

Governance and Finance in two Brazilian Metropolitan Areas

Marta Arretche

University of São Paulo

Center for Metropolitan Studies

**GOVERNANCE AND FINANCE OF LARGE METROPOLITAN
AREAS**

IN FEDERAL SYSTEMS

Theme Coordinators: Rupak Chattopadhyay and Enid Slack

What do most studies say about metropolitan issues in Brazil?

1. It is a non-addressed problem

OR

2. It is a dramatic problem whose institutional solutions are far from effective.

↑ a) lack of top-down support

b) horizontal asymmetry

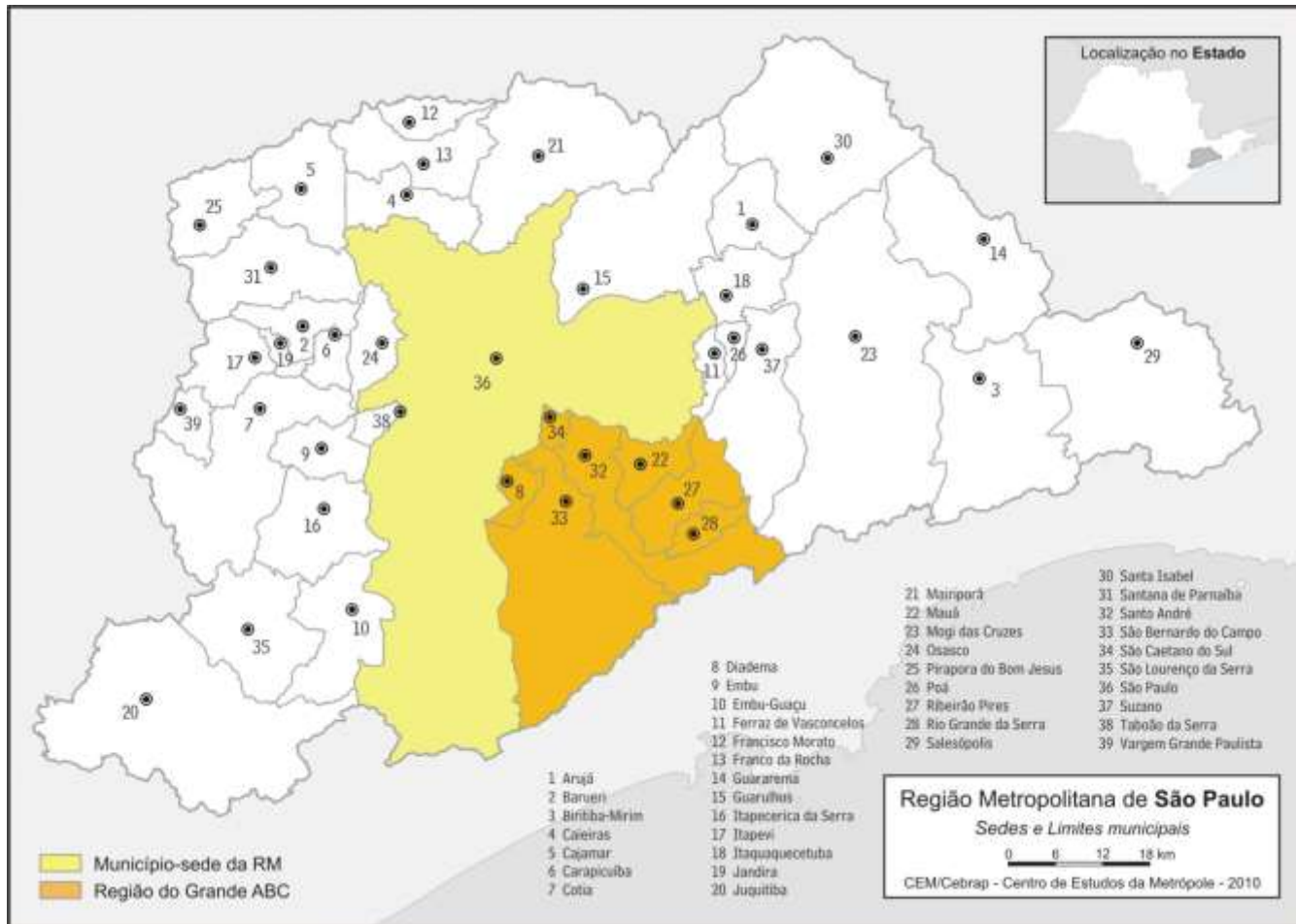
c) local government autonomy

Criteria for case selection

- Cases: collaboration feasible in the presence of horizontal asymmetry and municipal autonomy
 - The Belo Horizonte MR:
 - top-down case: state government leadership
 - The Great ABC:
 - voluntary cooperation case: horizontal cooperation within an official MR governance body accounted as ineffective (São Paulo Metropolitan Region)
 - ↑ an entrepreneur internalizes the costs of initial movements toward cooperation arrangements
 - ↑ once actors (political or economic elites) realize the benefits of cooperation, they support the maintenance of cooperative arrangements

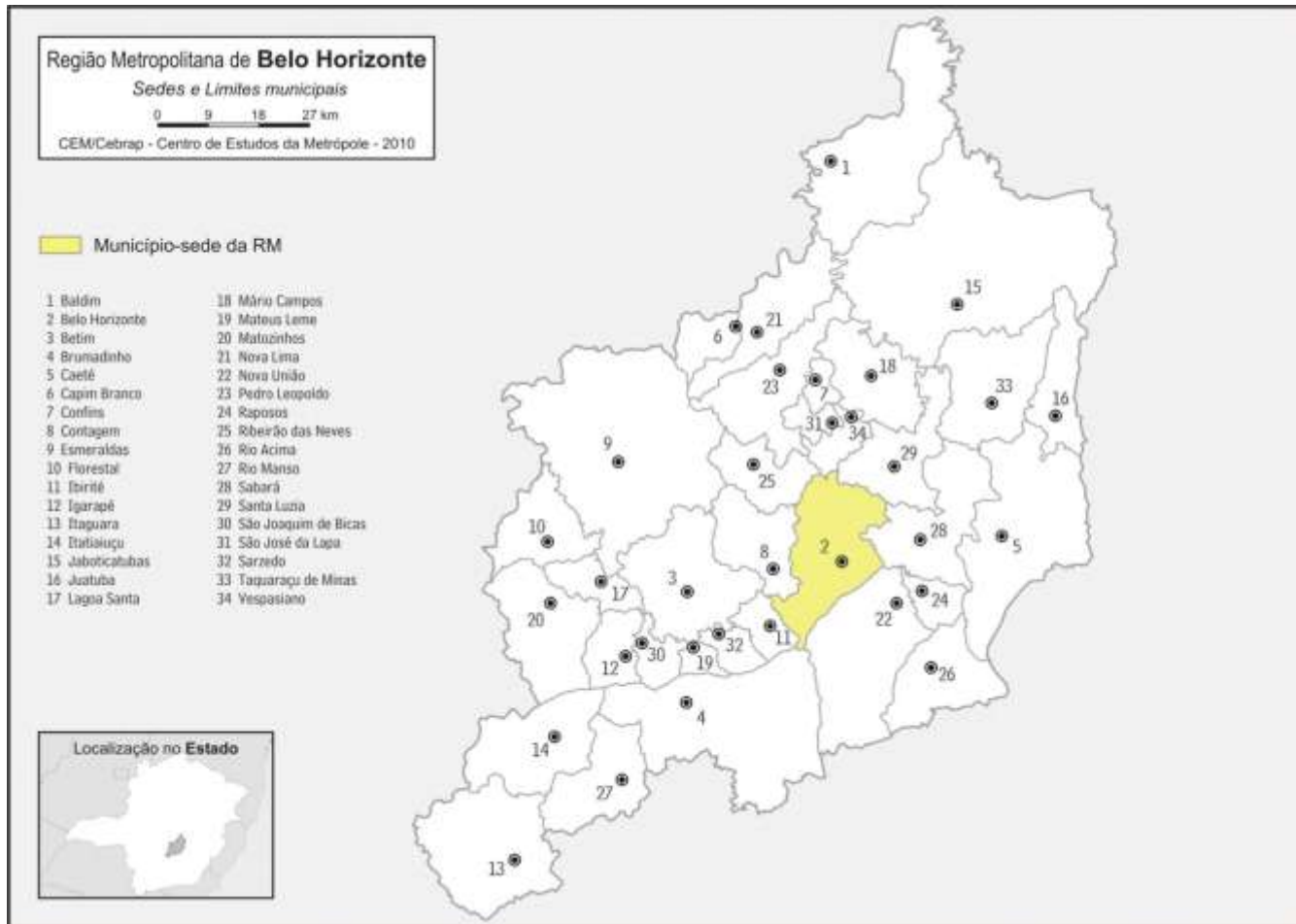
Map 1

The São Paulo Metropolitan Region and Great ABC



Map 2

The Belo Horizonte Metropolitan Region



The institutional problem

- The federal government is no longer entitled to create or rule over metropolitan governance structures (under the 1967 Constitution)
- 1988 FC set that states are in charge of ruling over metropolitan body governance:
 - 20 out of 26 states have articles mentioning their competence
 - Many of them establish criteria for creating a metropolitan body

HOWEVER

- Municipality status as full members of the Brazilian federation is nowadays widely seen as one of the difficulties state governments have to deal with when it comes to address metropolitan issues.

The Belo Horizonte Metropolitan Region

- Originally created by the Federal Complementary Law 14/73 (14 municipalities)
- 2010: 35 municipalities
- 2006 legislation:
 - the state government is in charge of shared functions in the metropolitan areas (↑ metropolitan issue was given great priority in the state agenda AND close relations between the state governor and the Belo Horizonte's mayor)
- Four pillars:
 - Metropolitan Assembly
 - Metropolitan Development Deliberation Council
 - Metropolitan Fund
 - Metropolitan Development Agency.

1.

2.

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- [\[1\]](#) By Complementary Law, I understand the regulation to regiment a constitution provision.
- [\[2\]](#) There is also the BH Metropolitan Necklace (Colar Metropolitano de Belo Horizonte), which is comprised by 14 neighboring municipalities affected by the metropolitan sprawl.
- [\[3\]](#) Five representatives of the state-level executive; 2 representatives of the state-level legislative assembly; 2 representatives of Belo Horizonte city; 1 representative of Contagem city e 1 representative of Betim city (the 3 largest MR's municipalities) and 3 representatives of the BHRM's municipalities; 2 representatives of civil society.

The BH Metropolitan Assembly

- the decision-making arena for metropolitan issues
- Composition:
 - 4 representatives of the state government
 - all BHMR's mayors
 - all presidents of municipal chambers
 - the president of the State-level legislative branch
 - Decision-making rule:
 - state representatives and municipalities have equal shares
 - (previous rule: 1 representative = 1 vote → absence of large municipalities and the state government)

Metropolitan Development Deliberation Council

Composition:

- representatives of the state-level executive
- representatives of legislative branches
- representatives of municipal-level governments
- representatives of civil society

(not allowing neither the state government nor municipalities to have the majority of votes)

Council ROLE:

- region-wide planning
- allocation of the Metropolitan Fund revenue
- norms for shared service tariffs: inter-municipal transport and roads, civil defense, sanitation systems, urban land use, water resources, piped gas distribution, maps and basic data, environmental issues, housing, health, and socioeconomic development

State-level institutions

- Metropolitan Agency's:
 - to elaborate the integrated development plan
 - to enforce reconciling municipal plans
- Metropolitan fund:
 - state government revenues
 - Each municipality revenues
 - (on the basis of each municipality net revenue)

The Great ABC Consortiun

- 7 municipalities (automobile industry and watershed protection area)

↓ Cooperation: handling wit economic backlash (1980s) and managing shared water resources

- 1990: the seven mayors created the Intermunicipal Consortium of the Billings and Tamanduatehy Basins
- 1993: Great ABC Citizen's Forum: as a civil society initiative
 - (new mayors took power, replacing those that supported the 1990 Consortium
 - social movements, environment advocacy groups, worker unions, business associations have taken part in Forum activities
- 1997: Great ABC Chamber
 - Forum's capacity to keep regional ties alive
 - new mayors, committed to cooperation, took power
 - close ties between the state governor, Mario Covas, and the Chamber's President, Celso Daniel (Santo Andre mayor)
 - The Chamber and the Forum: spaces for agreement negotiation
 - Mayors, social movements, unions and business have taken active part on the Chamber and Forum activities
 - Agreements are signed, but are the outcome of debates held at the Great ABC Forum
 - More than 50 agreements were signed since the Chamber's creation
- 1998: The ABC Economic Development Agency
 - Non-governmental actors hold 51% of the Agency quotas whereas 7 mayors hold 49%
 - Agency's share has an equivalent distribution in votes