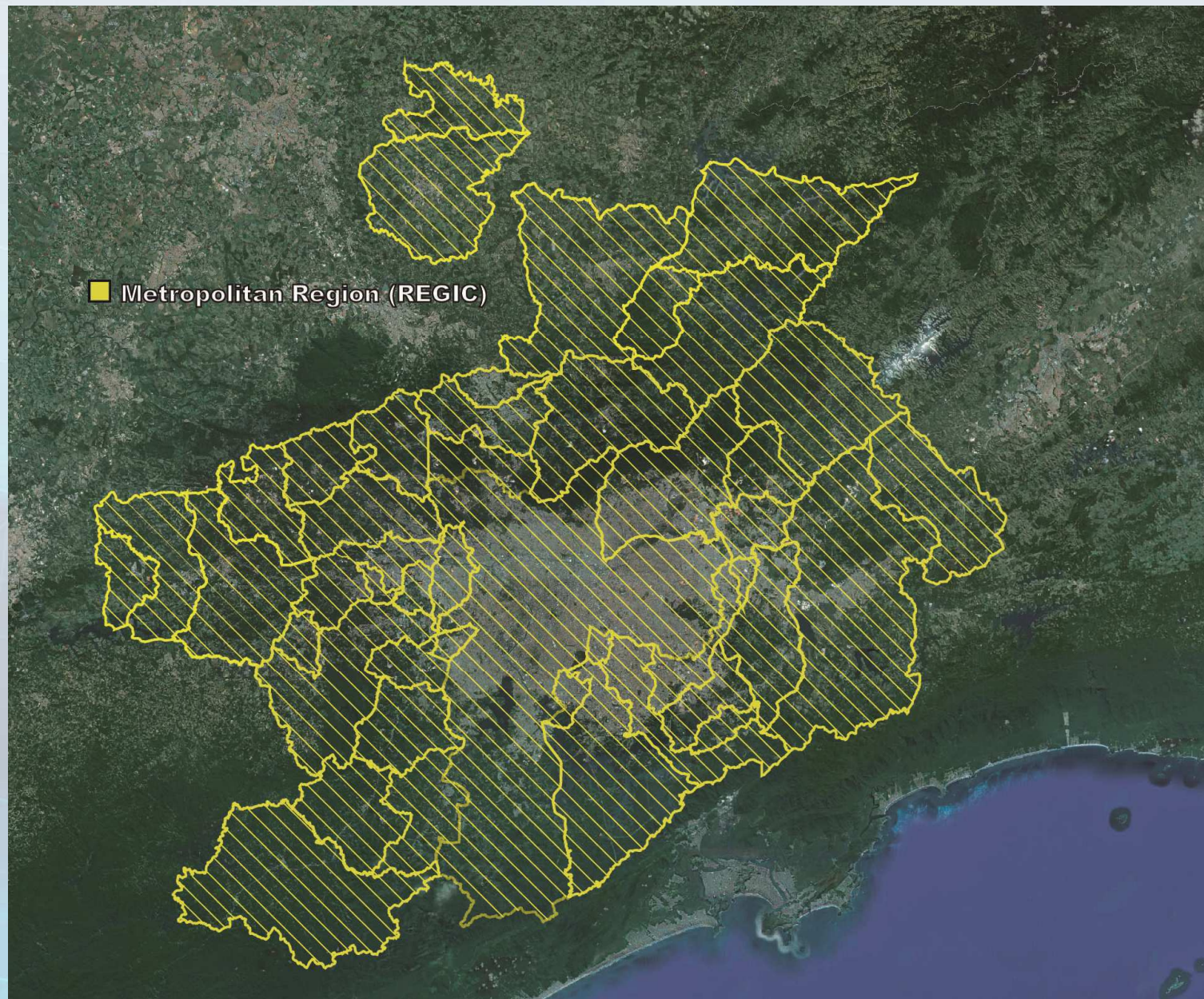
São Paulo Metro-Region:
Perimeter established by state law X Perimeter considered by IBGE



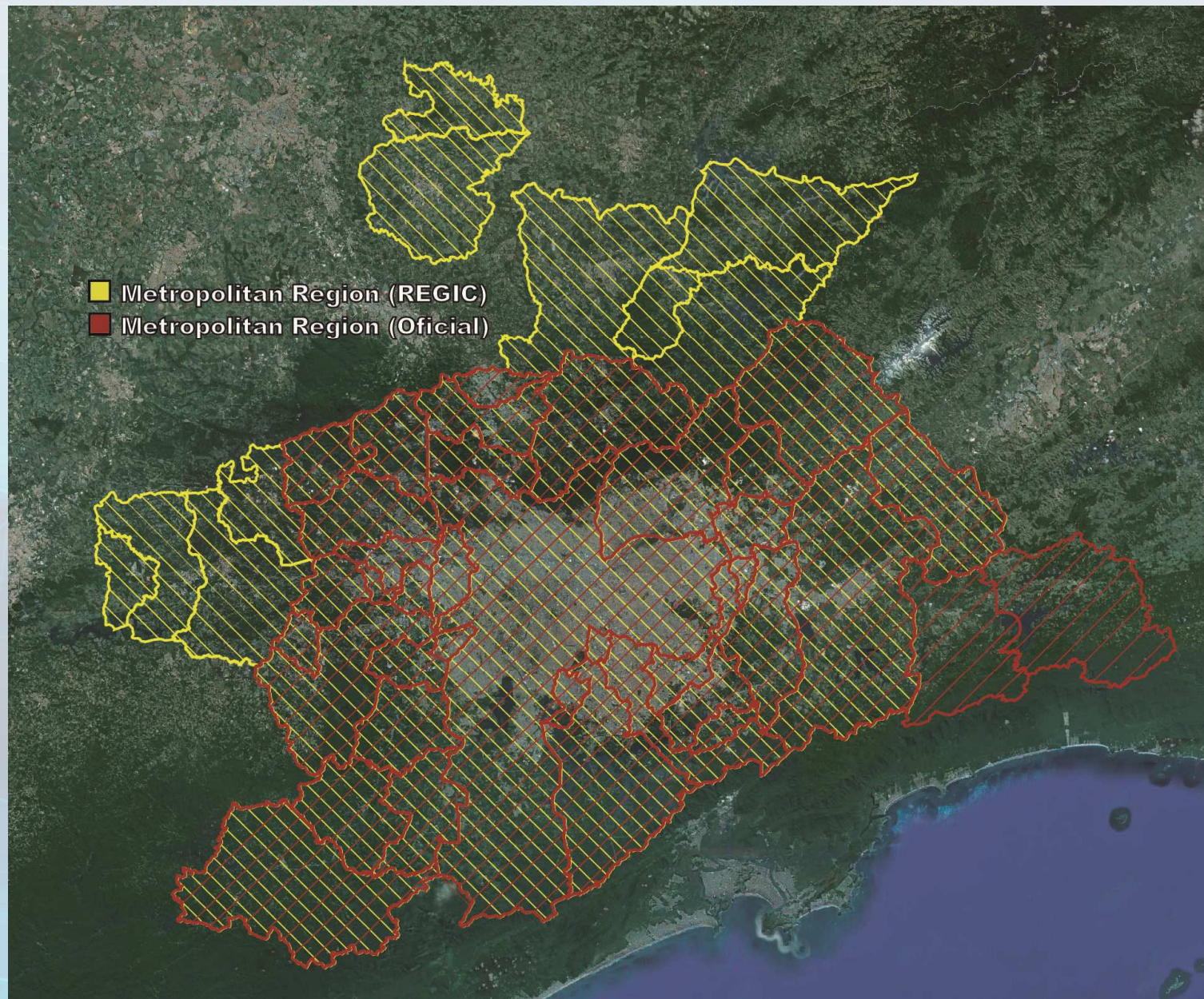
São Paulo Metro-Region:
Perimeter established by state law X Perimeter considered by IBGE



São Paulo Metro-Region:
Perimeter established by state law X Perimeter considered by IBGE



São Paulo Metro-Region:
Perimeter established by state law X Perimeter considered by IBGE



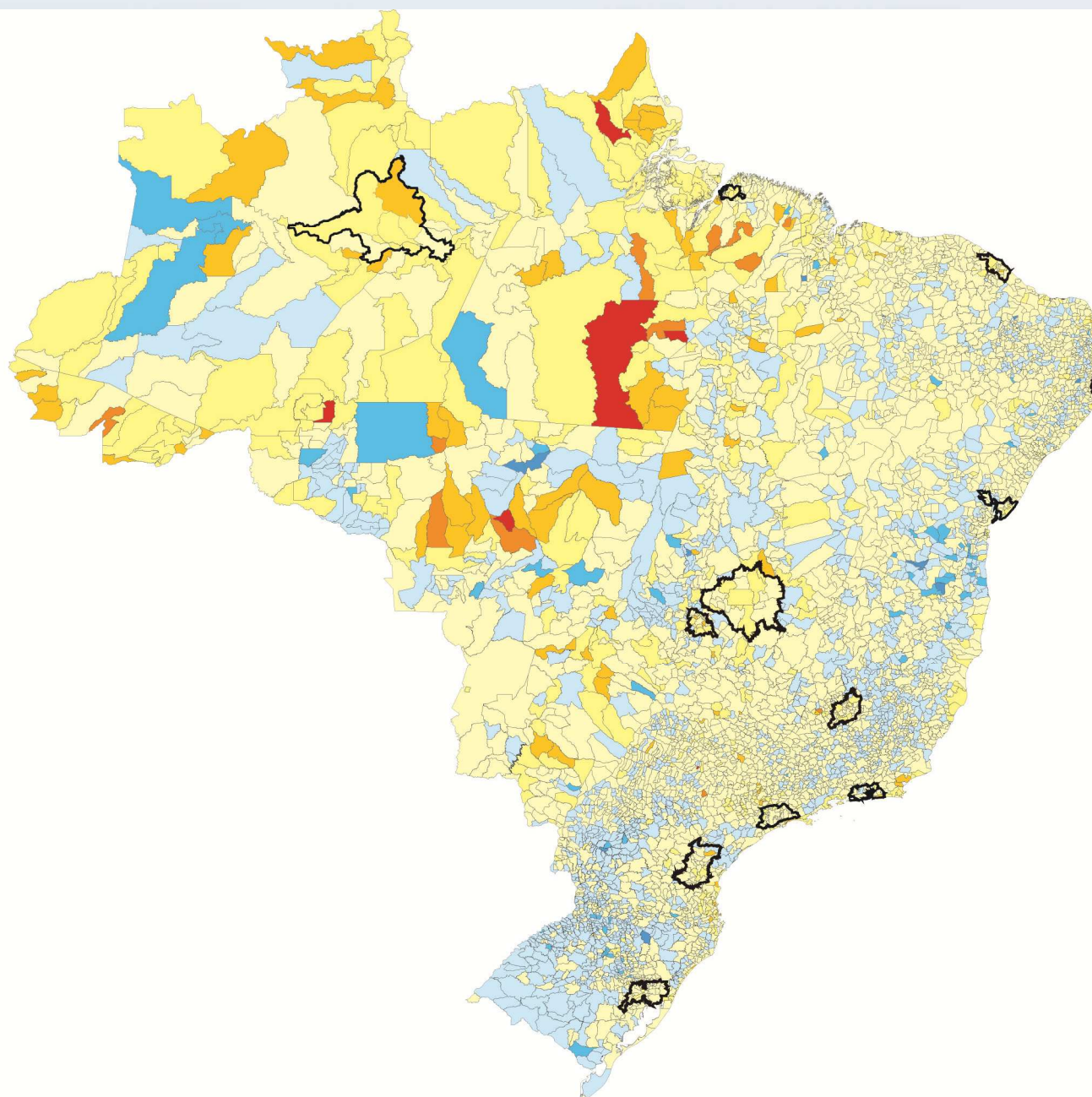
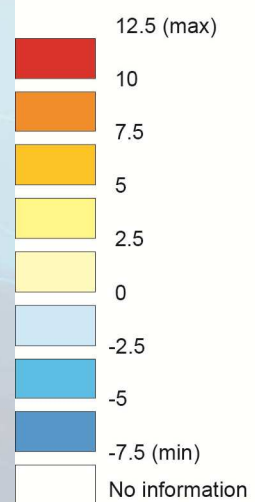
3. Current Situation

TABEL: Infrastructure and public services in Brazilian Metropolitan Regions.

Location	Had Electric Energy (%)	General water supply (%)	General solid waste collection (%)	Had bathroom or toilet (%)	Bathroom or toilet connected to the sewage or pluvial system (%)	Bathroom or toilet with septic tank (%)	Population	Degree of Urbanization
Brasil	98,7	82,9	87,4	97,4	55,5	11,6	190.755.799	84,4
Metro-regions	99,8	91,2	97,5	99,7	74,2	9,2	65.046.931	97,6
Belém	99,7	64,3	95,4	98,7	27,9	31,9	2.101.883	96,9
Fortaleza	99,6	87,4	94,3	99,0	49,9	15,1	3.615.767	96,1
Recife	99,8	84,9	94,4	99,1	41,4	16,6	3.690.547	97,3
Salvador	99,7	97,2	95,2	99,2	81,6	5,2	3.573.973	98,1
Belo Horizonte	99,9	97,0	97,7	99,9	86,3	2,6	5.414.701	97,6
Rio de Janeiro	99,9	87,6	97,3	99,9	82,7	7,0	11.835.708	99,5
São Paulo	99,9	97,8	99,6	99,9	87,3	3,8	19.683.975	98,9
Curitiba	99,8	94,5	97,5	99,8	74,9	13,0	3.174.201	92,1
Porto Alegre	99,8	88,7	99,2	99,6	69,7	20,7	3.958.985	97,1
Goiânia	99,9	83,0	98,6	99,9	50,3	11,8	2.173.141	98,0
Manaus	98,7	73,1	93,6	98,8	36,4	21,3	2.106.322	93,8
Ride DF	99,7	89,4	95,0	99,8	63,0	11,3	3.717.728	94,1

Source: IBGE, Census 2010.

Population Growth (%)



3. Current Situation

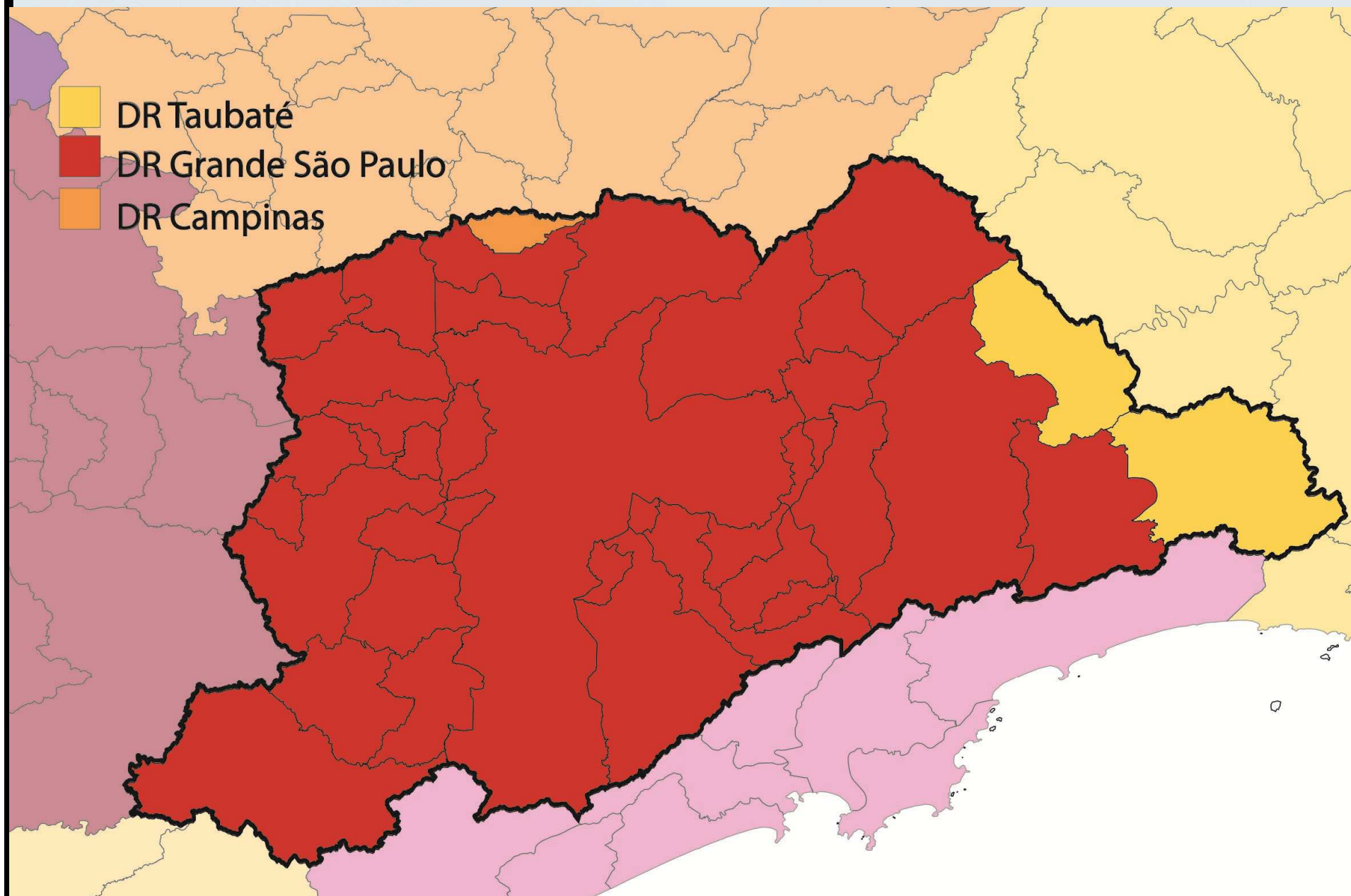
- **Results of “Metropolitan Governance” project**

- Research on 15 Metro-Regions
 - 9 created before 1988
 - 6 created after 1988
- Institutional Arrangement Analysis

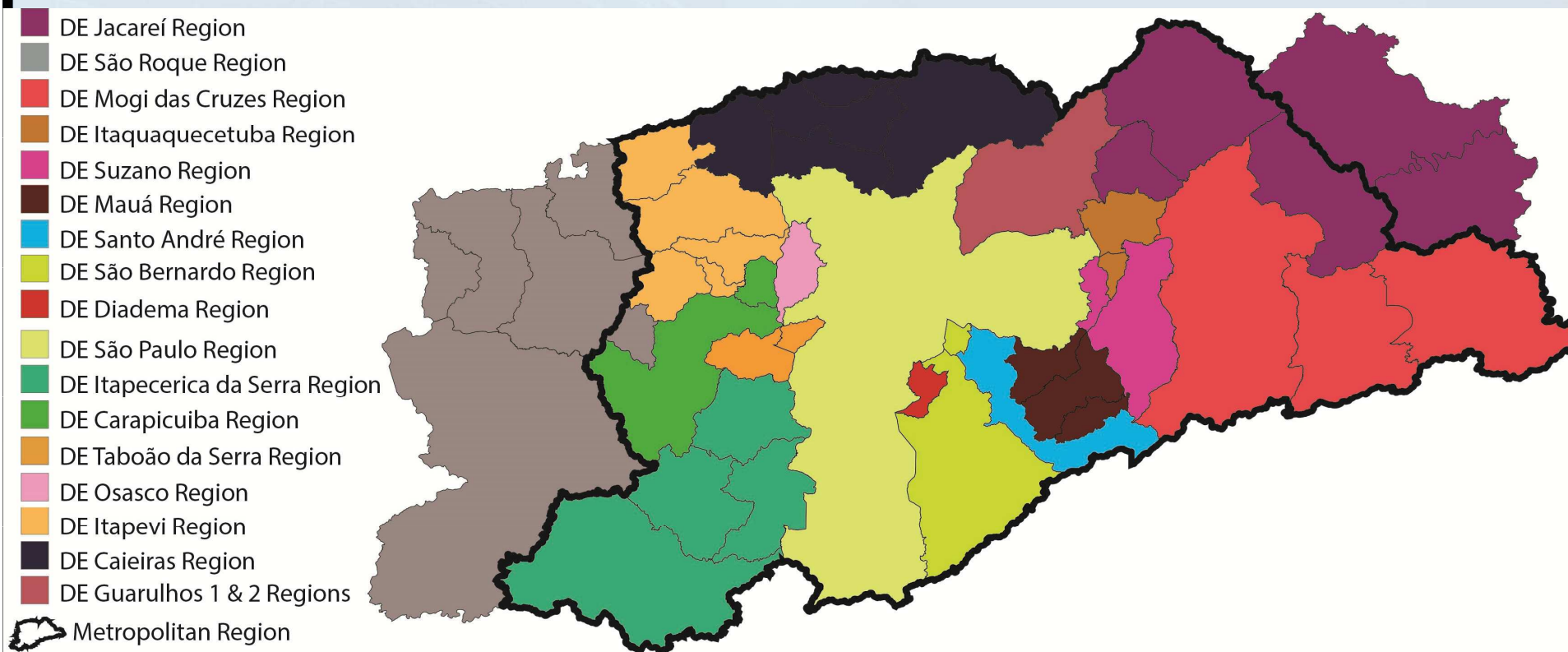
- **First results:**

- 46% have specific management institutions (agencies or special state organs)
- 56% have specific funds for metropolitan development, but just 33% of them are “actives”
- 73% have deliberative councils, but just 30% of them allow civil participation and there is almost non recent registration of its activities

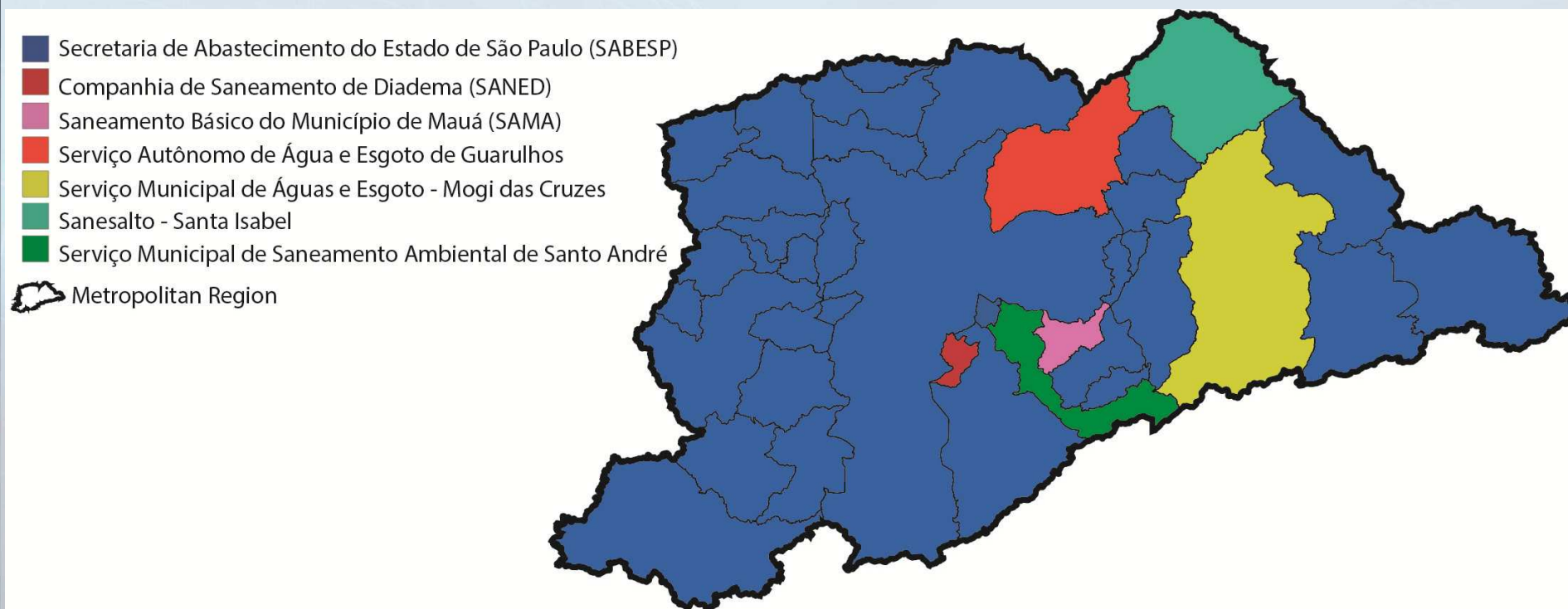
São Paulo Metro-Region: Health territorial bases



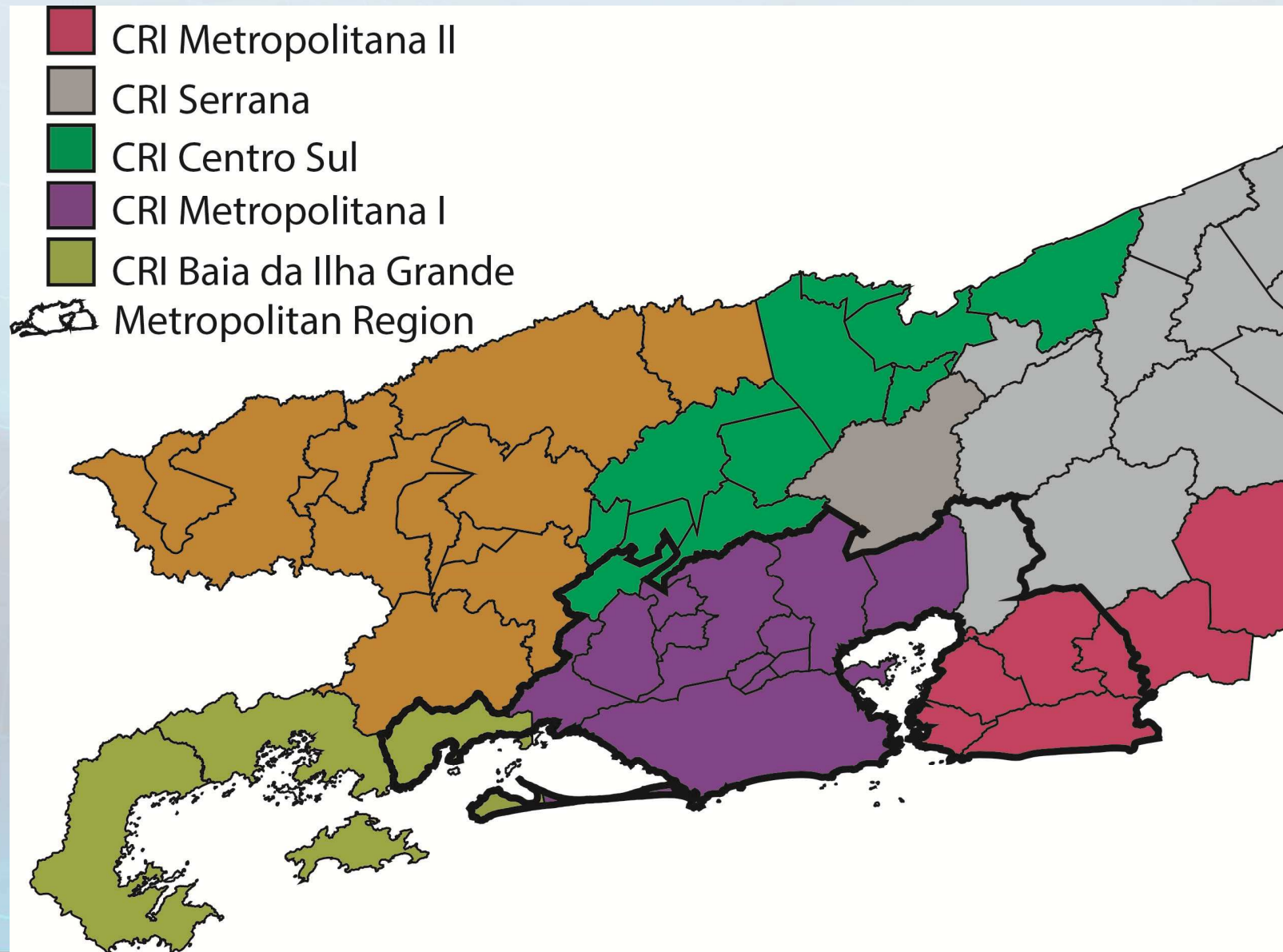
São Paulo Metro-Region: Education territorial bases



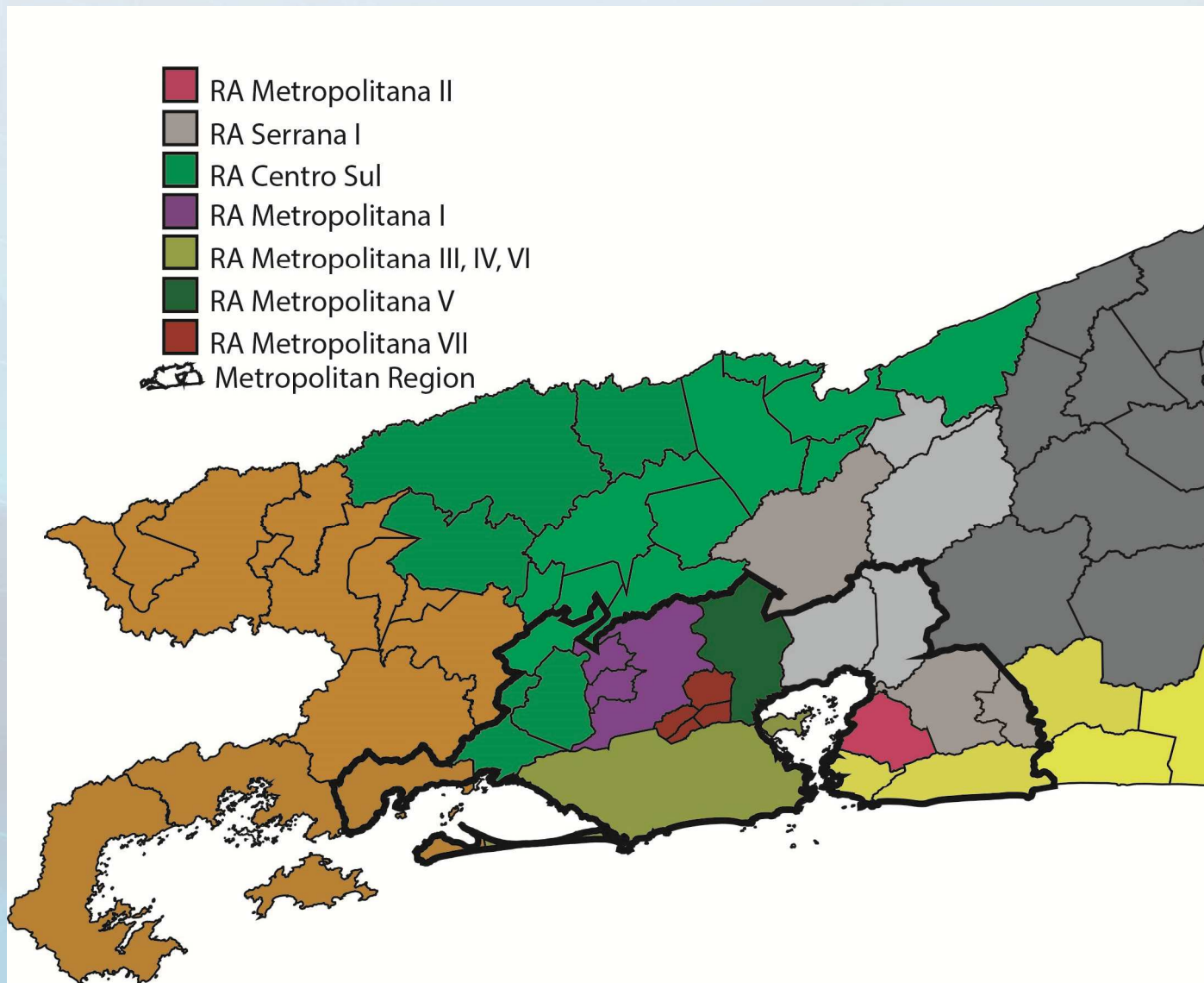
São Paulo Metro-Region: Sanitation territorial bases



Rio de Janeiro Metro-Region: Health territorial bases



Rio de Janeiro Metro-Region: Education territorial bases



3. Current Situation



State of São Paulo: US\$ 86 bi

City of São Paulo: US\$ 21 bi



State of Rio de Janeiro: US\$ 35 bi

City of Rio de Janeiro: US\$ 10 bi

* Considering US\$ 1,0 = R\$ 2,00
(Banco Central do Brasil, 2012)

4. Analyzing the Current Situation

There was an institutional metropolization, partially reflecting Brazilian urban network – still concentrated (far from polycentric), but in process of interiorization.

This came with/led to a institutional fragmentation: metropolitan management *per se* became more fragmented – specially if you consider case by case each public function of common interest.

Weakening of metropolitan management.

- 11 states do not define what is a public function of common interest
- Only 10 states have (at least as a institutional design) a system of metropolitan management
- But 16 state laws provides for the creation of Metropolitan Councils
- Just 9 provides for the creation of Metropolitan Funds

Outcomes from the Statute of the City are municipally restricted and the Metropolitan Regions remain “open” (Statute of the *Metropolis*?).

Financing the MR development (social and urban infrastructure) became an important challenge: “how/who will finance MR development?”

4. Analyzing the Current Situation

- **A tentative typology for the management of public functions of common interest (work hypothesis)**

- **Cooperative public functions**

- Federal guidance (national policy) and institutional design leading to cooperation
- Strong sector national policy constrain the cooperation (there are different *governances*)

- **“Non cooperative” (less) public functions**

- Functions that, because of its nature, seems to induce the competition more than the cooperation between federative entities
- Brazilian Federation design and the specificity of some public functions make the cooperation a more difficult target to achieve

A typology for the management of public functions of common interest

Public Functions Types		Main Public Functions	Main characteristics	Cooperation Difficulties
Cooperative Public Functions	Less structured sector in terms of Federal Government, but more structured sector in local and state level (National Agencies)	Transport Sanitation	<ul style="list-style-type: none"> • Federal Laws and Programs guiding States and Municipalities; • Main financing by Union; • State protagonism on metro-regions, specially in transport system; • Experiences on consortiums involving municipalities and states; • Facilities to access federal resources for infrastructure in the Metropolis considered by IBGE. 	<ul style="list-style-type: none"> • Different institutional development levels in States and Municipalities
	Strong / Highly structured sector – shared competence and/or national system	Health Education	<ul style="list-style-type: none"> • Strong National System that guides, controls and finances the policies in States and Municipalities; • Facilities to access federal resources for infrastructure in the Metropolis considered by IBGE. 	<ul style="list-style-type: none"> • Different territorial bases for management of these functions • Different institutional development levels in States and Municipalities
“Non (?) Cooperative” Public Functions		Housing Land use control	<ul style="list-style-type: none"> • Sectors controlled by municipalities using different criteria; • Federal financing directly to municipalities; • State financing directly to municipalities. 	<ul style="list-style-type: none"> • Difficulties in controlling land market • Plans limited to municipalities territories • Interest conflicts in municipalities’ border areas

4. Analyzing the Current Situation

- **Possibilities for Metropolitan Governance:**

- **Consortium Federal Law**

- Federal Law nº. 11.107/2005
 - Allows formal cooperation between federative entities for public management

- **National Sector Systems**

- Cooperation involving the three entities for public policies
- Financing by funds – “transfers from fund to fund”
- Councils in the three levels with civil participation
- Plans in the three levels, guided by Federal Plans and Laws

4. Analyzing the Current Situation

Governance Experiences:

-Recife Metro-Region

- Public Transport Consortium involving 3 entities of the Metro-Region (State of Pernambuco, Municipalities of Recife and Olinda);
- The Consortium is a public inter-federal enterprise
- Access to federal resources – “PAC Mobilidade” e “PAC Copa”

-Goiânia Metro-Region (RIDE-DF)

- **Meia Ponte River Basin Consortium** – cooperation for environmental management in the basin, involving 7 municipalities since 2009 (some of the municipalities are not in the Metro-Region)
- **Collective Transport Metropolitan Net** – cooperation for Metro-Region transport involving the state, 17 municipalities and private enterprises since 2009.

4. Analyzing the Current Situation

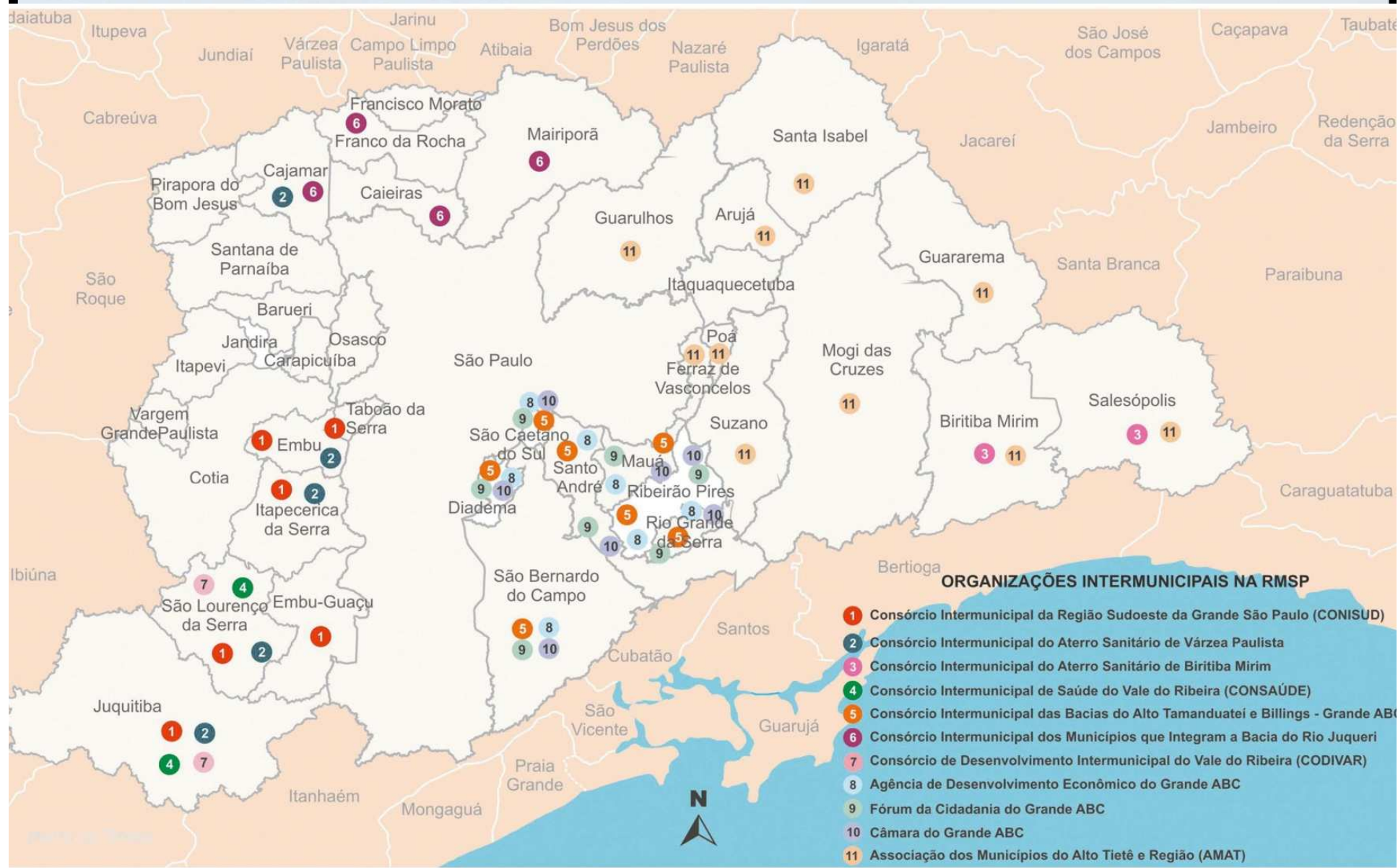
- **Other types of cooperation inside Metro-region areas**

- Multiple Inter Municipalities Consortium
- Multiple Associations of Municipalities

- **PPPs**

- São Paulo Subway PPP (new line)
 - Public Sector Financing
 - PPP – only the operation management (hard infrastructure is out of it)

São Paulo Metro-region's inter municipal organizations



4. Analyzing the Current Situation

- **Other Difficulties for Metropolitan Governance in Brazil:**
 - **Huge Federal Investments in Urban Infrastructure, since 2003**
 - Direct Federal Investments in municipalities/states
 - These investments do not strengthen the cooperation in Metro-Regions, once most of the projects is implemented by each entity separately with federal financing
 - The “Non (?) Cooperative” public functions, as housing, is been developed in a market logic, financed by the federal government, like *Minha Casa Minha Vida* Housing Program (My House, My Life).

5. Being Provocative...

- **Dealing with horizontal and vertical conflicts and tensions – specific political agendas, historical and cultural differences**
- **Recognizing the differences between management and Governance (institutional design is not enough and is better when designed specifically for a public functions of common interest):**
 - **PFCI must be considered both individually (*per se*) and in its connections and influence in terms of the metropolitan level, but management /operation have to respond to a mayor/strategic/“mission”**
- **Taking advantage of other forms of cooperation (including PPP), experimenting and trying, at the same time, to balance the regulations principles: State, Market and Community.**

- **For further information:**

- www.ipea.gov.br

- marco.costa@ipea.gov.br

- +55 61 3315 5553 (IPEA Brasilia)

- **Thank you very much.**